HUMBOLDT TRANSIT AUTHORITY

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2018

HUMBOLDT TRANSIT AUTHORITY

Table of Contents

June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Humboldt Transit Authority

We have audited the accompanying financial statements of the business-type activities of Humboldt Transit 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.

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Humboldt Transit Authority

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Humboldt Transit Authority, as of June 30, 2018 and 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective for fiscal years beginning after June 30, 2017, that affected the financial reporting of postemployment benefits:

> Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

The emphasis of these matters does not constitute a modification to our opinion.

Other Matters

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise Humboldt Transit Authority's basic financial statements. The combining schedules in Exhibits E through H are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Contributions and Schedule of Proportionate Share of CalPERS, and the Schedule of Changes in Net OPEB Liability, in Exhibits I through K, are required supplementary information and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedules, and schedules required under GASB 68 and GASB 75 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules Exhibit E through Exhibit K are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors
Humboldt Transit Authority

Other Information (Continued)

Our audit was also made for the purpose of determining compliance with the Transportation Development Act Section 99260, the California Administrative Code and the rules and regulations of the Humboldt County Association of Governments. In our audit, we performed, to the extent applicable, the tasks contained in Section 6667 of the California Administrative Code.

In our opinion, except as discussed in Note 2 and 3, the funds described above were expended in conformity with the applicable laws, rules, and regulations of the Transportation Development Act and the allocation instructions of the Humboldt County Association of Governments.

ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

Anderson, Lucas, Somerville, & Borges

February 8, 2019
Fortuna, California

BASIC FINANCIAL STATEMENTS

EXHIBIT A

HUMBOLDT TRANSIT AUTHORITY
Statements of Net Position
June 30, 2018 and 2017

ASSETS

	2018	2017
Current Assets		
Cash and Cash Equivalents		
On Hand and in Deposit Accounts	$ 1,331,418	$ 1,494,759
Restricted Cash	1,355,980	1,106,504
Total Cash and Cash Equivalents	2,687,398	2,601,263
Accounts Receivable	744,370	198,631
Grants Receivable	222,000	719,500
Employee Advances	3	3
Materials and Supplies Inventory (at cost)	318,977	303,988
Prepaid Expenses	37,531	35,631
Total Current Assets	4,010,279	3,859,016
Long-term Assets		
Property, Plant and Equipment, Net	9,868,555	10,291,670
Work in Progress	679,530	289,572
Total Long-term Assets	10,548,085	10,581,242
Deferred Outflows of Resources	782,627	606,768
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 15,340,991**	**$ 15,047,026**

LIABILITIES AND NET POSITION

	2018	2017
Current Liabilities		
Trade Payables	$ 490,271	$ 196,681
Insurance Payable	62,673	26,786
Deferred Income	431,936	335,414
DAR Liability	49,113	52,621
Unearned Fares	242,844	223,599
Deferred Income- Cal OES	-	62,148
Accrued Payroll Liabilities	274,770	222,309
Total Current Liabilities	1,551,607	1,119,558
Long-term Liabilities		
Lease Deposit	3,000	3,000
Net Pension Liability	2,123,612	1,809,418
Net OPEB Obligation	5,895,762	2,851,601
Total Long-term Liabilities	8,022,374	4,664,019
Total Liabilities	9,573,981	5,783,577
Deferred Inflows of Resources	141,048	170,462
Net Position		
Invested In Capital Assets, Net of Related Debt	10,548,085	10,581,242
Restricted Net Position		
Insurance Deductible Reserve	100,000	100,000
Equipment Acquisition	805,253	814,010
Retiree's Health Insurance	15,000	15,000
Total Restricted Net Position	920,253	929,010
Unrestricted Net Position	(5,842,376)	(2,417,265)
Total Net Position	5,625,962	9,092,987
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 15,340,991**	**$ 15,047,026**

EXHIBIT B

HUMBOLDT TRANSIT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018
With Comparative Amounts for the Year Ended June 30, 2017

	Budget	2018 Actual	Variance Favorable (Unfavorable)	2017 Actual
OPERATING REVENUES				
Fares	$ 1,229,462	$ 947,527	(281,935)	$ 1,056,322
Contract Transportation	2,152,868	2,254,287	101,419	1,488,449
Contract Adjustment - ETS	-	(27,775)	(27,775)	-
Insurance Reimbursement	80,000	-	(80,000)	-
Other Revenue	85,500	153,752	68,252	137,188
Total Operating Revenues	3,547,830	3,327,791	(220,039)	2,681,959
OPERATING EXPENSES				
Labor and Benefits	4,011,502	4,597,089	(585,587)	4,397,372
Professional Services	142,000	179,544	(37,544)	71,852
Purchased Transportation	790,440	790,440	-	146,436
Repairs, Supplies, & Maintenance	1,142,364	957,380	184,984	1,246,289
Casualty and Liability Insurance	317,249	255,143	62,106	225,241
Facility and Utilities	57,000	308,723	(251,723)	62,315
Leases and Rentals	6,000	9,884	(3,884)	6,120
Miscellaneous	94,532	136,153	(41,621)	73,493
Advertising	10,000	15,790	(5,790)	10,024
Travel and Transportation	14,000	8,642	5,358	10,081
Bad Debt	-	3,397	(3,397)	-
Depreciation	-	1,347,277	(1,347,277)	1,376,813
Total Operating Expenses	6,585,087	8,609,462	(2,024,375)	7,626,036
OPERATING INCOME (LOSS)	(3,037,257)	(5,281,671)	(2,244,414)	(4,944,077)
NONOPERATING REVENUES				
Advertising	33,600	33,590	(10)	33,600
Rents and Leases	105,000	110,999	5,999	110,121
Operating Grants				
TDA Assessments	2,437,225	2,437,486	261	2,443,805
Federal - FTA	172,532	271,498	98,966	300,000
State Operating - STAF	278,900	382,845	103,945	300,975
Interest Income	10,000	20,590	10,590	29,911
Gain (Loss) on Disposal of Capital Assets	-	-	-	8,731
Donated Assets - Eureka	-	109,514	109,514	-
Other	-	-	-	(11,167)
Total Nonoperating Revenues	3,037,257	3,366,522	329,265	3,215,976
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	-	(1,915,149)	(1,915,149)	(1,728,101)
CAPITAL GRANTS				
Federal Transportation (5311)	418,255	382,699	(35,556)	427,222
State - LCTOP	-	70,293	70,293	-
State - Cal OES	280,000	206,942	(73,058)	280,656
State - STAF	387,745	211,945	(175,800)	5,716
State - SGR	-	74,905	74,905	-
County	200,000	103,477	(96,523)	146,272
Total Capital Grants	1,286,000	1,050,261	(235,739)	859,866
Grant Expenditures	(1,286,000)	(34,837)	235,739	-
Net Capital Expenditures	-	1,015,424	-	859,866
CHANGE IN NET POSITION	-	(899,725)	(1,915,149)	(868,235)
NET POSITION, BEGINNING OF YEAR		$ 9,092,987		$ 9,961,222
PRIOR PERIOD ADJUSTMENT - OPEB		(2,579,986)		-
PRIOR PERIOD ADJUSTMENT - A/R		12,686		-
NET POSITION, END OF YEAR		$ 5,625,962		$ 9,092,987

The accompanying notes and independent auditors' report are an integral part of these financial statements.

