



Regular Meeting of the Board of Directors

Tuesday, November 26, 2024

10:00 a.m.

Antelope Valley Transit Authority Community Room

42210 6th Street West, Lancaster, California

www.avta.com

AGENDA

For record-keeping purposes, and if staff may need to contact you, we request that a speaker card located at the Community Room entrance be completed and deposited with the AVTA Clerk of the Board. This will then become public information. Please note that you do not have to complete this form or state your name. A three-minute time limit will be imposed on all speakers besides staff members.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please contact the Clerk of the Board at (661) 729-2206 at least 72 hours prior to the scheduled Board of Directors meeting. All accommodation requests will be handled swiftly and resolving all doubts in favor of access.

Translation services for Limited English Proficiency (LEP) persons are also available by contacting the Clerk of the Board at least 72 hours prior to the meeting.

Please turn off, or set to vibrate, cell phones, pagers, and other electronic devices for the duration of this meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL:

Chairman Marvin Crist, Vice Chair Dianne Knippel, Director Richard Loa, Director Eric Ohlsen, Director Raj Malhi, Director Michelle Royal

APPROVAL OF AGENDA

PUBLIC BUSINESS– AGENDIZED AND NON-AGENDIZED ITEMS:

If you would like to address the Board on any agendized or non-agendized items, you may present your comments at this time. For record-keeping purposes and so that staff may contact you if needed, we request that a speaker card, located in the Community Room lobby, be completed and provided to the Clerk of the Board. This will then become public information. Please note that you do not have to complete this form or state your name to speak.

State law generally prohibits the Board of Directors from taking action on or discussing non-agenda items; therefore, your matter will be referred to the authority's Executive Director/CEO for follow-up. A three-minute time limit will be imposed on all speakers other than staff members.

SPECIAL REPORTS, PRESENTATIONS, AND REQUESTS FOR DIRECTION (SRP): During this portion of the meeting, staff will present information not normally covered under regular meeting items. This information may include, but is not limited to budget presentations, staff conference presentations, or information from outside sources that relates to the transit industry. **Staff will seek direction as is necessary from the Board with regard to the following item(s).**

- SRP 1 LEGISLATIVE REPORT FROM SENATOR SCOTT WILK'S OFFICE – THOMAS MORENO
- SRP 2 LEGISLATIVE REPORT FROM ASSEMBLYMEMBER TOM LACKEY'S OFFICE – CARLI SULLIVAN
- SRP 3 PRESENTATION TO AVTA EMPLOYEE OF THE MONTH FOR OCTOBER 2024
JUDY VACCARO-FRY
- SRP 4 PRESENTATIONS TO MV TRANSPORTATION OPERATOR JUAN GUZMAN FOR GOING ABOVE AND BEYOND – MARTIN TOMPKINS AND TOM CONLON
- SPR 5 PRESENTATION TO MV TRANSPORTATION EMPLOYEE AND OPERATOR OF THE MONTH FOR OCTOBER 2024 – TOM CONLON
- SRP 6 PRESENTATION TO AV TRANSPORTATION SERVICES (AVTS) EMPLOYEE OF THE MONTH FOR OCTOBER 2024 – ART MINASYAN
- SRP 7 AVTS MICROTRANSIT AND DIAL-A-RIDE KEY PERFORMANCE INDICATORS (KPI) REPORT FOR OCTOBER 2024 – ART MINASYAN
- SRP 8 LEGISLATIVE REPORT UPDATE FOR NOVEMBER 2024 – JUDY VACCARO-FRY
- SRP 9 MAINTENANCE KPI REPORT FOR OCTOBER 2024 – JOSEPH SANCHEZ
- SRP 10 OPERATIONS KPI REPORT FOR OCTOBER 2024 –GENIE MAXIE

CONSENT CALENDAR (CC): Consent items may be received and filed and/or approved by the Board in a single motion. If any member of the Executive Board wishes to discuss a consent item, please request that the item be pulled for further discussion and potential action.

CC 1 BOARD OF DIRECTORS MEETING MINUTES OF OCTOBER 22, 2024 – KAREN DARR

Recommendation: Approve the Board of Directors Regular Meeting Minutes of October 22, 2024.

CC 2 FINANCIAL REPORT FOR OCTOBER 2024 AND FISCAL YEAR 2024/2025 (FY 2025) FIRST QUARTER TREASURER’S REPORT – VIANNEY MCLAUGHLIN

Recommendation: Receive and file the Financial Report for October 2024 and FY 2025 First-Quarter Treasurer’s report, including Capital Reserve and Farebox Recovery information.

CC 3 BOARD OF DIRECTORS MEETING CALENDAR FOR 2025 – DEEANNA CASON

Recommended Action: Approve the Board of Directors meeting calendar for 2025.

CC 4 DESTRUCTION OF AVTA RECORDS – PAULINA HURLEY

Recommendation: In accordance with AVTA’s Record Retention Policy, authorize the destruction of the on-site records (paper, electronic, audio, photographic, etc.) detailed on the Records Destruction list.

CC 5 RESOLUTION NO. 2024-008, AUTHORIZING THE EXECUTIVE DIRECTOR/CEO TO EXECUTE ALL REQUIRED DOCUMENTS OF THE FEDERAL TRANSIT ADMINISTRATION AS REQUIRED BY THE DEPARTMENT OF TRANSPORTATION GRANT PROGRAM – JUDY VACCARO-FRY

Recommended Action: Adopt Resolution No. 2024-008, authorizing the Executive Director/CEO to execute all required documents of the Federal Transit Administration as required by the Department of Transportation Grant Program.

NEW BUSINESS (NB):

NB 1 DRAFT AUDITED FINANCIAL STATEMENTS AND SINGLE AUDIT REPORT OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024 – JUDY VACCARO-FRY

Recommended Action: Approve the Draft Audited Financial Statements and Single Audit Report of Federal Awards for the Year Ended June 30, 2024.

- NB 2 DRAFT AUDITOR’S REPORT FOR PROPOSITION A DISCRETIONARY INCENTIVE GRANT FUNDS FOR THE YEAR ENDED JUNE 30, 2024 -JUDY VACCARO-FRY

Recommendation: Approve the Draft Independent Auditor’s Report (Attachment A) for Proposition Discretionary Incentive Grant funds for the Year Ended June 30, 2024.

CLOSED SESSION (CS):

PRESENTATION BY LEGAL COUNSEL OF ITEM(S) TO BE DISCUSSED IN CLOSED SESSION:

- CS 1 Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(d)(2)
Significant exposure to litigation (two potential cases)
- CS 2 Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(d)(4)
Consideration of whether to initiate litigation (one potential case)
- CS 3 Public Employee Performance Evaluation – Pursuant to Government Code Sections 54954.5 (E) And 54957(B))
Title: Executive Director/CEO

RECESS TO CLOSED SESSION

RECONVENE TO PUBLIC SESSION

REPORT BY LEGAL COUNSEL OF ACTION TAKEN IN CLOSED SESSION

REPORTS AND ANNOUNCEMENTS (RA):

- RA 1 REPORT BY THE EXECUTIVE DIRECTOR/CEO

MISCELLANEOUS BUSINESS – NON-AGENDA BOARD OF DIRECTORS ITEMS:

During this portion of the meeting, Board Members may address non-agenda items by briefly responding to statements or questions posed by the public, asking a question for clarification, making a brief announcement, or making a brief report on their activities. **State law generally prohibits the AVTA Board of Directors from taking action on or discussing items not on the agenda.** Matters will be referred to the Executive Director/CEO for follow-up.

ADJOURNMENT:

Adjourn to the Regular Meeting of the Board of Directors on January 28, 2025, at 10:00 a.m. in the Antelope Valley Transit Authority Community Room, 42210 6th Street West, Lancaster, CA.

The agenda was posted by 6:00 p.m. on November 22, 2024, at the Antelope Valley Transit Authority entrance, 42210 6th Street West, Lancaster, CA 93534.

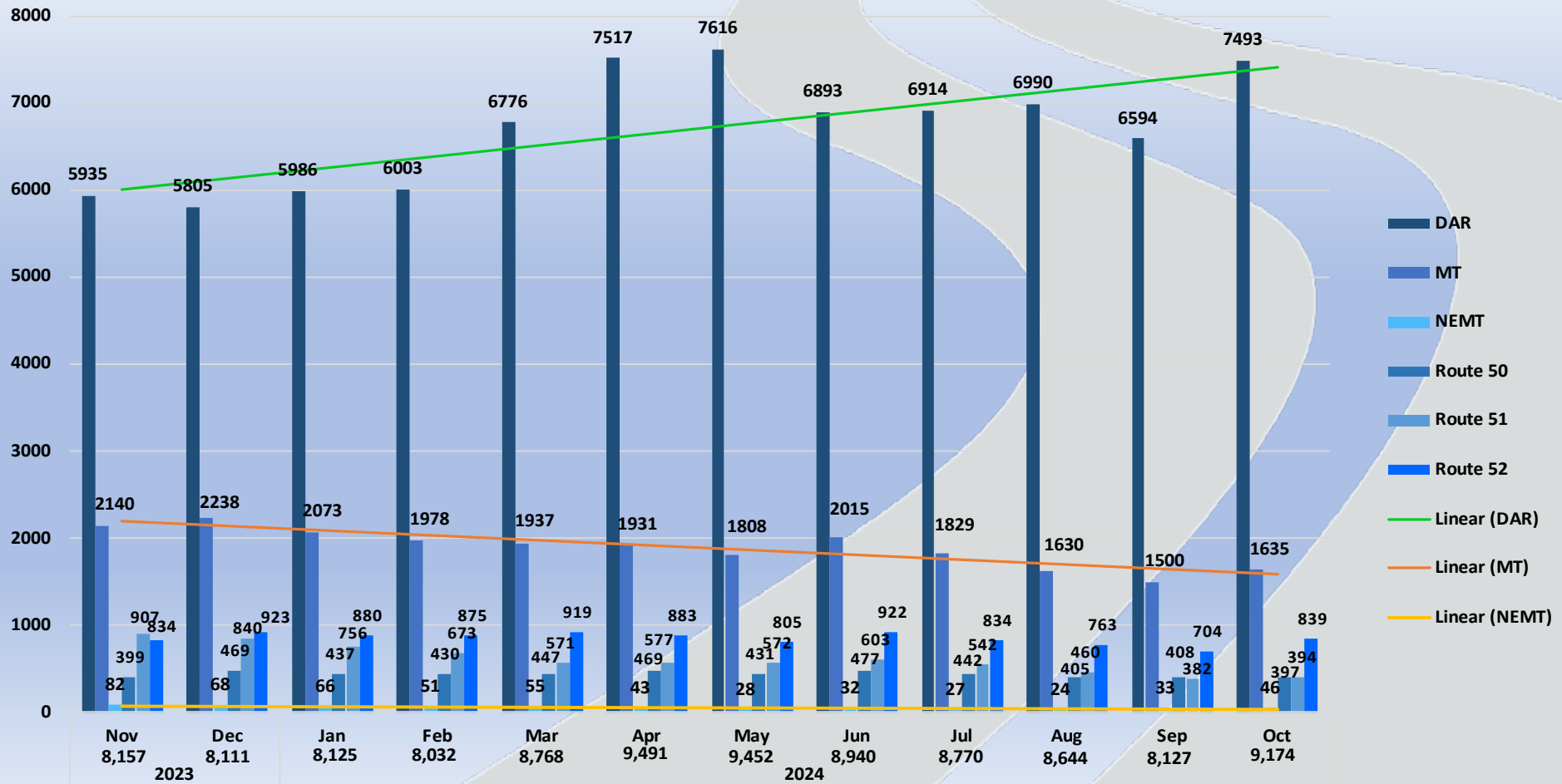
Copies of the staff reports and attachments or other written documentation relating to each proposed item of business on the agenda presented for discussion by the Board of Directors are on file in the Office of the Executive Director/CEO. Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the AVTA to the Board of Directors less than 72 hours prior to that meeting are on file in the Office of the Executive Director/CEO. These documents are available for public inspection during regular business hours at the Customer Service window of the AVTA at 42210 6th Street West, Lancaster or by contacting the Clerk of the Board at (661) 729-2206.