Exhibit C

HUMBOLDT TRANSIT AUTHORITY
Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 1,313,570	$ 1,802,248
Cash Paid for Goods and Services	(2,390,854)	(1,905,116)
Cash Paid for Employees	(4,544,628)	(4,413,645)
Net Cash (Used) by Operating Activities	(5,621,912)	(4,516,513)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating Grant Revenue	3,345,932	3,197,235
Contract Transportation	2,254,287	1,222,220
Miscellaneous Revenue	573,096	448,894
Net Cash Provided by Non-Capital Financing Activities	6,173,315	4,868,349
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Grant Revenue	828,261	440,366
Acquisition of Property, Plant, and Equipment	(1,314,119)	(810,186)
Net Cash (Used) by Capital and Related Financing Activities	(485,858)	(369,820)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	20,590	29,911
Net Cash Provided by Investing Activities	20,590	29,911
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,135	11,927
CASH AND CASH EQUIVALENTS - Beginning of Year	2,601,263	2,589,336
CASH AND CASH EQUIVALENTS - End of Year	**$ 2,687,398**	**$ 2,601,263**

HUMBOLDT TRANSIT AUTHORITY

Statements of Cash Flows

For the Year Ended June 30, 2018 and 2017

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES

	2018	2017
Operating Income (Loss)	$ (5,316,508)	$ (4,955,246)
Prior Period Adjustment to Accts Receivable	12,686	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used) by Operating Activities:		
Depreciation	1,347,277	1,376,812
Loss on Sale of Capital Assets	-	12,255
Nonoperating Revenue (Included in Operating Income Total)	(2,254,287)	(1,222,220)
Changes in Assets and Liabilities		
(Increase) Decrease in Assets		
Receivables	173,761	206,663
Materials and Supplies Inventory	(14,989)	12,281
Prepaid Expenses	(1,900)	153,326
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	325,968	(219,956)
Deferred Income	53,619	135,845
Accrued Payroll Liabilities	52,461	(16,273)
Net Cash (Used) By Operating Activities	**$ (5,621,912)**	**$ (4,516,513)**

NOTES TO FINANCIAL STATEMENTS

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Humboldt Transit Authority (HTA) is a public agency created on January 28, 1975 by a joint exercise of powers agreement between Humboldt County and the cities of Arcata, Eureka and Fortuna, later amended to include Rio Dell and Trinidad. The local transportation revenues are claimed by the parties to the agreement and, when approved by the Humboldt County Association of Governments, are paid out of the County of Humboldt's Local Transportation Trust Fund to the parties. The City of Eureka contracts with HTA to administer and operate the Eureka Transit System and administer the Eureka Dial-a-Ride paratransit service. HTA also contracts with Humboldt County to provide service from Arcata to Willow Creek, and to the Southern Humboldt area. The City of Arcata contracts with HTA to administer its Dial-a-Ride paratransit service.

The parties to the agreement provided Local Transportation Funds to the Authority in the following ratio during the year ended June 30, 2018:

	RTS	Willow Creek	So Humboldt InterCity	So Humboldt Local	Tish Non Village
Arcata	14.4%				
Eureka	22.6%				
Fortuna	9.9%				
Rio Dell	2.8%				
Trinidad	0.3%				
Humboldt Co.	50.0%	100%	100%	100%	100%
	100.0%	100%	100%	100%	100%

The following is a schedule of Joint Powers Authority members' assessments:

	RTS	Willow Creek	So Humboldt InterCity	So Humboldt Local	Tish Non Village
Arcata	$ 218,696				
Eureka	344,580				
Fortuna	151,386				
Rio Dell	42,702				
Trinidad	4,694				
Humboldt Co.	762,017	267,351	318,656	143,974	183,430
	$ 1,524,075	$ 267,351	$ 318,656	$ 143,974	$ 183,430

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governmental entities are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Authority has elected to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds.

The Authority uses the accrual method of accounting. Under this method of accounting, revenues are recognized when they are earned and measurable and expenses are recognized when the related liabilities are incurred.

In June 1999, the Government Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statements include the following:

1. Financial statements prepared using full accrual accounting for all the Authority's activities;
2. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Authority had elected to implement the general provisions of the Statement during the fiscal year ended June 30, 2005.

1. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector, namely the accrual method of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized when the related liabilities are incurred.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or c) established fees and charges based on a pricing policy designed to recover similar costs.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

The District provides the following services which are accounted for in separate funds:

Transportation Services:
- Redwood Transit System
- Eureka Transit Service
- Willow Creek Intercity
- Southern Humboldt – Intercity (began January 2010)
- Southern Humboldt – Local (began January 2010)
- Tish Non-Village – (began July 2015)

Maintenance and Administrative Services:
- CTSA Administration of Dial a Ride
- AMRTS Maintenance
- CAE Transport Inc. Maintenance for Dial a Ride
- Humboldt County Office of Education Maintenance

C. Description of Services

The Authority began operations of the Redwood Transit System in August of 1976. As of June 30, 2016 the Authority operated 6 systems, , which cover the corridor between the cities of Trinidad to the North and Benbow to the South, and Willow Creek to the East. Redwood Transit System fares range from $2.75 for senior citizens and the handicapped to $3.00 for a basic fare. Beginning July 2015, the Tish Non-Village Route was added.

Effective July 1, 2016, HCAOG designated HTA as the Consolidated Transportation Services Agency (CTSA) for Humboldt County, with responsibility for administering a consolidated region-wide program to provide transportation for qualified elderly and disabled persons in the Cities of Arcata and Eureka and unmandated areas in the County. HTA has entered into a contract with CAE Transport, Inc. to provide Dial-A-Ride services effective July 1, 2017 totaling $790,440. TDA Funding for the CTSA includes the following:

	Dial a Ride
Arcata	$ 53,815
Eureka	576,000
HCAOG DAR	68,000
Humboldt Co.	81,263
	$ 779,078

Exhibit D

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (continued)

HTA, through a contract with the City of Eureka operates the Eureka Transit System and, beginning September 1, 1997, began administering the Eureka Dial-a-Ride paratransit service. The contract Eighth Amendment is effective for fiscal years 2016 and 2017 for $940,200 annually. The fares collected will be credited to the Eureka Transit System monthly. In 2017-2018, City of Eureka transferred 3 DAR vehicles to HTA and 2018-2019 will transfer 7 buses.

In December 2001, HTA contracted with the AMRT&S (Arcata) system to provide bus maintenance, fueling and parking at the HTA facility. HTA is contracted to provide regular preventive maintenance and repairs for 12 HCOE public school transit buses. HTA is also contracted with CAE Transport, Inc. to provide regular preventive maintenance and repairs for 12 Dial-a-Ride vehicles.

D. Property, Plant, and Equipment

The following is a summary of property, plant, and equipment, at cost, less accumulated depreciation:

	2018	2017
Buses	$ 11,308,022	$ 10,673,755
Other Transportation Equipment	1,843,926	1,675,317
Office Equipment	192,960	122,133
Other Equipment	1,364,849	1,364,849
Real Property - Land	2,164,831	2,164,831
Buildings & Improvements	3,450,890	3,400,432
Subtotal	$ 20,325,478	$ 19,401,317
Less Accumulated Depreciation	(10,456,924)	(9,109,647)
Total Property, Plant & Equipment	$ 9,868,554	$ 10,291,670

	2018	2017
Property, Plant & Equipment, Beginning	$ 19,401,317	$ 18,957,658
Capital Acquisitions	924,161	536,676
Sales/Dispositions	-	(93,017)
Property, Plant, & Equipment, Ending	$ 20,325,478	$ 19,401,317

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property, Plant, and Equipment (continued)

Depreciation is calculated using the straight-line method with useful lives as follows:

Buses	3 - 10 years
Other transportation equipment	3 - 15 years
Office equipment	3 - 15 years
Other equipment	3 - 15 years
Buildings	30 years

Construction in Progress at June 30, 2018 and 2017 amounted to $679,530 and $289,572, respectively. HTA has entered into a design/build agreement with McKeever Energy & Electric to design the Solar PV system funded by a grant provided by California Office of Emergency Services (Cal OES).

E. Compensated Absences

HTA has accrued a liability for vacation pay earned as of June 30, 2018 and 2017, in the amount of $159,036 and $132,060 respectively.

No liability is recorded for accumulated sick pay, which at June 30, 2018 and 2017, was $36,982 and $36,322, respectively.

F. Employee Retirement Plan

Plan Description

HTA contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. HTA selects optional benefits provisions from the benefit menu by contract with CalPERS and adopts those benefits through resolutions of its Board of Directors. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814. A full description of the pension plan benefit provisions, assumptions for funding purposes, and membership information is listed in the June 30, 2017 Annual Actuarial Valuation Report, the most recent available report. This report is publically available at CalPERS' website under Forms and Publications.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Employee Retirement Plan (Continued)

Funding Policy

Participants are required to contribute 7% of their annual covered salary, which HTA pays on their behalf. HTA is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate if established and may be amended by CalPERS. The Plan's share of the risk pool's unfunded liability (Market Value) as of the measurement date June 30, 2017 totals $2,123,613. See Note 1 (R) for GASB 68 recognition of pension liability and Note 5.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The result will be a shift of new members away from existing pools. The impact of most of the PEPRA changes will affect the contribution rates set for the 2015-2016 fiscal year. The act requires new employees pay at least 50% of the total annual normal cost.

Annual Pension Cost

For fiscal year 2017-2018, HTA's annual pension cost of $267,536 for CalPERS was equal to HTA's actual contributions. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.15% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20%. Both (a) and (b) included an inflation component of 2.75% and an annual payroll growth of 3.00%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value).

Beginning June 30, 2013 CalPERS has adopted a new actuarial methodology that will set the 2015-2016 rates. CalPERS will use an amortization and smoothing policy that will pay for all gains and losses over a fixed 30 year period with the increases or decreases in the rate spread directly over a 5-year period. In addition, effective January 2013, HTA will contribute the full employer share towards the CalPERS retirement formula for bargaining unit employees, and each employee shall contribute the full employee share toward the CalPERS retirement formula through an automatic payroll deduction.

Contributions for the unfunded accrued liability for fiscal year ending June 30, 2018 and 2017 totaled $103,632 and $85,966, respectively.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Allocations

During the year, the following Transportation Development Act (TDA), Article 4 funds were allocated to HTA:

	Operating Funds
Redwood Transit System	$ 1,524,075
Willow Creek	267,351
Tish Non-Village	183,430
Southern Humboldt - Intercity	318,656
Southern Humboldt - Local	143,974
Total TDA Funds	$ 2,437,486

H. Restricted Net Position

Amounts restricted by the Board of Directors for the purposes of future capital purchases, retiree health insurance, and insurance deductible reserve are presented on the balance sheet as restricted net position totaling $920,253 and $929,010 for the fiscal years ended June 30, 2018 and 2017.

Restricted net position indicates the portion of net position not appropriable for expenditures or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

Funds received under the Low Carbon Transit Operations Program (LCTOP) totaled $112,775 are restricted and deferred for future purchase of an Electric Bus and charging station. Funds received from Cal OES are deferred for solar panels totaling $335.

Murray Method funds have been deferred for bus acquisitions. At June 30, 2018 and 2017 funds available total $319,161 and $222,639, respectively.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Cash and Cash Equivalents

All highly liquid investments with a maturity date of three months or less when purchased are considered to be "cash equivalents." Cash on deposit with U.S. Bank is insured by the FDIC up to $250,000.

At June 30, 2018, the Authority's cash balances included the following:

Petty cash	$ 100
Cash on deposit with County Treasury	1,878,345
U.S. Bank	808,953
	$ 2,687,398

Fair Value Measurement

HTA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs include: a) Quoted prices for similar assets or liabilities in active markets; b) Quoted prices for identical assets or liabilities in inactive markets; c) Inputs other than quoted prices that are observable for the asset or liability; d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs are significant unobservable inputs.

As of June 30, 2018, HTA held no individual investments. HTA's fair value measurements were as follows at June 30, 2018:

Investment Type	Fair Value	Level
Pooled Cash in County Treasury	$1,871,750	2

HTA has not recorded fair value adjustments in the basic financial statements as they were determined to be immaterial to HTA.

Cash on deposit with the County Treasury is part of an investment pool, all of which is invested in securities allowable under the California Government Code. All cash invested by the County in demand deposit accounts is collateralized to 110% with approved U.S. Government securities such as Treasury Bills and other U.S. Governmental agency issues.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Cash and Cash Equivalents

Credit Risk – Investments

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.

The County Treasurer's investments consist of 76.58% federal agencies, 16.58% money markets, 0.82% municipal bonds, 4.10% treasury coupons, and 1.08% certificates of deposit. The S & P credit ratings for these investments include AAA and Aa1, and non-rated for certificates of deposit and the California State Treasurer's local agency investment fund.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, HTA 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 custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, HTA will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit HTA's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2018, none of HTA's deposits were exposed to custodial credit risk.