October

FY 2025 MONTHLY OPERATIONS KEY PERFORMANCE INDICATORS

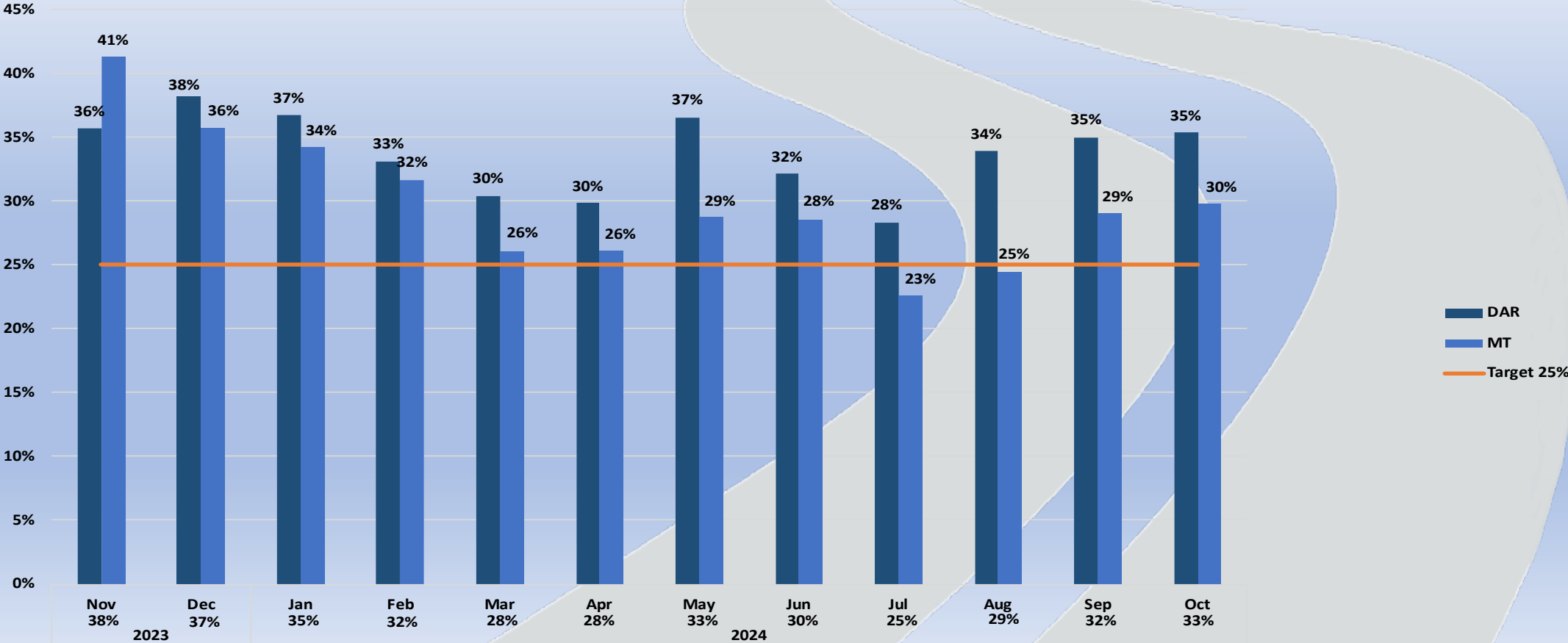
Presentation to the
Board of Directors
November 26, 2024

PASSENGER RIDERSHIP DATA



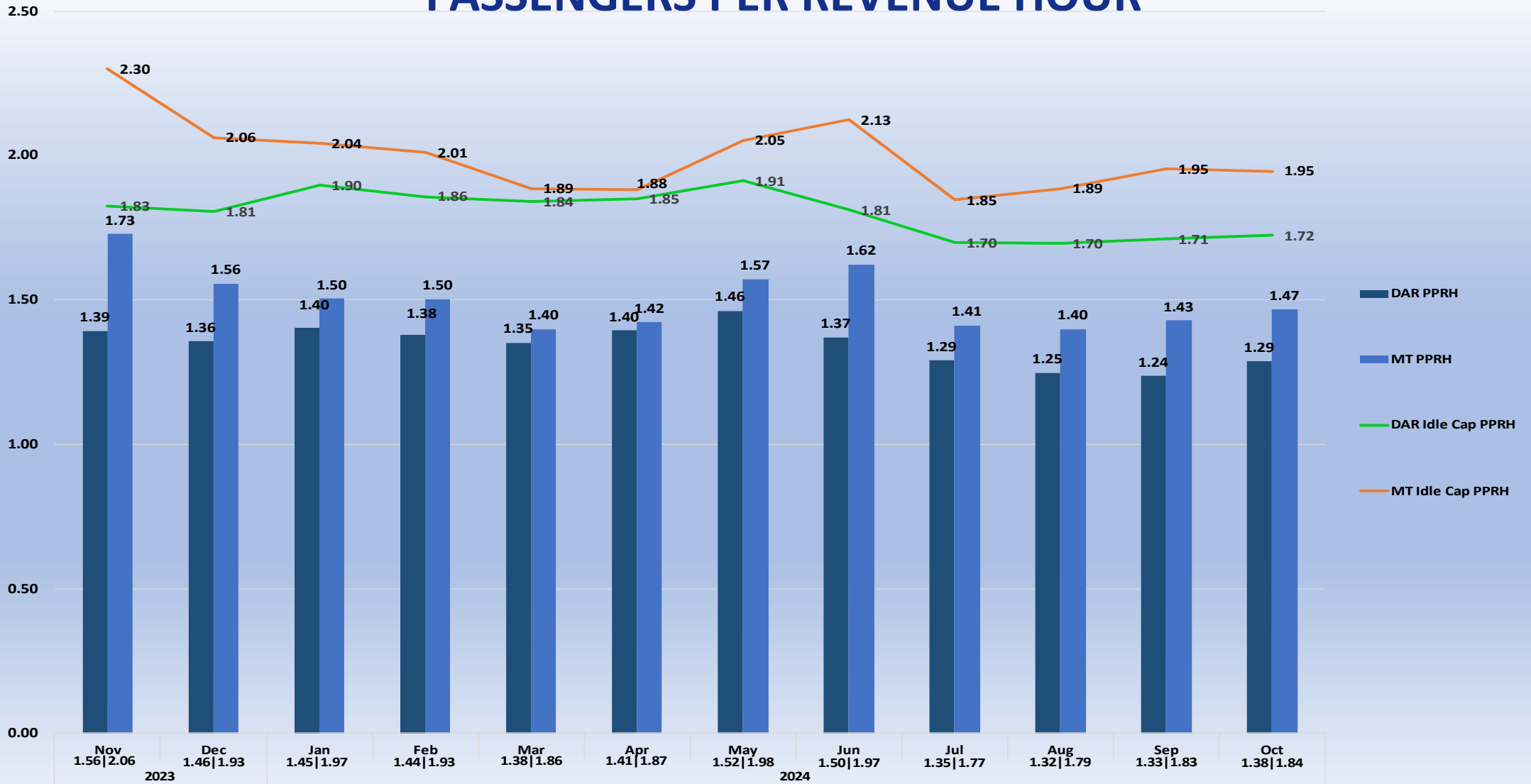
DAR = Dial-A-Ride
 MT = Microtransit
 NEMT = Non-Emergency Medical Transportation

AVERAGE SHARED RIDE PERCENTAGE



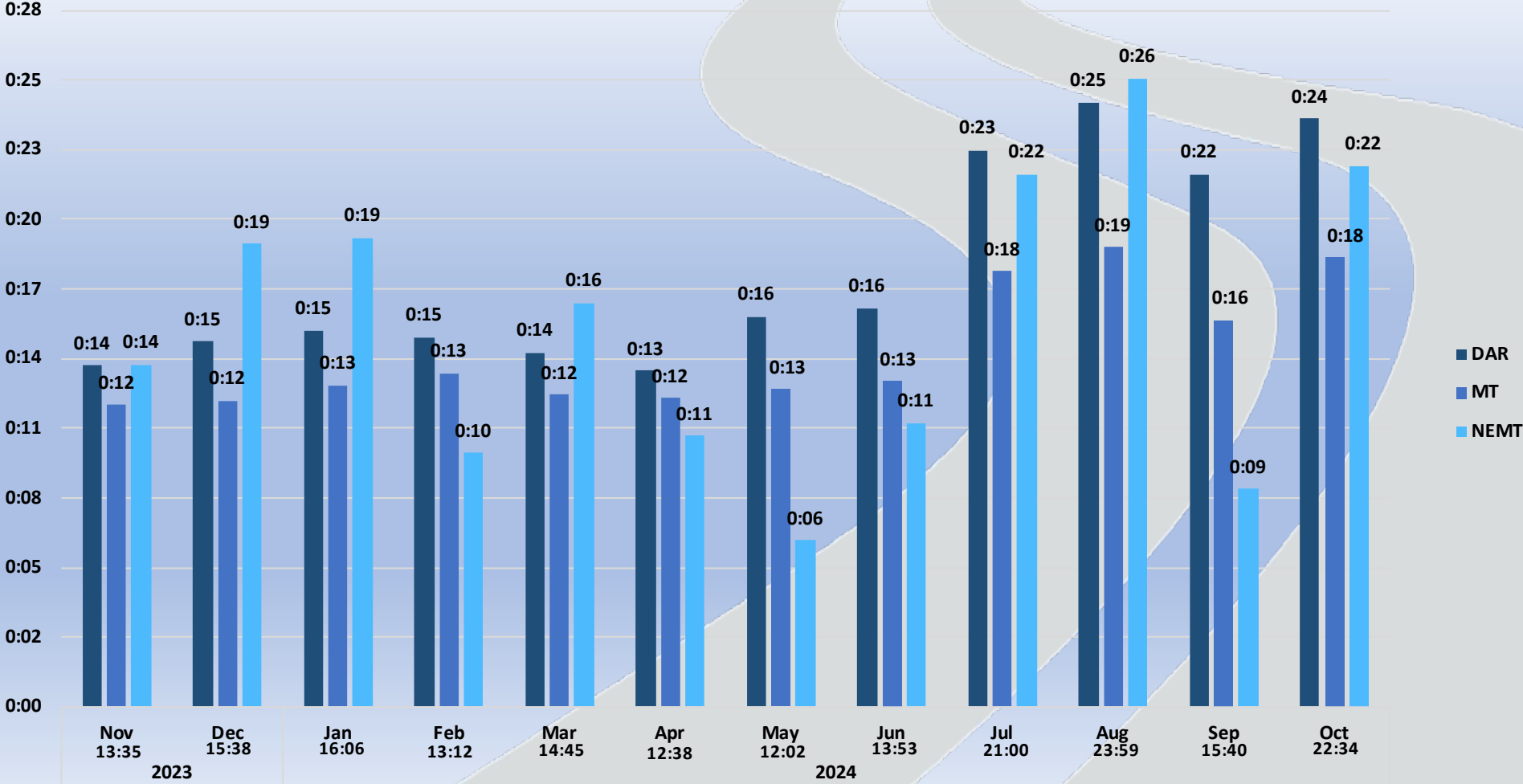
DAR= Dial A Ride
 MT = Microtransit
 PPRH= Passengers Per Rev Hour