Interest Rate Risk – Investments

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County of Humboldt Treasurer manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. The weighted average maturity of the County of Humboldt Treasurer's investments is 716 days.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Grant Accounting

Grants, entitlements or shared revenues are recorded as non-operating revenues when they are earned and are measurable.

L. Policy for Defining Operating and Non-operating Revenues

Operating revenues consist of passenger fees for services and operating expenses consist of expenses related to providing such services. Non-operating revenues consist of other revenues and expenses such as interest, grants, and government support.

M. Policy for Applying Restricted/Unrestricted Resources

When an expense is incurred for which both restricted and unrestricted net assets are available, unrestricted resources are applied first.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

O. Accounts Receivable

The direct write-off method is used for recording bad debts relating to accounts receivable. Management believes the use of this method, which is not in accordance with generally accepted accounting principles, does not result in amounts that would be materially different if the allowance method was used.

P. Contingent Liabilities

The Authority participates in federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs have not been completed and the results analyzed by the grantor agencies. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits

Plan Description
In addition to the pension benefits described in F. above, HTA provides post-retirement health care benefits, in accordance with State statutes, to all retired employees with at least 5 years of service. For represented employees hired after December 19, 2012 at least 15 years of service are required. The Authority's contribution percent ranges for eligible employees depend on factors such as date of hire and years of service and range from 50% to 100%.

The Authority has established the Humboldt Transit Authority Retiree Healthcare Plan (HC Plan), a single employer plan. The HC Plan has not established or accumulated any assets in a trust. A separate financial report is not prepared for the HC Plan.

Funding Policy
The HC Plan and its contribution requirements are established by agreements with the applicable employee bargaining units and may be amended by agreements between the Authority and the bargaining units. The annual contribution is based on the current insurance premiums due for the participating retirees. For the fiscal year ended June 30, 2018 and June 30, 2017, the Authority contributed $152,900 and $154,727, which covered current premiums, but did not include any additional prefunding of benefits. Currently, 20 retirees are receiving benefits. There are 55 active employees. No trust has been created for the purpose of prefunding obligation for past services.

Annual OPEB and Net OPEB Obligation
In October 2018, The Authority had Total Compensation Systems Inc. prepare an actuarial study of retiree health liabilities under GASB 74/75 for valuation date June 30, 2018. Total OPEB liability was estimated at $5,895,762. In the past, the Authority's annual other postemployment (OPEB) expense was calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The liability was understated in previous years based on this new report causing a prior period adjustment of $2,579,986.

Discount Rate
The discount rate used to measure the total OPEB liability was 3.8%, based on an index of 20-year General Obligation municipal bonds. The projection of cash flows used to determine the discount rate assumed that Authority contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (Continued)

Change in OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at June 30, 2017	$ 2,851,602
Prior Period Adjustment	2,579,986
Valuation Date June 30, 2018	$ 5,431,588
Changes recognized for the measurement period	
Service cost	402,191
Interest	211,000
Changes in assumptions	-
Contributions - employer	-
Net investment income	-
Benefits paid	(149,017)
Administrative expense	-
Net Changes	464,174
Balance at June 30, 2018 (Measurement Date June 30, 2018)	$ 5,895,762

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, ant the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Assumptions

Actuarial Cost Method	Entry-age actuarial cost method
Discount Rate	3.80%
Inflation	2.75%
Salary Increases	2.75% per annum
Investment Rate of Return	3.80%
Mortality Rate (1)	Derived using 2014 CalPERS Active Mortality for Miscellaneous Employees study.
Pre-Retirement Turnover (2)	Derived using 2009 CalPERS Termination Rates for School Employees study.
Healthcare Trend Rate	4.00%

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (Continued)

Sensitivity to Discount Rate

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
Net OPEB Liability	$ 6,923,274	$ 5,895,762	$ 5,087,931

Sensitivity to Health Care Trend Rate

	1% Decrease (3.0%)	Current Healthcare Cost Trend Rate (4.0%)	1% Increase (5.0%)
Net OPEB Liability	$ 5,095,461	$ 5,895,762	$ 6,890,835

Recognition of Deferred Outflows and Deferred Inflows of Resources (OPEB)
Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

To qualify for deferral, gains and losses must be based on GASB74/75 compliant valuations. It was determined that the time and expense necessary to rerun prior valuation and to restate prior financial statements was not justified. Since the Authority's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses. Therefore, valuation-based deferred items will not begin until the next valuation period.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. New Accounting Pronouncements

GASB Statement no. 72 - In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. HTA has implemented GASB Statement No. 72 for the year ended June 30, 2016. Implementation of GASB No. 72 did not have a significant impact on the financial statements.

GASB Statement no. 73 - In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. HTA has not yet determined the impact on the financial statements.

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, Financial *Reporting for Postemployment Benefit Plans Other than Pension Plans,* effective for periods beginning after June 15, 2016.

GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* for periods beginning after June 15, 2015. The objective is to identify the GAAP hierarchy used to prepare financial statements of state and local governmental entities.

GASB Statement No. 78 - In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* effective for periods beginning after December 15, 2015. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through cost-sharing multiple employer defined benefit pension plans.

GASB Statement No. 79 - In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants,* effective for periods after December 15, 2015.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. New Accounting Pronouncements (Continued)

In June 2012, GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 67, *Financial Reporting for Pension Plans.* In December 2015, GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* Under these new regulations employers are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of HTA's California Public Employees' Retirement System (CalPERS) plan (the "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 currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which changed the structure of a government balance sheet.

Deferred Outflow – represents the consumption of a government's net assets that is applicable to a future period.
Deferred Inflow – represents the acquisition of net assets that is applicable to a future reporting period.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which amends the classification of certain items to be included as deferred inflows and outflows.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 2. CONFORMITY WITH TDA REGULATIONS

Excess Operating Funds Received:

The following systems did not meet the compliance requirements of Section 6634 of the California Administrative Code dealing with TDA fund eligibility. Fund eligibility is determined by subtracting actual fare revenues, depreciation, and any federal or state operating funds received for operating expenses. This amount represents the maximum allowable TDA funding for operating expenses for the fiscal year ended June 30, 2018.