PASSENGERS PER REVENUE HOUR



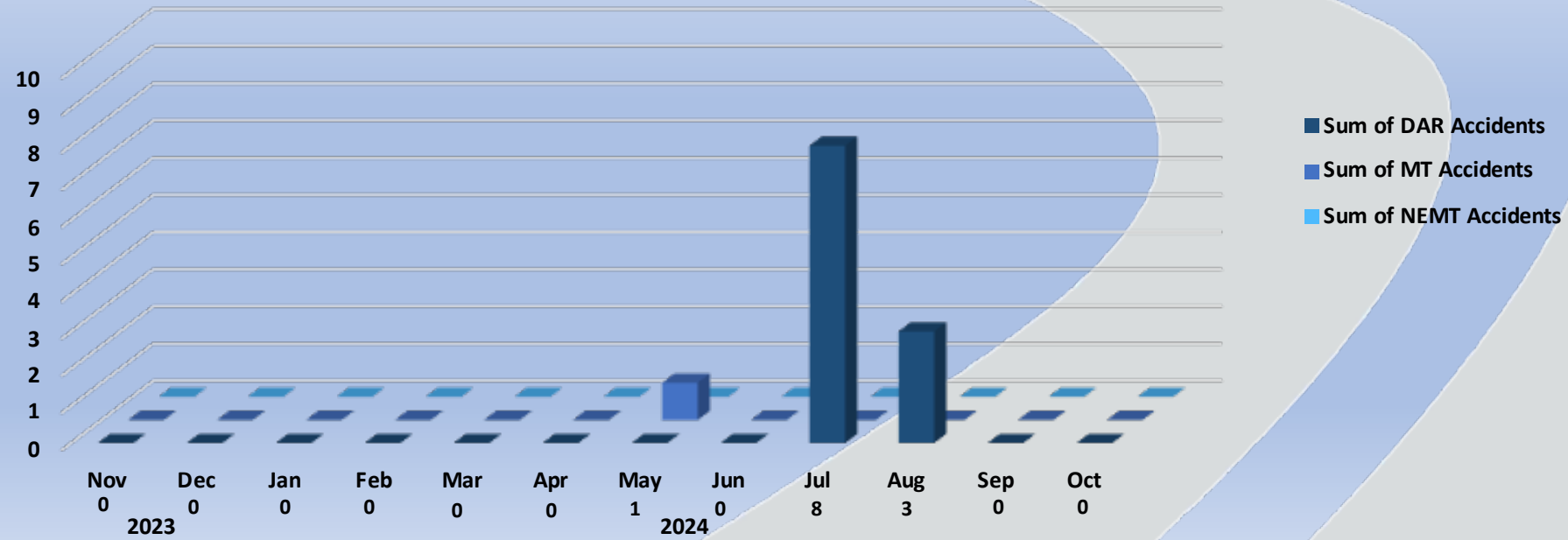
DAR = Dial-A-Ride
MT = Microtransit
PPRH = Passengers Per Revenue Hour

PASSENGER WAIT TIME

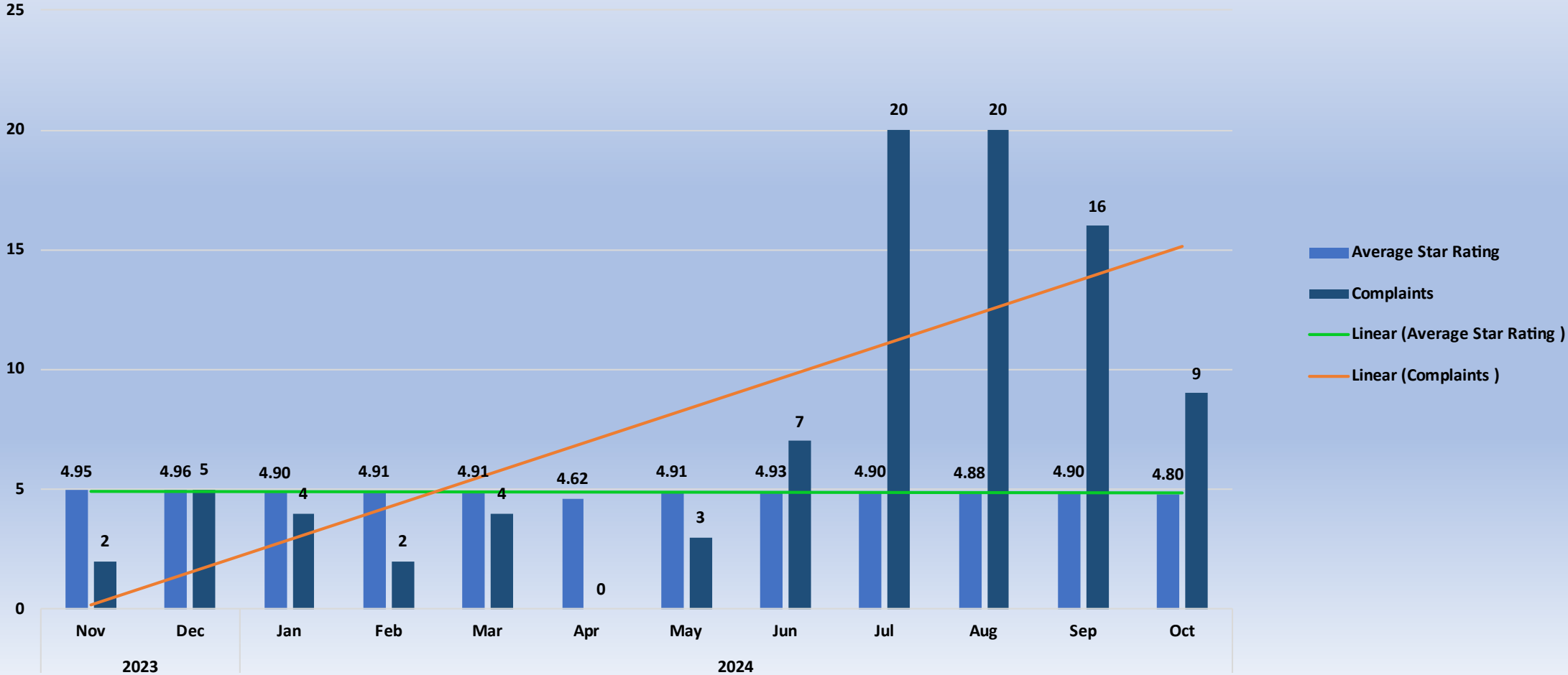


DAR = Dial A Ride
 MT = Microtransit
 NEMT = Non-Emergency Medical Transportation

ACCIDENTS



PASSENGER FEEDBACK



Accidents and Complaints Summary

Accidents: 0

Complaints: 9

- **Discourteous Operator – 1**
- **Late – 5**
- **No Show Appeal – 1**
- **Reservation Error – 1**
- **Vehicle Did Not Show - 1**

October

FY 2025 MONTHLY OPERATIONS KEY PERFORMANCE INDICATORS

Thank You!

LEGISLATIVE UPDATE

Presentation to the Board of Directors
November 26, 2024



STATE



PEPRA 13(c) UPDATE



The United States District Court for the Eastern District of California took action to dismiss ATU International v. USDOL – an action that follows the direction issued by the United States Court of Appeals for the Ninth Circuit.

This action officially vacates the District Court's injunction, which has protected the flow of federal transit grants to California transit agencies subject to California's Public Employees' Pension Reform Act.



LOW CARBON FUEL STANDARD

On November 8, the California Air Resources Board adopted major amendments to the Low Carbon Fuel Standard (LCFS) program.

The LCFS was created by CARB in 2009 to reduce the carbon intensity (CI) of transportation fuels used in California.

The amendments adopted further reduce LCFS's annual CI level and implement a series of other changes to the program's reporting requirements.

CARB estimates over the life of the program:

- LCFS has reduced the CI of transportation fuels by almost 13% from the 2010 baseline and doubled the volume of low-carbon fuel consumption.
- California transit agencies have generated credits worth almost \$700 million.



FEDERAL



CONTINUING RESOLUTION

12/20 Federal Government funded for 24 days

Speaker Johnson says *"he's against a Christmastime "omnibus" bill, combining all federal funding in one massive, last-minute package they don't get to thoroughly vet"*.

Congress is likely to pass a continuing resolution into the early part of the year rather than reach a full-year funding deal this year.

FFY 2025 APPROPRIATIONS STATUS



HOUSE – 5 of 12

SENATE:

0 of 12

- Defense
- Homeland Security
- Interior - Environment
- Military Construction –
Veterans Affairs
- State-Foreign
Operations

SIGNED BY BOTH CHAMBERS

0 of 12

SIGNED BY THE PRESIDENT

0 of 12

Information as of November 21, 2024

BUY AMERICA WAIVER



This grants an extension of FTA's October 25, 2022, partial general nonavailability waiver for mass-produced, unmodified vans and minivans.

The waiver extension will expire after five years, or upon publication of a recission notice if FTA determines that a fully Buy America-compliant vehicle has become available, whichever occurs first.

A screenshot of the Federal Register website showing a notice titled "Notice of Extension of Partial Buy America Waiver for Vans and Minivans". The page includes the National Archives and Records Administration logo, the text "FEDERAL REGISTER The Daily Journal of the United States Government", and the Antelope Valley Transit Authority logo. The notice is dated 11/18/2024 and is published by the Federal Transit Administration. A sidebar on the left contains links for PDF, Document Details, Document Dates, and Table of Contents. The main content area shows the document heading: "Department of Transportation Federal Transit Administration [Docket No. FTA-2024-0007]" and the agency: "Federal Transit Administration (FTA), Department of Transportation (DOT)". A "SUBMIT A PUBLIC COMMENT" button is visible in the top right of the notice area.

 **FEDERAL REGISTER**
The Daily Journal of the United States Government 

[Notice](#)

Notice of Extension of Partial Buy America Waiver for Vans and Minivans

A Notice by the Federal Transit Administration on 11/18/2024

Comments on this document are being accepted at [Regulations.gov](https://www.regulations.gov). [SUBMIT A PUBLIC COMMENT](#)

PUBLISHED DOCUMENT: 2024-26832 (89 FR 90824)