	TNT	Willow Creek
Operating Costs	$ 229,355	$ 287,406
Less Depreciation	(35,406)	(36,608)
Less Fare Revenues	(9,743)	(39,086)
Less Federal Operating Funds	-	-
Maximum TDA Fund Eligibilty	184,206	211,712
STAF Operating Funds Received	2,307	-
TDA Funds Received	183,430	267,351
	185,737	267,351
Excess TDA Funds Received	$ 1,531	$ 55,639

Compliance with TDA Fund Eligibility:

HTA has several options to remedy this situation:

a. Claims by member entities for operating costs for the following fiscal year may be reduced by the current year excess TDA funds.

b. Members may file amended claims for the current fiscal year applying the excess fund to capital expenditures made during the current year.

c. Members may repay the excess TDA funds to the Transportation Planning Agency (HCAOG) on demand.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 3. FARE BOX RECOVERY RATIOS

Under Sections 6633.2 and 6633.5 of the Transportation Development Act regulations, the fixed route and demand response services must maintain specific fare box recovery ratios. Below is a calculation of the fare box recovery ratios for Redwood Transit Service, Tish Non-Village, Willow Creek service and Southern Humboldt routes:

		Redwood Transit
Fare Revenue	$	1,023,587
RTS Operating Costs	$	4,872,539
Depreciation		(1,143,790)
Adjusted Operating Costs	$	3,728,749
Fare Box Recovery Ratio		27.45%
Required Fare Box Recovery Ratio		10.00%

		Willow Creek
Fare Revenue	$	39,086
WC Operating Costs	$	287,406
Depreciation		(36,608)
Adjusted Operating Costs	$	250,798
Fare Box Recovery Ratio		15.58%
Required Fare Box Recovery Ratio		10.00%

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 3. FARE BOX RECOVERY RATIOS (CONTINUED)

		SoHum InterCity
Fare Revenue	$	75,066
SHI Operating Costs	$	728,704
Depreciation		(97,007)
Adjusted Operating Costs	$	631,697
Fare Box Recovery Ratio		11.88%
Required Fare Box Recovery Ratio		10.00%

		SoHum Local
Fare Revenue	$	12,359
SHL Operating Costs	$	211,964
Depreciation		(20,160)
Adjusted Operating Costs	$	191,804
Fare Box Recovery Ratio		6.44%
Required Fare Box Recovery Ratio		10.00%

		TNT
Fare Revenue	$	9,743
TNT Operating Costs	$	229,355
Depreciation		(35,406)
Adjusted Operating Costs	$	193,949
Fare Box Recovery Ratio		5.02%
Required Fare Box Recovery Ratio		10.00%

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 4. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority insures against such losses with an insurance policy issued through the California Transit Insurance Pool (CalTip), a joint powers insurance authority. The coverage includes general, automobile, and public officials' errors & omissions liability, as well as vehicle physical damage insurance to a total of $40 million, with a deductible of $50,000 per occurrence which HTA has restricted in fund equity as insurance deductible reserves for the equivalent of two claims. HTA is not currently involved in any litigation matters.

NOTE 5. PENSION PLAN

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees" Retirement System (CalPERS). The Plan's benefit provisions are established by State statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Humboldt Transit Authority. The Humboldt Transit Authority's employer rate plans in the miscellaneous risk pool include the Miscellaneous Plan and the PEPRA Miscellaneous Plan. The Humboldt Transit Authority does not have any rate plans in the safety risk pool.

Benefits Provided – The Plan 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 hired prior to January 1, 2013 with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013 with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 5. PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2018 are summarized as follows:

Employer Rate Plan	Miscellaneous	PEPRA Misc
Hire Date	Prior to Jan 1, 2013	On or after Jan 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50	52
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	6.896%	6.250%
Required Employer Contribution Rates	8.418%	6.533%

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. The contribution rates are determined through CalPERS' annual actuarial valuation process. 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. HTA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Humboldt Transit Authority's contributions to the risk pools in the Plan for the year ended June 30, 2018, were as follows:

	Contributions
Miscellaneous Risk Pool	$ 267,536
Safety Risk Pool	-
Total Contributions	$ 267,536

NOTE 5. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, HTA reported net pension liabilities for its proportionate shares of the net pension liability in the amount of $2,123,612.

The Humboldt Transit Authority's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The Humboldt Transit Authority's proportionate share of the net pension liability as of June 30, 2016, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2016. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date was calculated by dividing the Humboldt Transit Authority's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

HTA's proportionate share of the net pension liability as of June 30, 2017, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2017, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2017, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

NOTE 5. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2017, was calculated by applying HTA's proportionate share percentage as of the valuation date to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2017, to obtain the total pension liability and fiduciary net position as of June 30, 2017. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The Humboldt Transit Authority's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2016, and June 30, 2017, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2016	0.052086%
Proportion at measurement date - June 30, 2017	0.053871%
Change - Increase (Decrease)	0.001785%

For the year ended June 30, 2018, the Humboldt Transit Authority recognized pension expense of $376,458. At June 30, 2018, the Humboldt Transit Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ -	$ (43,786)
Change in assumptions	379,281	(35,307)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	79,189	-
Adjustments due to Differences in Proportions	56,620	(4,265)
Differences between the employer's contributions and the employer's proportionate share of contributions	1	(57,690)
Differences between Actual and Required Contributions Contributions after Measurement Date	267,536	-
Total	$ 782,627	$ (141,048)

NOTE 5. PENSION PLAN (Continued)

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Date June 30:		Deferred Outflows/(Inflows) of Resources
2018		69,569
2019		214,527
2020		141,716
2021		(51,769)
2022		-
Total	$	374,043

Actuarial Assumptions – For the measurement period ended June 30, 2017 (the measurement date), the total pension liability for the Plan was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.5% (a)
Mortality	membership data for all funds

(a) - Net of pension plan investment expense, including inflation

Discount Rate – The discount rate used to measure the total pension liability is 7.15 percent. 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 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2017 based on June 30, 2016 Valuations,* which can be obtained from the CalPERS website.

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 5. PENSION PLAN (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

(a) - An expected inflation of 0% used for this period

(b) - An expected inflation of 0.0% used for this period

HUMBOLDT TRANSIT AUTHORITY
Notes to Financial Statements
June 30, 2018

NOTE 5. PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents HTA's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what HTA'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:

	Discount Rate less 1% 6.15%	Current Discount 7.15%	Discount Rate plus 1% 8.15%
Net pension liability	$3,373,829	$2,123,612	$1,088,159

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated all known events and transactions for potential recognition or disclosure through February 7, 2019, the date the financial statements were available to be issued.

In early 2019, Humboldt Transit purchased their first electric bus for $804,009 with Federal, State and Local funding.

During 2019, City of Eureka transferred and donated 7 buses to HTA with an estimated fair market value of $ 835,180.

NOTE 7. RECLASSIFICATIONS

Certain amounts have been reclassified in the prior year financial statements to conform to the current year presentation.

SUPPLEMENTARY INFORMATION

HUMBOLDT TRANSIT AUTHORITY
Combining Schedule of Net Position
June 30, 2018

ASSETS

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	TNT	DAR	SOHUM-INTERCITY	SOHUM-LOCAL	TOTAL
Current Assets									
Cash and Cash Equivalents									
On Hand and in Deposit Accounts	$ (1,070,756)	$ 67,557	$ 299,953	$ 1,107,846	$ 86,727	$ 181,855	$ 239,883	$ 418,353	$ 1,331,418
Restricted Cash	1,355,980	-	-	-	-	-	-	-	1,355,980
Total Cash and Cash Equivalents	285,224	67,557	299,953	1,107,846	86,727	181,855	239,883	418,353	2,687,398
Accounts Receivable	126,681		17,050	80,207	-	31,405	182,699	-	438,042
Grant Receivables	306,328	-	-	-	-	-	222,000	-	528,328
Employee Advances	3	-	-	-	-	-	-	-	3
Materials and Supplies Inventory (at cost)	318,977	-	-	-	-	-	-	-	318,977
Prepaid Expenses	37,531	-	-	-	-	-	-	-	37,531
Total Current Assets	1,074,744	67,557	317,003	1,188,053	86,727	213,260	644,582	418,353	4,010,279
Property, Plant and Equipment, Net	9,167,533	-	212,618	-	181,913	-	865,016	121,005	10,548,085
Deferred Outflows of Resources	782,627	-	-	-	-	-	-	-	782,627
TOTAL ASSETS	**$ 11,024,904**	**$ 67,557**	**$ 529,621**	**$ 1,188,053**	**$ 268,640**	**$ 213,260**	**$ 1,509,598**	**$ 539,358**	**$ 15,340,991**

LIABILITIES AND NET POSITION

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	TNT	DAR	SOHUM-INTERCITY	SOHUM-LOCAL	TOTAL
Current Liabilities									
Trade Payable	$ 346,620	$ 26,958	$ -	$ 50,823	$ -	$ 65,870	$ -	$ -	$ 490,271
Insurance Payable	62,673		-	-	-	-	-	-	62,673
DAR Liability	49,113		-	-	-	-	-	-	49,113
Deferred Income	431,936		-	-	-	-	-	-	431,936
Deferred Fare Revenue	242,844	-	-	-	-	-	-	-	242,844
Accrued Payroll Liabilities	274,770	-	-	-	-	-	-	-	274,770
Total Current Liabilities	1,407,956	26,958	-	50,823	-	65,870	-	-	1,551,607
Long-Term Liabilities									
Lease Deposit	3,000	-	-	-	-	-	-	-	3,000
Pension Liability	1,500,969	-	57,550	369,508	58,187	-	98,748	38,650	2,123,612
Net OPEB Obligation	3,152,464	-	7,664	1,939,706	-	-	465,765	330,163	5,895,762
Total Long-Term Liabilities	4,656,433	-	65,214	2,309,214	58,187	-	564,513	368,813	8,022,374
TOTAL LIABILITIES	6,064,389	26,958	65,214	2,360,037	58,187	65,870	564,513	368,813	9,573,981
Deferred Inflows of Resources	141,048	-	-	-	-	-	-	-	141,048
Invested in Capital Assets, Net of Related Debt	9,167,533	-	212,618	-	181,913	-	865,016	121,005	10,548,085
Restricted Net Position									
Insurance Deductible Reserve	100,000	-	-	-	-	-	-	-	100,000
Equipment Acquisition	805,253	-	-	-	-	-	-	-	805,253
Retiree's Heath Insurance	15,000	-	-	-	-	-	-	-	15,000
Total Restricted Net Position	920,253	-	-	-	-	-	-	-	920,253
Unrestricted Net Position	(5,268,319)	40,599	251,789	(1,171,984)	28,540	147,390	80,069	49,540	(5,842,376)
Total Net Position	4,819,467	40,599 -	464,407	(1,171,984)	210,453	147,390	945,085	170,545	5,625,962
TOTAL LIABILITIES AND NET POSITION	**$ 11,024,904**	**$ 67,557**	**$ 529,621**	**$ 1,188,053**	**$ 268,640**	**$ 213,260**	**$ 1,509,598**	**$ 539,358**	**$ 15,340,991**

HUMBOLDT TRANSIT AUTHORITY
Combining Schedule of Revenues. Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

	HTA/ RTS	AMRTS MAINT.	WILLOW CREEK	ETS	TNT	Combined DAR	SOHUM-INTERCITY	SOHUM-LOCAL	TOTAL
OPERATING REVENUES									
Fares	$ 789,949	$ -	$ 36,644	$ -	$ 9,743	$ 23,766	$ 75,066	$ 12,359	$ 947,527
Contract Revenue	274,566	90,000	2,442	941,511	-	917,993	-	-	2,226,512
Other Operating Revenue	104,334	49,418	-	-	-	-	-	-	153,752
Total Operating Revenues	1,168,849	139,418	39,086	941,511	9,743	941,759	75,066	12,359	3,327,791
OPERATING EXPENSES									
Labor and Benefits	3,237,681	49,432	88,174	690,028	80,812	68,444	291,901	90,617	4,597,089
Professional Services	174,914	-	-	2,993	-	1,637	-	-	179,544
Specialized Services	-	-	-	-	-	790,440	-	-	790,440
Repairs, Supplies, & Maintenance	496,362	83,895	52,048	138,930	25,091	38,385	105,021	26,290	966,022
Casualty and Liability Insurance	99,800	-	18,431	36,587	10,682	25,340	50,479	13,824	255,143
Facility Expenses	98,422	21,355	22,080	33,535	21,355	60,896	29,477	21,603	308,723
Allocated Maintenance	(247,876)	-	31,869	101,980	25,432	-	71,386	17,209	-
Leases and Rentals	1,236	1,235	1,236	1,235	1,235	1,235	1,236	1,236	9,884
Allocated Administration	(256,689)	-	33,003	105,606	26,335	-	73,924	17,821	-
Advertising	15,790	-	-	-	-	-	-	-	15,790
Other	109,109	9	3,957	11,050	3,007	941	8,273	3,204	139,550
Depreciation	1,143,790	-	36,608	-	35,406	14,306	97,007	20,160	1,347,277
Total Operating Expenses	4,872,539	155,926	287,406	1,121,944	229,355	1,001,624	728,704	211,964	8,609,462
OPERATING INCOME (LOSS)	(3,703,690)	(16,508)	(248,320)	(180,433)	(219,612)	(59,865)	(653,638)	(199,605)	(5,281,671)
NONOPERATING REVENUES									
Advertising	33,590	-	-	-	-	-	-	-	33,590
Rents & Leases	110,999	-	-	-	-	-	-	-	110,999
Operating Grants									
TDA Assessments	1,524,075	-	267,351	-	183,430	-	318,656	143,974	2,437,486
Federal - FTA	49,498	-	-	-	-	-	222,000	-	271,498
State Operating - STAF	341,232	-	-	6,482	2,307	30,000	518	2,306	382,845
Interest Income	20,590	-	-	-	-	-	-	-	20,590
Donated Assets	-	-	-	-	-	109,514	-	-	109,514
Proceeds on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-
Grant Expenses	(16,207)	(3,240)	(1,620)	(5,670)	(1,620)	-	(6,480)	-	(34,837)
Total Nonoperating Revenues	2,063,777	(3,240)	265,731	812	184,117	139,514	534,694	146,280	3,331,685
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(1,639,913)	(19,748)	17,411	(179,621)	(35,495)	79,649	(118,944)	(53,325)	(1,949,986)
CAPITAL GRANTS									
Capital Grants:									
Federal - FTA	-	-	-	-	100,000	-	282,699	-	382,699
State - LCTOP	70,293	-	-	-	-	-	-	-	70,293
State - Cal OES	206,942	-	-	-	-	-	-	-	206,942
State - SGR	17,943	11,714	11,715	11,715	10,103	-	11,715	-	74,905
State - STAF	181,613	18,608	1,620	4,976	1,620	-	3,508	-	211,945
Other / County	-	-	-	-	50,366	-	53,111	-	103,477
Total Capital Grants	476,791	30,322	13,335	16,691	162,089	-	351,033	-	1,050,261
CHANGE IN NET POSITION	$ (1,163,122)	$ 10,574	$ 30,746	$ (162,930)	$ 126,594	$ 79,649	$ 232,089	$ (53,325)	$ (899,725)
NET POSITION, BEGINNING OF YEAR	$ 8,549,889	$ 30,025	$ 433,661	$ (1,009,054)	$ 83,859	$ 67,741	$ 712,996	$ 223,870	$ 9,092,987
PRIOR PERIOD ADJUSTMENT	(2,567,300)	-	-	-	-	-	-	-	(2,567,300)
NET POSITION, END OF YEAR	$ 4,819,467	$ 40,599	$ 464,407	$ (1,171,984)	$ 210,453	$ 147,390	$ 945,085	$ 170,545	$ 5,625,962