- PDF
- Document Details
- Document Dates
- Table of Contents

DOCUMENT HEADINGS

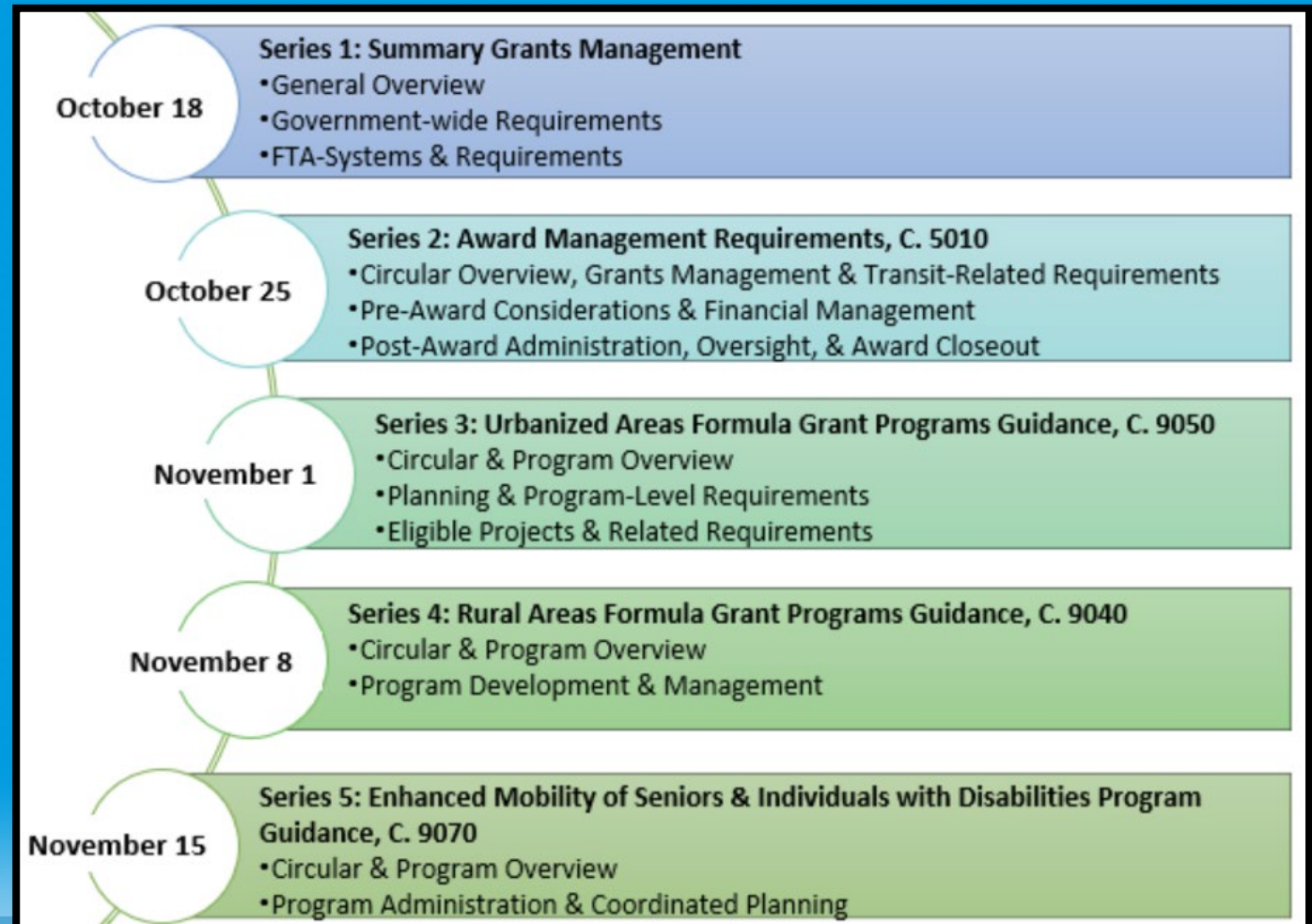
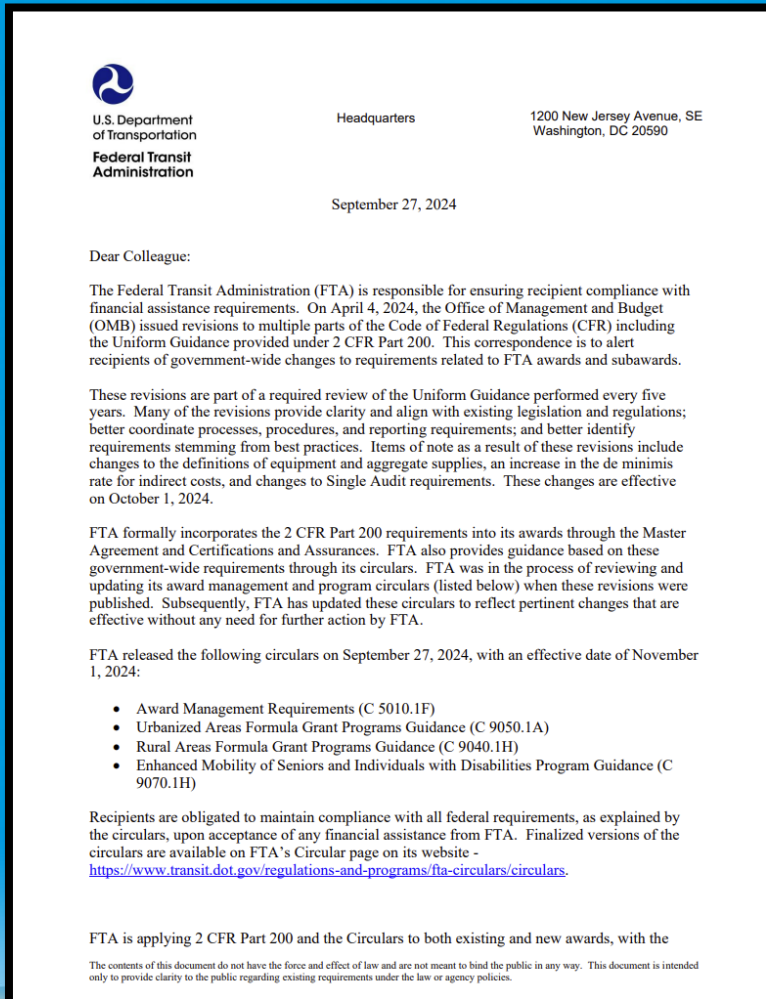
Department of Transportation
Federal Transit Administration
[Docket No. FTA-2024-0007]

AGENCY:
Federal Transit Administration (FTA), Department of Transportation (DOT).

FTA PROGRAM CIRCULARS



FTA has updated its program guidance and award management requirements for several circulars.



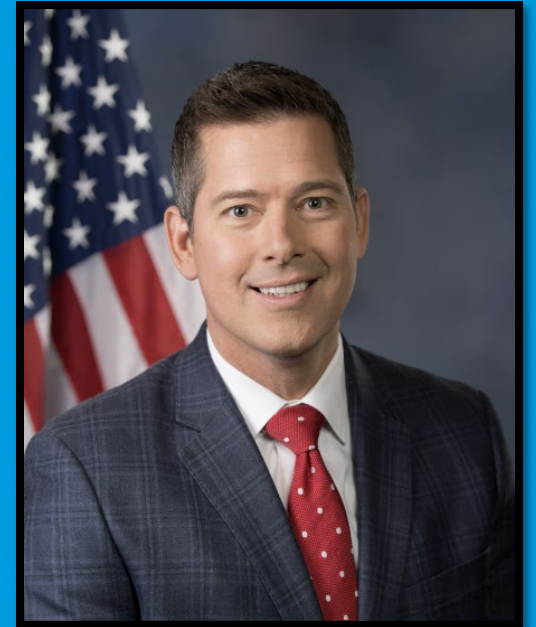
SECRETARY OF TRANSPORTATION



Former Wisconsin Representative Sean Duffy has been nominated for Secretary of Transportation.

Served as a member of the House Financial Services committee.

Served as the Chairman of the Sub-Committee on Insurance and Housing.



Questions?



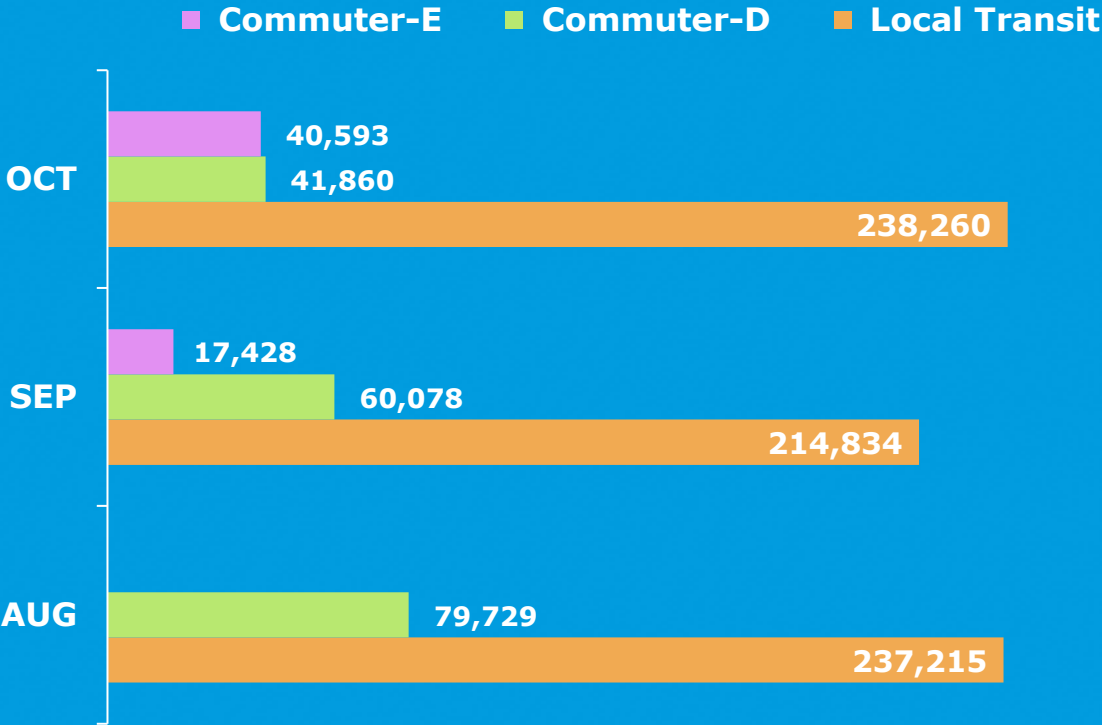
FY 25 Monthly Fleet Maintenance Key Performance Indicators

Presentation to the Board of Directors

November 26, 2024



MILESTONES



MAINTENANCE COST PER MILE BY FLEET

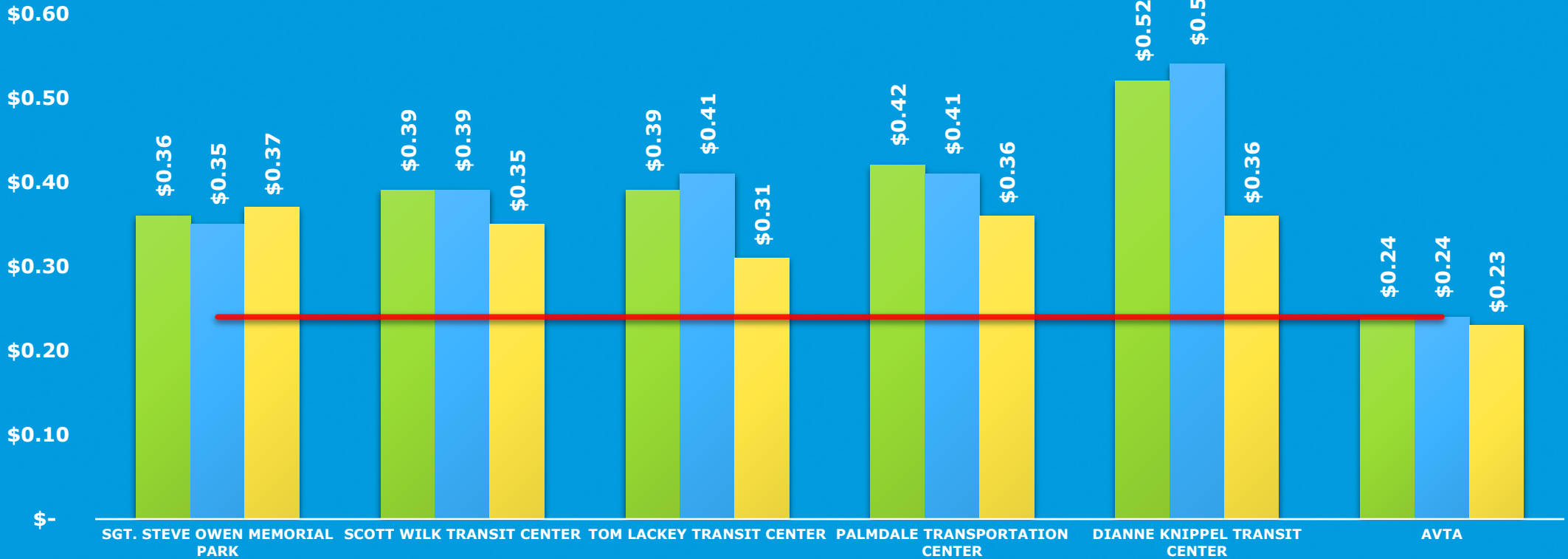
■ 40'BYD ■ 60'BYD ■ 45'MCI-D ■ 45' MCI-E