HUMBOLDT TRANSIT AUTHORITY
Combining Schedule of Net Position
June 30, 2017

ASSETS

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	TNT	DAR	SOHUM-INTERCITY	SOHUM-LOCAL	TOTAL
Current Assets									
Cash and Cash Equivalents									
On Hand and in Deposit Accounts	$ 371,001	$ 29,882	$ 271,112	$ 301,097	$ 95,785	$ 79,944	$ 187,063	$ 158,875	$ 1,494,759
Restricted Cash	1,038,220	-	2,673	-	-	-	-	65,611	1,106,504
Total Cash and Cash Equivalents	1,409,221	29,882	273,785	301,097	95,785	79,944	187,063	224,486	2,601,263
Accounts Receivable	156,949	4,956	-	36,726	-	-	-	-	198,631
Grant Receivables	348,500	-	-	-	-	-	300,000	71,000	719,500
Employee Advances	3	-	-	-	-	-	-	-	3
Materials and Supplies Inventory (at cost)	303,988	-	-	-	-	-	-	-	303,988
Prepaid Expenses	35,631	-	-	-	-	-	-	-	35,631
Total Current Assets	2,254,292	34,838	273,785	337,823	95,785	79,944	487,063	295,486	3,859,016
Property, Plant and Equipment, Net	9,674,259	-	212,618	361	37,652	-	535,347	121,005	10,581,242
Deferred Outflows of Resources	606,768	-	-	-	-	-	-	-	606,768
TOTAL ASSETS	$ 12,535,319	$ 34,838	$ 486,403	$ 338,184	$ 133,437	$ 79,944	$ 1,022,410	$ 416,491	$ 15,047,026

LIABILITIES AND NET POSITION

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	TNT	DAR	SOHUM-INTERCITY	SOHUM-LOCAL	TOTAL
Current Liabilities									
Trade Payable	$ 85,443	$ 4,813	$ -	$ 94,222		$ 12,203	$ -	$ -	$ 196,681
Insurance Payable	26,786		-	-	-	-	-	-	26,786
DAR Liability	52,621		-	-	-	-	-	-	52,621
Deferred Income	397,562		-	-	-	-	-	-	397,562
Deferred Fare Revenue	223,599	-	-	-	-	-	-	-	223,599
Accrued Payroll Liabilities	222,309	-	-	-	-	-	-	-	222,309
Total Current Liabilities	1,008,320	4,813	-	94,222	-	12,203	-	-	1,119,558
Long-Term Liabilities									
Lease Deposit	3,000	-	-	-	-	-	-	-	3,000
Pension Liability	1,278,897	-	49,035	314,839	49,578	-	84,138	32,931	1,809,418
Net OPEB Obligation	1,524,751	-	3,707	938,177	-	-	225,276	159,690	2,851,601
Total Long-Term Liabilities	2,806,648	-	52,742	1,253,016	49,578	-	309,414	192,621	4,664,019
TOTAL LIABILITIES	3,814,968	4,813	52,742	1,347,238	49,578	12,203	309,414	192,621	5,783,577
Deferred Inflows of Resources	170,462	-	-	-	-	-	-	-	170,462
Invested in Capital Assets, Net of Related Debt	9,674,259	-	212,618	361	37,652	-	535,347	121,005	10,581,242
Restricted Net Position									
Insurance Deductible Reserve	100,000	-	-	-	-	-	-	-	100,000
Equipment Acquisition	745,726	-	2,673	-	-	-	-	65,611	814,010
Retiree's Heath Insurance	15,000	-	-	-	-	-	-	-	15,000
Total Restricted Net Position	860,726	-	2,673	-	-	-	-	65,611	929,010
Unrestricted Net Position	(1,985,096)	30,025	218,370	(1,009,415)	46,207	67,741	177,649	37,254	(2,417,265)
Total Net Position	8,549,889	30,025	433,661	(1,009,054)	83,859	67,741	712,996	223,870	9,092,987
TOTAL LIABILITIES AND NET POSITION	$ 12,535,319	$ 34,838	$ 486,403	$ 338,184	$ 133,437	$ 79,944	$ 1,022,410	$ 416,491	$ 15,047,026

HUMBOLDT TRANSIT AUTHORITY
Combining Schedule of Revenues. Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