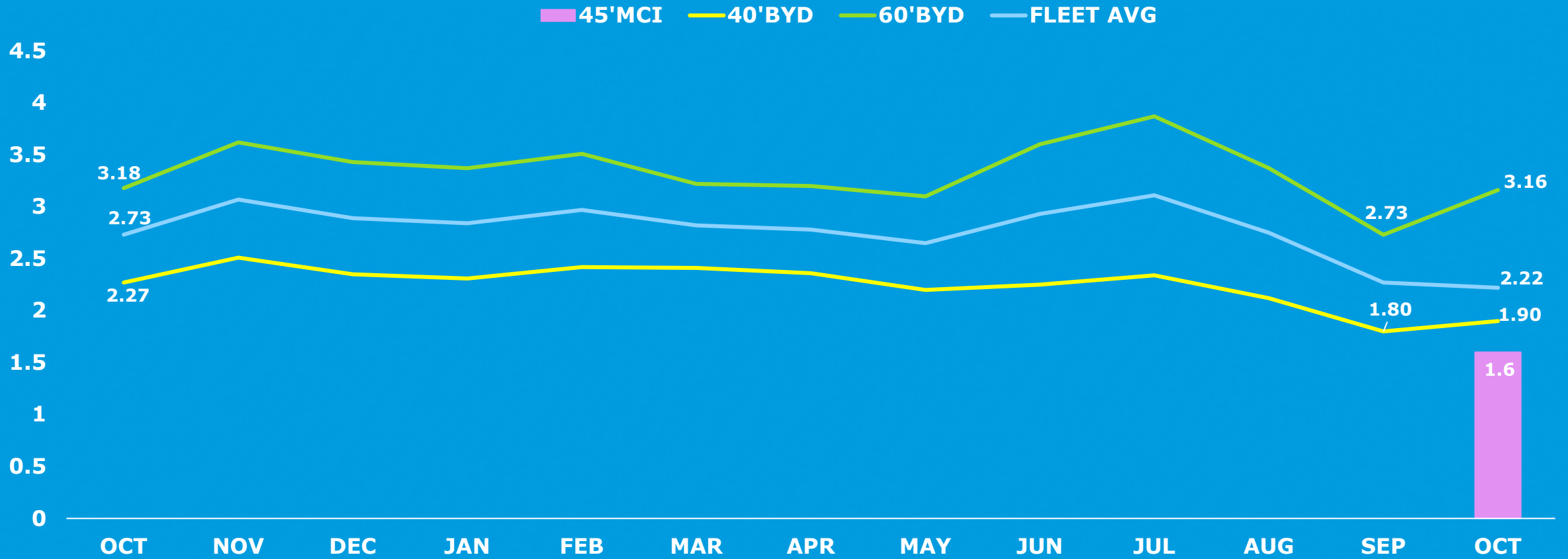
ENERGY DEPOTS

COST PER KWH

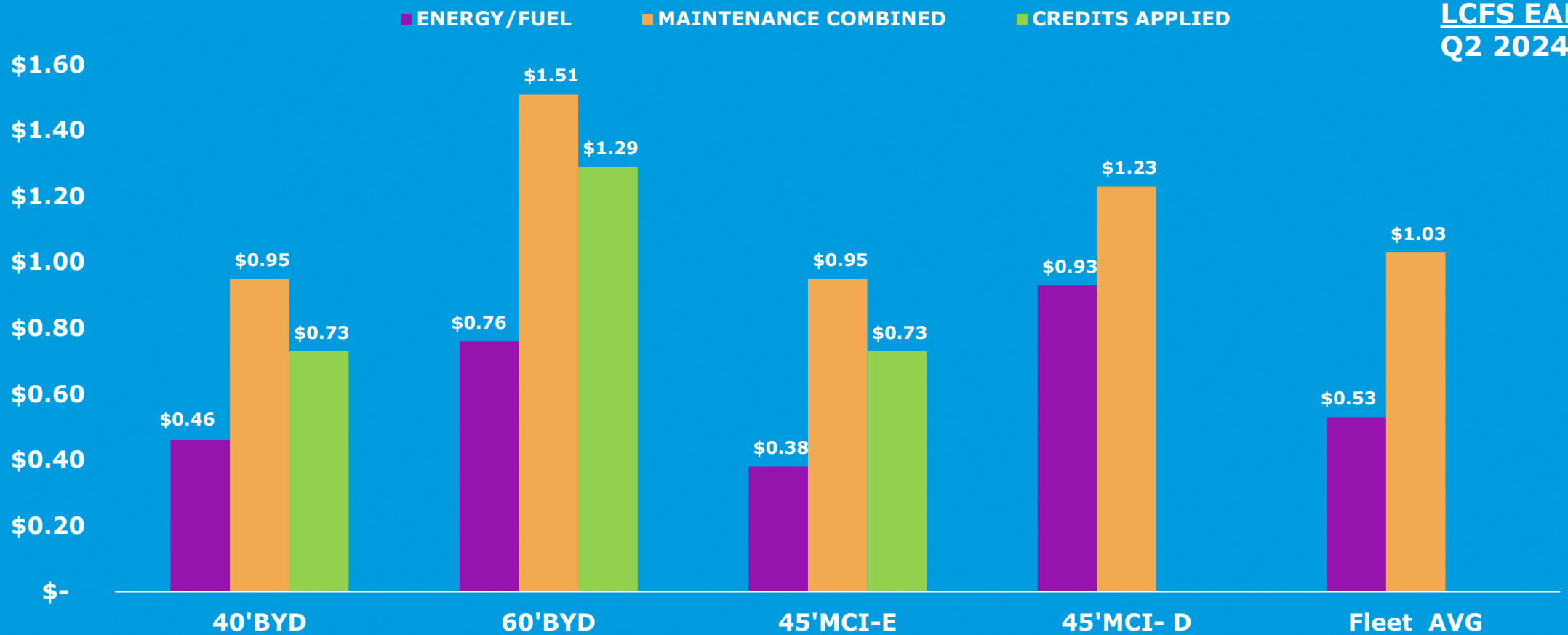
AUG SEP OCT AVG kWh



kWh EFFICIENCY PER MILE



FLEET COSTS PER MILE OCTOBER

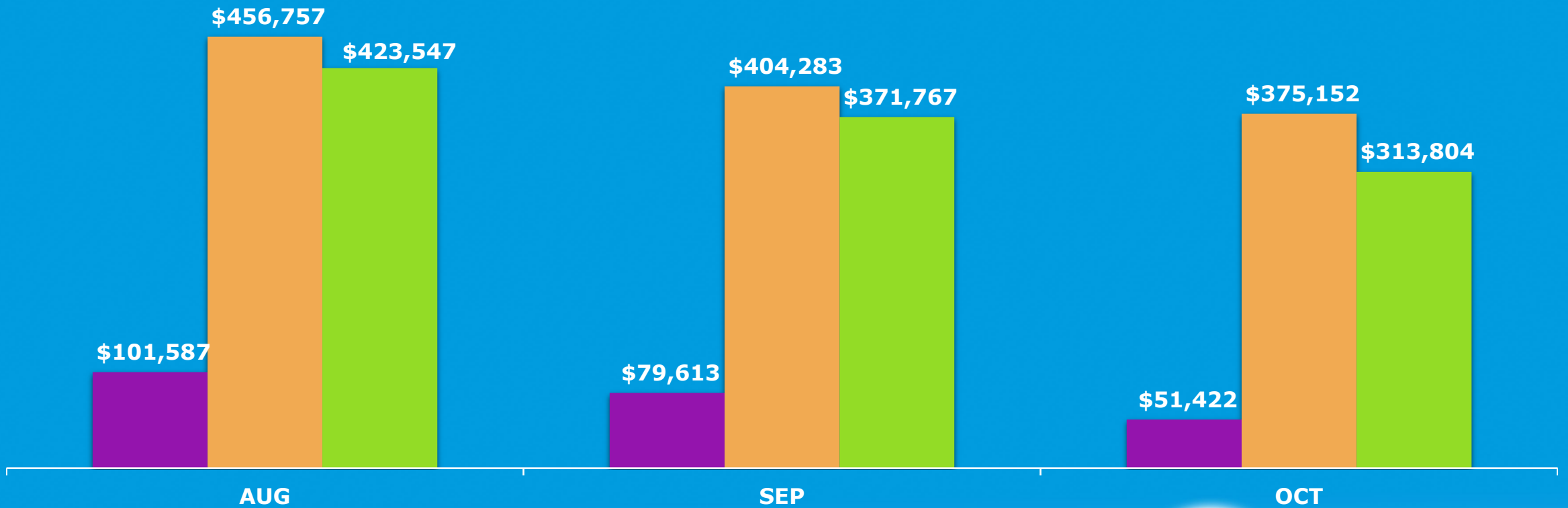


LCFS EARNINGS
Q2 2024: \$.22



FLEET OPERATING COSTS ENERGY/FUEL AND MAINTENANCE

■ DIESEL ■ COMBINED COSTS ■ CREDITS APPLIED



Thank you!

Questions?