	RTS	AMRTS MAINT.	WILLOW CREEK	ETS	TNT	Combined DAR	SOHUM-INTERCITY	SOHUM-LOCAL	TOTAL
OPERATING REVENUES									
Fares	$ 899,148	$ -	$ 35,822	$ 157	$ 7,172	$ 18,222	$ 80,938	$ 14,863	$ 1,056,322
Contract Transportation	257,343	90,000	2,629	956,923	-	181,554	-	-	1,488,449
Other Operating Revenue	91,083	46,105			-		-	-	137,188
Total Operating Revenues	1,247,574	136,105	38,451	957,080	7,172	199,776	80,938	14,863	2,681,959
OPERATING EXPENSES									
Labor and Benefits	3,123,187	47,775	95,383	633,301	80,726	95,928	248,104	72,969	4,397,373
Professional Services	54,369	-		1,845	-	15,638	-	-	71,852
Purchased Transportation	-	-	-	-	-	146,436	-	-	146,436
Repairs, Supplies, & Maintenance	621,014	74,640	52,302	132,765	19,905	74,784	93,833	24,578	1,093,821
Casualty and Liability Insurance	122,418	-	37,593	6,547	12,144	-	34,753	11,785	225,240
Facility Expenses	234,674	8,159	2,714	27,119	2,711	-	14,351	3,136	292,864
Allocated Maintenance	(339,112)	1,862	43,599	139,516	34,793	-	97,661	23,543	1,862
Leases and Rentals	6,120	-	-	-	-	-	-	-	6,120
Allocated Administration	(245,281)	-	31,535	100,953	25,165	3,592	70,639	17,029	3,632
Advertising	9,995	-	-	-	29	-	-	-	10,024
Depreciation	1,208,606	-	37,813	-	25,101	-	85,132	20,160	1,376,812
Total Operating Expenses	4,795,990	132,436	300,939	1,042,046	200,574	336,378	644,473	173,200	7,626,036
OPERATING INCOME (LOSS)	(3,548,416)	3,669	(262,488)	(84,966)	(193,402)	(136,602)	(563,535)	(158,337)	(4,944,077)
NONOPERATING REVENUES									
Advertising	33,600	-	-	-	-	-	-	-	33,600
Rents & Leases	110,121	-	-	-	-	-	-	-	110,121
Operating Grants									
TDA Assessments	1,494,192	-	235,078	-	177,873	135,078	263,645	137,939	2,443,805
Federal - FTA	-	-	-	-	-	-	300,000	-	300,000
State Operating - STAF	253,721	8,130	2,728	17,816	5,240	1,368	6,945	5,027	300,975
Interest Income	29,911	-	-	-	-	-	-	-	29,911
Proceeds on Disposal of Capital Assets	8,731	-	-	-	-	-	-	-	8,731
CalOES Expenses	(11,167)	-	-	-	-	-	-	-	(11,167)
	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues	1,919,109	8,130	237,806	17,816	183,113	136,446	570,590	142,966	3,215,976
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(1,629,307)	11,799	(24,682)	(67,150)	(10,289)	(156)	7,055	(15,371)	(1,728,101)
CAPITAL GRANTS									
Capital Grants:									
Federal - FTA	348,500	-	-	-	78,722	-	-	-	427,222
State - Cal OES	280,656	-	-	-	-	-	-	-	280,656
State - STAF	5,716	-	-	-	-	-	-	-	5,716
Other / County	146,272	-	-	-	-	-	-	-	146,272
Total Capital Grants	781,144	-	-	-	78,722	-	-	-	859,866
CHANGE IN NET POSITION	$ (848,163)	$ 11,799	$ (24,682)	$ (67,150)	$ 68,433	$ (156)	$ 7,055	$ (15,371)	$ (868,235)
NET POSITION, BEGINNING OF YEAR	$ 9,398,052	$ 18,226	$ 458,343	$ (941,904)	$ 15,426	$ 67,897	$ 705,941	$ 239,241	$ 9,961,222
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	-	-
NET POSITION, END OF YEAR	$ 8,549,889	$ 30,025	$ 433,661	$ (1,009,054)	$ 83,859	$ 67,741	$ 712,996	$ 223,870	$ 9,092,987

HUMBOLDT TRANSIT AUTHORITY
SCHEDULE OF CONTRIBUTIONS FOR THE LAST TEN YEARS *
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2018

	CalPERS Fiscal Year 2014-15	CalPERS Fiscal Year 2015-16	CalPERS Fiscal Year 2016-17	CalPERS Fiscal Year 2017-18
Contractually required contribution (actuarially determined)	$ 183,998	$ 203,417	$ 243,840	$ 267,536
Contribution in relation to the actuarially determined contribution	(183,998)	(203,417)	(243,840)	(267,536)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,701,088	$1,845,624	$ 1,962,831	$ 2,143,796
Contributions as a percentage of covered-employee payroll	10.82%	11.02%	12.42%	12.48%

NOTES TO SCHEDULE:

Actuarial valuation date	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial funding method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years (a)
Asset valuation method	Smoothed value
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.5%, net of pension plan investment expense
Retirement age	60 years
Mortality	CalPERS Mortality Experience Study

methodology are amortized separately over a 20-year period. In addition, all gains or losses are tracked and the net unamortized gain or loss is amortized as a rolling 30-year amortization with the exception of gains and losses in fiscal years 2008-09, 2009-10 and 2010-11 in which each years' gains or losses will be isolated and amortized over fixed and declining 30-year periods (as opposed to the current rolling 30-year amortization). Also, if a plan's accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability. Finally, all plans are subject to a minimum employer contribution rate equal to the employer normal cost plus a 30-year amortization of surplus, if any.

* - Fiscal year 2015 was the first year of implementation, therefore only 4 years are shown.

HUMBOLDT TRANSIT AUTHORITY
SCHEDULE OF HTA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2018

LAST TEN YEARS *

	Measurement Date June 30, 2014	Measurement Date June 30, 2015	Measurement Date June 30, 2016	Measurement Date June 30, 2017
Plan's proportion of the Perf C net Pension	0.021640%	0.019949%	0.020911%	0.021413%
Plan's proportionate share of the net pension liability	$ 1,346,438	$ 1,369,306	$ 1,809,418	$ 2,123,612
Plan's covered-employee payroll**	$ 1,701,088	$ 1,845,624	$ 1,962,831	$ 2,143,796
Plan's proportionate share of the net pension liability as percentage of covered-employee payroll	79.15%	74.19%	100.56%	105.04%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	81.21%	82.07%	77.68%	76.64%

NOTES TO SCHEDULE:
Benefit changes: There were no changes to benefit terms.

Changes in assumptions: There were no changes in assumptions.

* - Fiscal year 2015 was the first year of implementation, therefore only 4 years are shown.

** - Valuation year payroll increased by assumed 3% increase.

Exhibit K

HUMBOLDT TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS*
For the Year Ended June 30, 2018

Measurement Period, June 30	2018
Total OPEB Liability:	
Service cost	$ 402,191
Interest on the total OPEB liability	211,000
Actual and expected experience difference	
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	(149,017)
Net change in OPEB liability	464,174
Total OPEB liability - beginning	5,431,588
Total OPEB liability - ending	$5,895,762
Plan Fiduciary Net Position:	
Contribution - employer	$ -
Net investment income	-
Benefit payments	-
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	$ -
Net OPEB liability - ending (a) - (b)	$5,895,762
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	$2,354,104
Total OPEB liability as a percentage of covered-employee payroll	250%

Notes to Schedule

The District's retiree healthcare plan had no assets accumulated in a trust that meets the

Changes in assumptions - There were no changes in assumptions for the

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.