SRP 10

FY 2025 Monthly Operations Key Performance Indicators

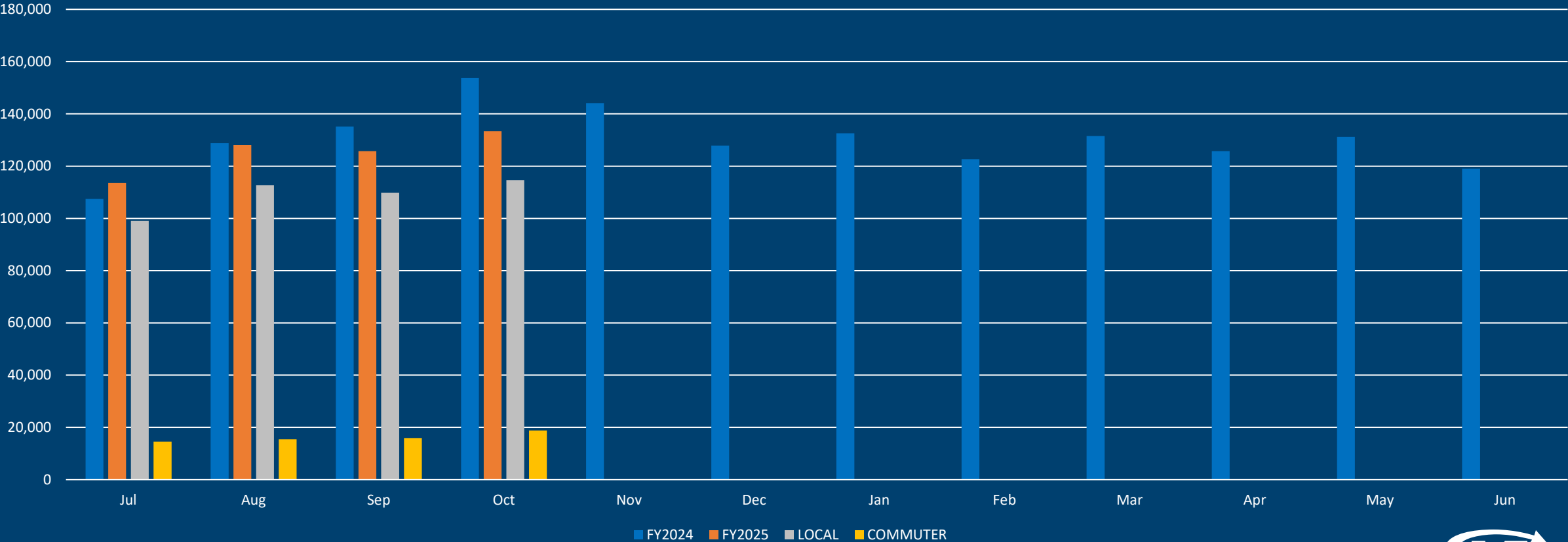
Presentation to the Board of Directors

October 2024

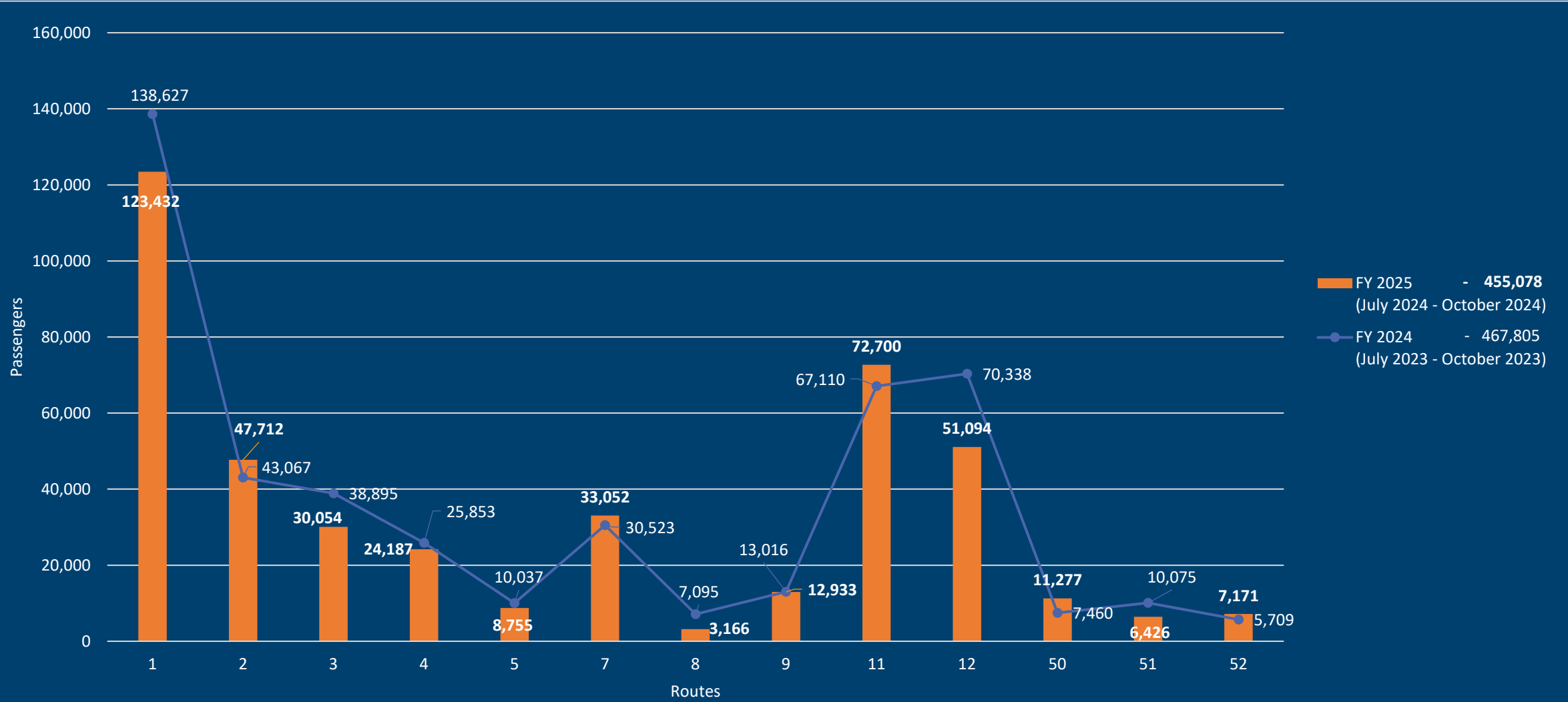
Genie Maxie

MONTHLY BOARDING ACTIVITY

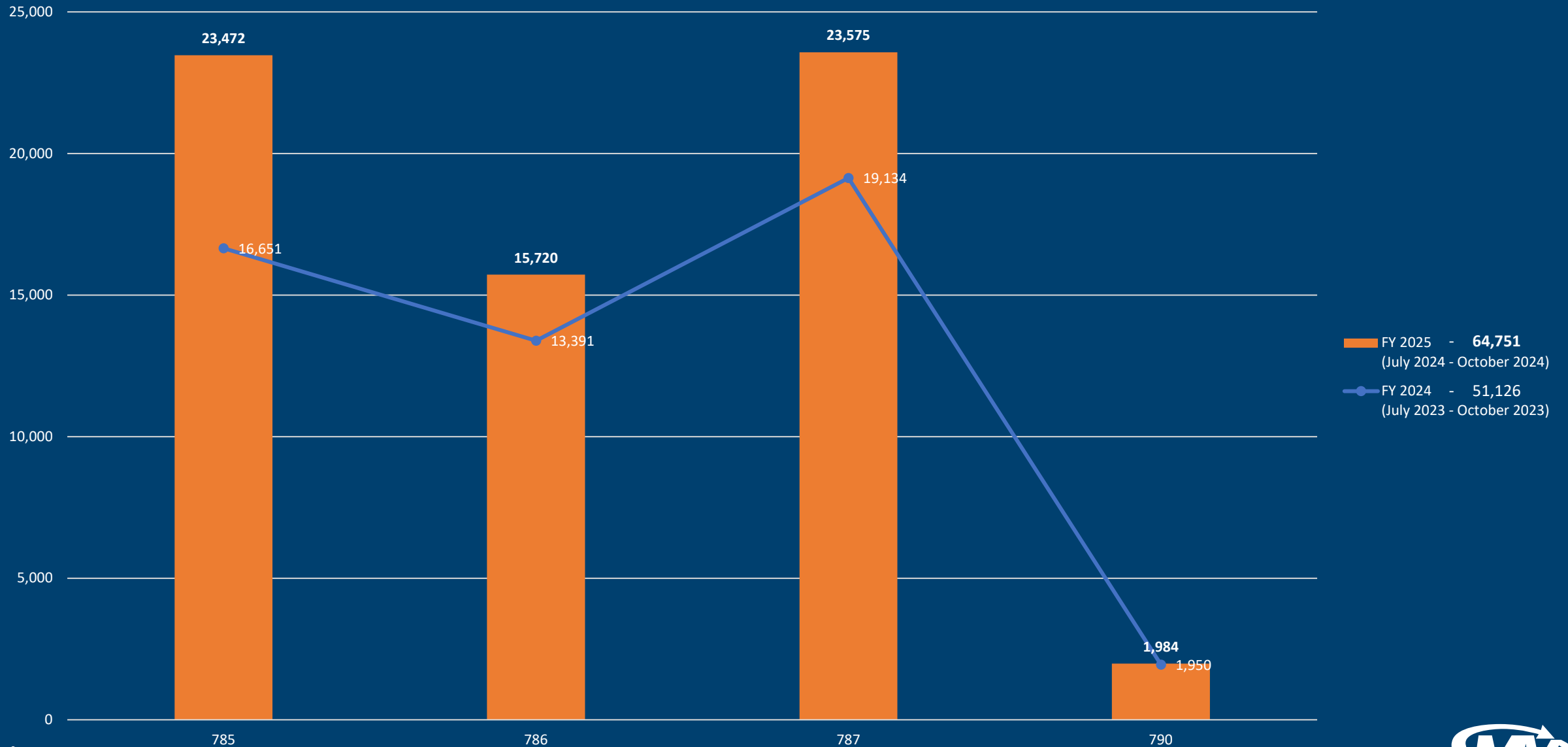
| | October 2024 FY 2025 | September 2024 FY 2025 |
|----------|-------------------------|---------------------------|
| System | 133,363 | 125,759 |
| Local | 114,547 | 109,843 |
| Commuter | 18,816 | 15,916 |



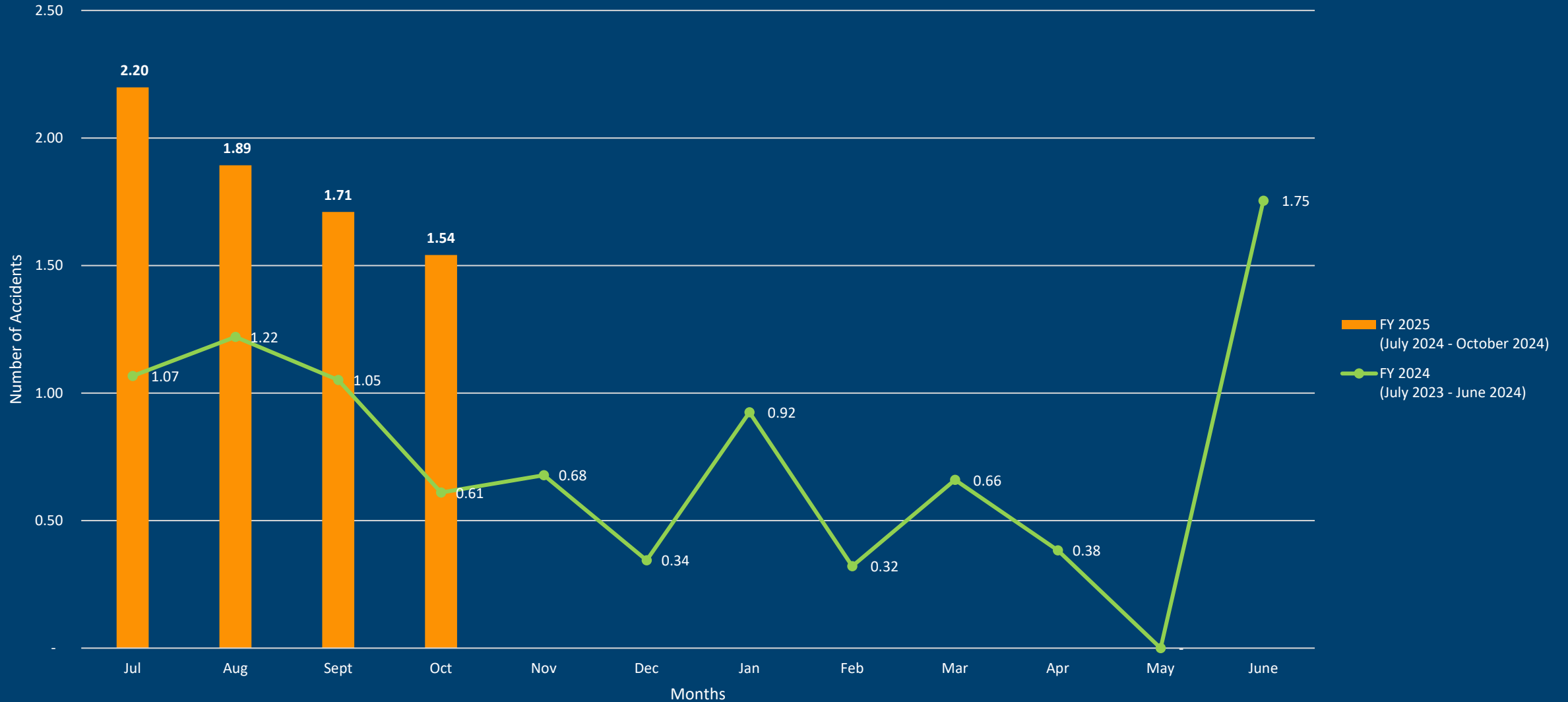
ANNUAL RIDERSHIP – LOCAL ROUTES



ANNUAL RIDERSHIP - COMMUTER ROUTES



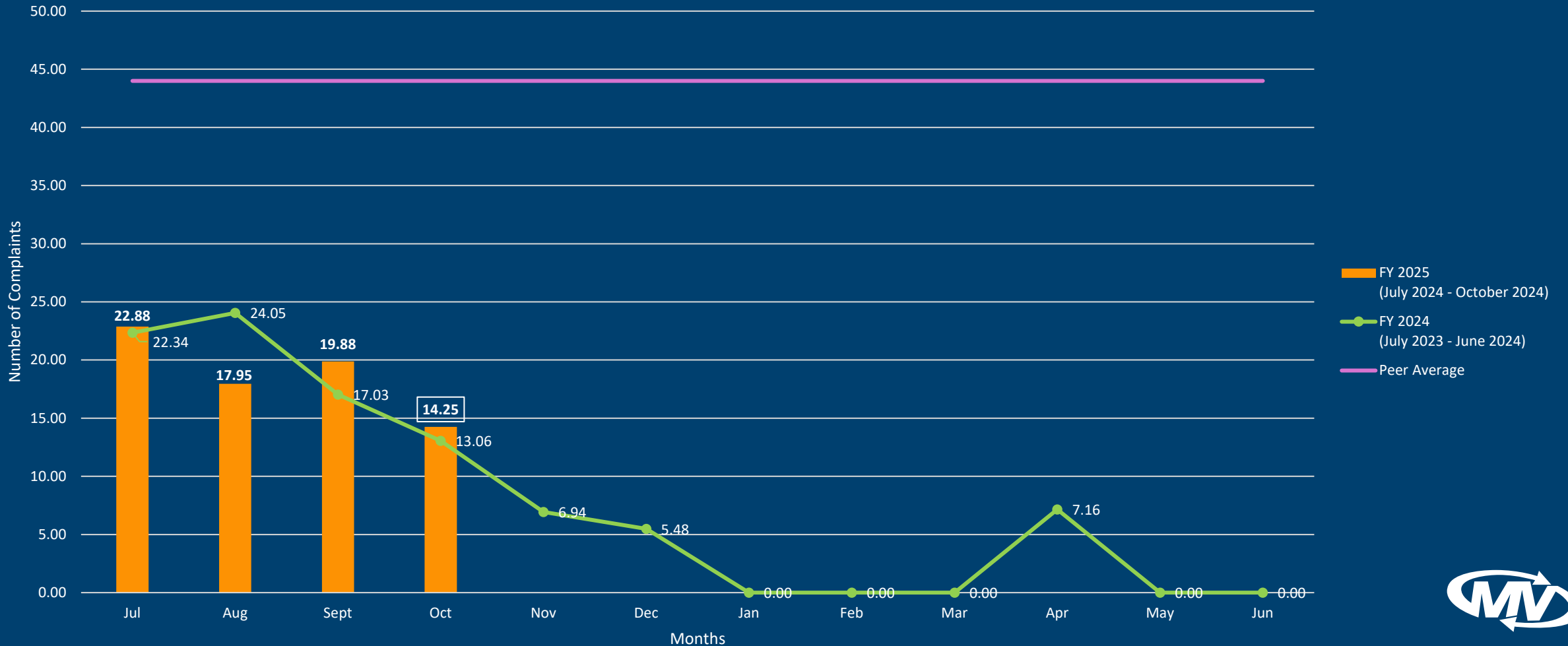
PREVENTABLE ACCIDENTS /100,000 MILES OCTOBER – SYSTEM-WIDE AVERAGE: 1.54



COMPLAINTS / 100,000 BOARDINGS

OCTOBER –SYSTEM WIDE AVERAGE:14.25

PEER AVERAGE: 44.00



Accidents and Complaints Summary

Accidents:

- Passenger side mirror came in contact with a sign.
- Bus rolled back at a red light and hit the car behind.
- Tail of bus swung into another bus while exiting Union Station.
- Tapped a tree pulling from a bus stop.
- Top rear of unit came in contact with bus stop sign.

* There were no injuries related to the accidents*

Complaints:

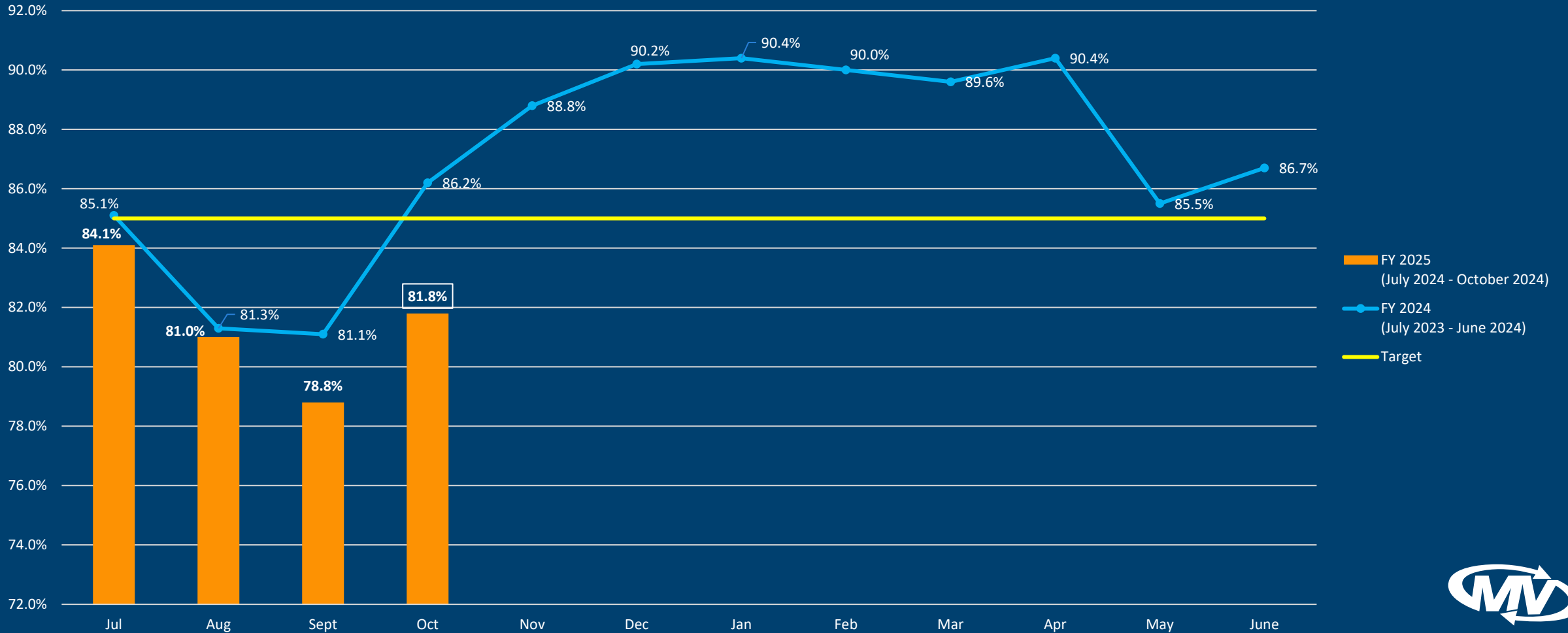
- Passenger Passed Up At Stop – 3
- Discourteous Operator – 3
- Bus Running Late – 3
- Defective Coach – 2
- Bus Did Not Show – 2
- Passenger Disturbance – 2
- Passenger Injury – 1
- Improper Wheelchair Tie Down – 1
- Bus Cleanliness – 1
- Bus Off Route – 1



ON-TIME PERFORMANCE

OCTOBER – LOCAL 81.8%

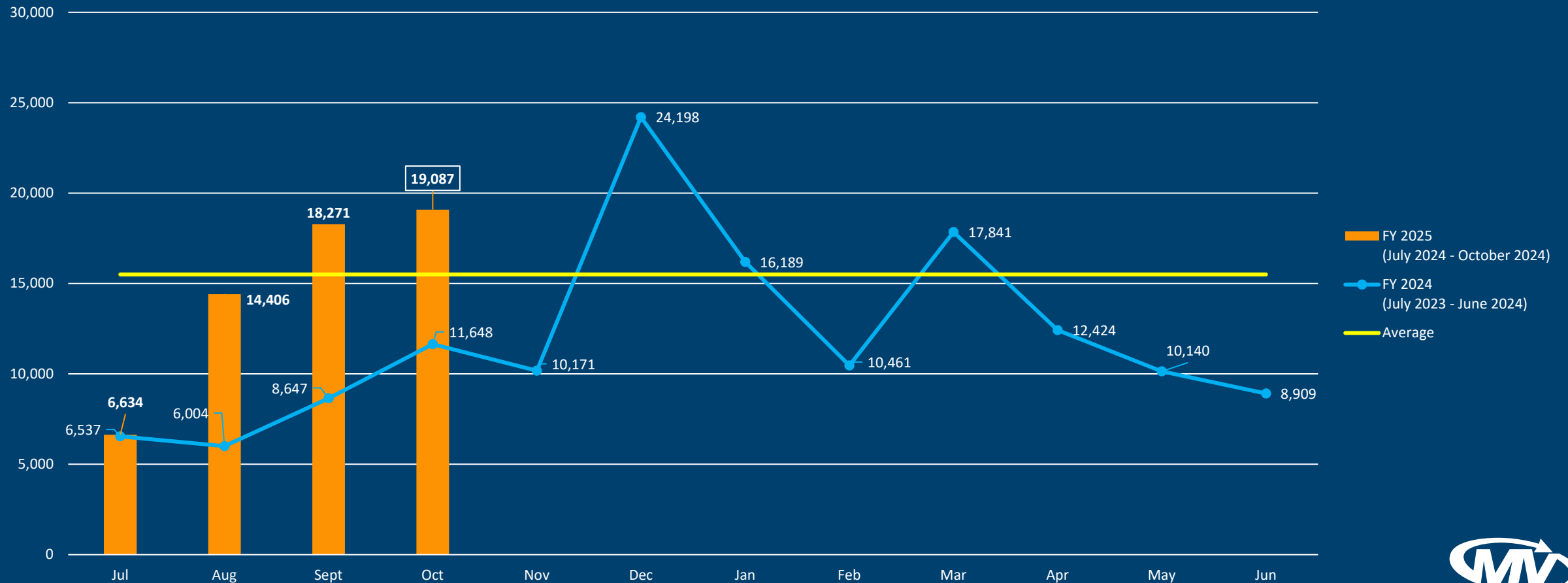
TARGET: 85%



AVERAGE MILES BETWEEN ROADCALLS

OCTOBER – SYSTEM WIDE AVERAGE: 19,087

TARGET: 15,500



KEY PERFORMANCE INDICATORS

| | AVTA Targets | October 2024 FY 2025 | September 2024 FY 2025 | October 2023 FY 2024 |
|---------------------------------------|--------------|-------------------------|---------------------------|-------------------------|
| Boarding Activity | | 133,363 | 125,759 | 153,736 |
| Complaints / 100,000 Boardings | ≤ 44 | 14.25 | 19.88 | 13.01 |
| Preventable Accidents / 100,000 Miles | ≤ 1 | 1.54 | 1.71 | .61 |
| On Time Performance | ≥ 85% | 81.8% | 78.8% | 86.2% |
| Average Miles Between Roadcalls | ≥ 15,500 | 19,087 | 18,271 | 11,648 |





WE ARE MVMNT

**THANK
YOU**

Questions?



Regular Meeting of the Board of Directors

Tuesday, October 22, 2024

10:00 a.m.

Antelope Valley Transit Authority Community Room

42210 6th Street West, Lancaster, California

www.avta.com

UNOFFICIAL MINUTES

CALL TO ORDER:

Chairman Crist called the meeting to order at 10:00 a.m.

PLEDGE OF ALLEGIANCE:

Alternate Director MacLaren led the Pledge of Allegiance.

ROLL CALL:

Present

Chairman Marvin Crist, Vice Chair Dianne Knippel, Director Richard Loa, Director Raj Malhi, Director Michelle Royal, Alternate Director MacLaren

APPROVAL OF AGENDA:

On a motion by Vice Chair Knippel and seconded by Director Loa, the agenda was approved as comprised.

Vote: Motion carried (6-0-0-0)

Yeas: Chairman Crist, Vice Chair Knippel, Directors Loa, Malhi, Royal, Alternate Director MacLaren

Nays: None

Abstain: None

Absent: None

PUBLIC BUSINESS– AGENDIZED AND NON-AGENDIZED ITEMS:

Charlotte Baxter expressed concerns about the Dial-A-Ride (DAR) operators arriving late for afternoon pick-ups. She thanked an operator for getting her to her appointments on time.

Fran Sereseres expressed concerns about the amenities at the Lancaster Metrolink station and the Transporter schedule.

Milcah White voiced her concerns about the Transporter schedule and said she had difficulty boarding the DAR vehicles. She recommended that board meetings be held via Zoom.

Thomas Aguinaga distributed his written comments to the Board. General Council Allison Burns confirmed with Mr. Auginaga that he did not want the letter read aloud.

SPECIAL REPORTS, PRESENTATIONS, AND REQUESTS FOR DIRECTION (SRP):

SRP 1 LEGISLATIVE REPORT FROM SENATOR SCOTT WILK'S OFFICE

The representative was unable to attend.

SRP 2 LEGISLATIVE REPORT FROM ASSEMBLYMEMBER TOM LACKEY'S OFFICE

The representative was unable to attend.

SRP 3 PRESENTATION TO AVTA EMPLOYEE OF THE MONTH FOR SEPTEMBER 2024

Customer Service Satisfaction Manager Carlos Lopez presented Iris Carrillo, Customer Service Representative II, with the Employee of the Month award.

SRP 4 PRESENTATION TO MV TRANSPORTATION OPERATOR OF THE MONTH FOR SEPTEMBER 2024

MV Transportation General Manager Thomas Conlon presented the Operator of the Month award to Jeffery Jupiter.

SRP 5 PRESENTATION TO AV TRANSPORTATION SERVICES (AVTS) EMPLOYEE OF THE MONTH FOR SEPTEMBER 2024

AV Transportation Services President Art Minasyan presented the Employee of the Month award to Renica Turner.

SRP 6 AVTS MICROTRANSIT AND DIAL-A-RIDE KEY PERFORMANCE INDICATORS (KPI) REPORT FOR SEPTEMBER 2024

Mr. Minasyan presented the report.

SRP 7 LEGISLATIVE REPORT UPDATE FOR OCTOBER 2024

Chief Financial Officer Judy Vaccaro-Fry presented an update regarding Assembly Bill 1X – Energy: Transportation Fuels: Inventories: Turnaround and Maintenance, PEPR 13(c) case, High-Speed Rail project, Continuing Resolution Federal Government is funded through December 20, 2024, and FFY 2025 Appropriations.

SRP 8 MAINTENANCE KPI REPORT FOR SEPTEMBER 2024

Maintenance Compliance Analyst Joseph Sanchez presented the report.

SRP 9 OPERATIONS KPI REPORT FOR SEPTEMBER 2024

MV Transportation Assistant General Manager Genie Maxie presented the report. The Board discussed discourteous operators and passenger pass-ups.

CONSENT CALENDAR (CC):

CC 1 BOARD OF DIRECTORS MEETING MINUTES OF SEPTEMBER 24, 2024

Approve the Board of Directors Regular Meeting Minutes of September 24, 2024.

CC 2 FINANCIAL REPORT FOR SEPTEMBER 2024

Receive and file the Financial Report for September 2024.

CC 3 FY 2025 FIRST QUARTER LOS ANGELES COUNTY SHERIFF'S DEPARTMENT (LASD) REPORT (JULY 1 – SEPTEMBER 30, 2024)

Receive and file the FY 2025 First Quarter LASD Report.

On a motion by Vice Chair Knippel and seconded by Alternate Director MacLaren, the Board of Directors approved the Consent Calendar.

Vote: Motion carried (6-0-0-0)

Yeas: Chairman Crist, Vice Chair Knippel, Directors Loa, Malhi, Royal, Alternate Director MacLaren

Abstain: None

Absent: None

NEW BUSINESS (NB):

NB 1 FEDERAL TRANSIT ADMINISTRATION (FTA) FISCAL YEAR 2024 TRIENNIAL REVIEW – DRAFT REPORT

Ms. Vaccaro-Fry presented the staff report, emphasizing that this was the second consecutive Triennial Review with zero findings.

On a motion by Vice Chair Knippel and seconded by Director Royal, the Board of Directors received and filed the Federal Transit Administration (FTA) Fiscal Year 2024 Triennial Review – Draft Report.

Vote: Motion carried (6-0-0-0)

Yeas: Chairman Crist, Vice Chair Knippel, Directors Loa, Malhi, Royal, Alternate Director MacLaren

Abstain: None

Absent: None

CLOSED SESSION (CS):

PRESENTATION BY LEGAL COUNSEL OF ITEM(S) TO BE DISCUSSED IN CLOSED SESSION:

CS 1 Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(d)(2)
Significant exposure to litigation (two potential cases)

CS 2 Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(d)(4)
Consideration of whether to initiate litigation (one potential case)

RECESS TO CLOSED SESSION

The Board of Directors recessed to Closed Session at 10:43 a.m.

RECONVENE TO PUBLIC SESSION

The Board of Directors reconvened at 10:53 a.m.

REPORT BY LEGAL COUNSEL OF ACTION TAKEN IN CLOSED SESSION:

General Counsel Allison Burns stated that the Board discussed CS 2 and directed staff and legal counsel. There was no reportable action.

REPORTS AND ANNOUNCEMENTS (RA):

RA 1 REPORT BY THE EXECUTIVE DIRECTOR/CEO

There were no reports or announcements.

MISCELLANEOUS BUSINESS – NON-AGENDA BOARD OF DIRECTORS ITEMS:

No miscellaneous business items were presented.

ADJOURNMENT:

Chairman Crist adjourned the meeting at 10:54 a.m. to the Regular Meeting of the Board of Directors on November 26, 2024, at 10:00 a.m. in the Antelope Valley Transit Authority Community Room, 42210 6th Street West, Lancaster, CA.

PASSED, APPROVED, and ADOPTED this 26th day of NOVEMBER 2024.

Marvin Crist, Chairman of the Board

ATTEST:

DeeAnna Cason, Executive Assistant

Audio recordings of the Board of Directors Meetings are maintained in accordance with state law and AVTA's Records Retention Policy. Please contact Karen Darr, Clerk of the Board, at (661) 729-2206 to arrange to review a recording.



DATE: November 26, 2024

TO: BOARD OF DIRECTORS

SUBJECT: FINANCIAL REPORT FOR OCTOBER 2024 AND FISCAL YEAR (FY) 2024/2025 FIRST QUARTER TREASURER’S REPORT

RECOMMENDATION

Receive and file the Financial Report for October 2024 and FY 2025 First-Quarter Treasurer’s Report, including Capital Reserve and Farebox Recovery information.

FISCAL IMPACT

| | OCTOBER 2024 |
|--------------------|---------------------|
| PAYROLL | \$369,699.96 |
| CASH DISBURSEMENTS | \$3,218,904.32 |
| | |

FY 2025 Farebox Recovery Ratio

| | Q1 |
|----------------------------|----------------|
| Directly Generated Revenue | \$882,140.15 |
| Operating Expenses | \$8,832,122.00 |
| Farebox Recovery Ratio | 10% |

Notes: Revenue includes Farebox, Advertisements and Gain on Sale, LCFS Credits and Investment Income.

BACKGROUND

To comply with the provisions required by Sections 37202, 37208, and 6505.5 of the Government Code, the Chief Financial Officer, in conjunction with the Senior Finance Manager, provide a monthly payroll total and cash disbursements. The Executive Director/CEO appointed as the Authority's Treasurer certifies the availability of funds.

I, Martin Tompkins, Executive Director/CEO of AVTA, declare that the above information is accurate.

Prepared by:

Submitted by:

Vianney Mclaughlin
Sr. Finance Manager

Martin J. Tompkins
Executive Director/CEO

Attachment: A – First Quarter Treasurer's Report

ANTELOPE VALLEY TRANSIT AUTHORITY
Treasurer's Report
For the quarter ended September 30, 2024

| Investment Type | Description | Beginning Balance 06/30/2024 | Deposits & Transfers | Disbursements & Transfers | Interest | Ending Balance 09/30/2024 |
|--|--|---------------------------------|-------------------------|---------------------------|----------------------|------------------------------|
| Cash and Investments Under the Direction of the Treasurer | | | | | | |
| | Local Agency Investment Fund (LAIF) - Cap & Op Reserve | \$ 6,202,028.22 | | | \$ 144,252.67 | \$ 6,346,280.89 |
| | Mission Bank- Reserve Investments | \$ 18,602,153.69 | \$ 4,000,000.00 | | \$ 259,940.69 | \$ 22,862,094.38 |
| | Mission Bank- Benefit Investments | \$ 2,106,622.67 | | | \$ 26,446.27 | \$ 2,133,068.94 |
| | Mission Bank-Capital Reserve | \$ 244,605.65 | \$ 244,336.04 | | \$ 390.90 | \$ 489,332.59 |
| | Total Capital & Op. Reserves and Restricted Funds | \$ 27,155,410.23 | \$ 4,244,336.04 | \$ - | \$ 431,030.53 | \$ 31,830,776.80 |
| | General Account- Mission Bank | \$ 2,491,226.74 | \$ 17,333,013.09 | \$ (16,668,091.21) | \$ 10,263.68 | \$ 3,166,412.30 |
| | Stuff-a-Bus * | \$ 2,161.39 | | | | \$ 2,161.39 |
| | Petty Cash Balance | \$ 750.00 | | | | \$ 750.00 |
| | Operating Accounts Total | \$ 2,494,138.13 | \$ 17,333,013.09 | \$ (16,668,091.21) | \$ 10,263.68 | \$ 3,169,323.69 |
| | TOTAL CASH AND INVESTMENTS | \$ 29,649,548.36 | \$ 21,577,349.13 | \$ (16,668,091.21) | \$ 441,294.21 | \$ 35,000,100.49 |

I hereby certify that the investment portfolio of AVTA complies with its investment policy and the California Government Code Sections pertaining to the investment of local agency funds, Mission Bank. Pending any future actions by the AVTA Board or any and unforeseen occurrences, AVTA has cash flow adequate to meet its expenditure requirements for the next three months.

Prepared by:

Submitted by:

Vianney McLaughlin
Sr. Finance Manager

Judy Vaccaro-Fry
Chief Finance Officer



DATE: November 26, 2024

TO: BOARD OF DIRECTORS

SUBJECT: Board of Directors Meeting Calendar for 2025

RECOMMENDATION

Approve the attached Board of Directors meeting calendar for 2025.

FISCAL IMPACT

This item does not have any fiscal impact.

BACKGROUND

The Board of Directors meetings are held on the fourth Tuesday of the month at 10:00 a.m. Due to the holidays in December, the Board members typically do not meet. If a special meeting is required or a meeting is cancelled during the year, the Clerk of the Board will post the necessary meeting notices.

Prepared by:

Submitted by:

DeeAnna Cason
Executive Assistant

Martin J. Tompkins
Executive Director/CEO

Attachment: A – 2025 Board of Directors Meeting Calendar



BOARD OF DIRECTORS 2025 MEETING CALENDAR

| BOARD OF DIRECTORS |
|---------------------------|
| 1/28/2025 |
| 2/25/2025 |
| 3/25/2025 |
| 4/22/2025 |
| 5/27/2025 |
| 6/24/2025 |
| 7/22/2025 |
| 8/26/2025 |
| 9/23/2025 |
| 10/28/2025 |
| 11/25/2025 |

Board of Directors meetings are held the fourth Tuesday of the month at 10:00 a.m.



DATE: November 26, 2024
TO: BOARD OF DIRECTORS
SUBJECT: Destruction of AVTA Records

RECOMMENDATION:

In accordance with AVTA’s Record Retention Policy, authorize the destruction of the on-site records (paper, electronic, audio, photographic, etc.) detailed on the Records Destruction list (Attachment A).

FISCAL IMPACT:

Costs associated with a secure destruction of documents are included in an annual monthly destruction contract.

BACKGROUND:

AVTA’s Records Management Department has the responsibility for the ongoing process of coordinating the identification of records within the various departments to determine which records have met the required retention for destruction.

After Board approval is obtained, the records department will supervise the destruction of the records on the attached list. Certification of destruction and a final list of documents that were destroyed will be maintained in a permanent file.

Prepared by:

Submitted by:

Paulina Hurley
Records Technician II

Martin J. Tompkins
Executive Director/CEO

Attachment: A – Q1 Records Destruction List

CC 4 - ATTACHMENT A

| File Number | File Name (Line #1) | Descript (Line #2) | Date (Line #3) | Retention Year | Retention Year | Triggering Event | Quarter | Responsible Party | Comments / Responsible Party Signature to Keep File |
|-------------|-------------------------------------|--|---------------------------------|----------------|---------------------|------------------|-----------------|-------------------|---|
| 0130-80 | DIAL A RIDE CUSTOMER SURVEY | | CY 2015 | 2025 | 8YRS | Q1 | Tisha Lane | | |
| 0670-40 | OPERATOR INCIDENT REPORTS | | CY 2017 | 2025 | 8YRS | Q1 | Tisha Lane | | |
| 0670-40 | VEHICLE ACCIDENTS | | CY 2017 | 2025 | 8YRS | Q1 | Tisha Lane | | |
| 0660-05 | DELEON EDDIE | | 06/04/2014 (CLOSED 01/28/2015) | 2025 | FR+10YRS | Q1 | Martin Tompkins | | |
| 0660-05 | HOBBS LON | | 06/04/2014 (CLOSED 01/29/2015) | 2025 | FR+10YRS | Q1 | Martin Tompkins | | |
| 0660-05 | JACKSON R / LORING M | | 11/07/2012 (CLOSED 02/18/2015) | 2025 | FR+10YRS | Q1 | Martin Tompkins | | |
| 0660-05 | TENNON DEMONES | | 10/23/2014 (CLOSED 02/25/2015) | 2025 | FR+10YRS | Q1 | Martin Tompkins | | |
| 0660-05 | TORO ENTERPRISES | | 12/24/2014 (CLOSED 02/13/2015) | 2025 | FR+10YRS | Q1 | Martin Tompkins | | |
| 0620-10 | AGENDA PACKET | DIGITAL FILES | CY 2022 | 2025 | 3YRS | Q1 | Karen Darr | | |
| 0625-20 | AGENDAS & CERTIFICATION OF POSTINGS | | CY 2015 | 2025 | 4YRS | Q1 | Karen Darr | | |
| 0610-10 | CAFÉ ON LECHE | RADIO ADVERTISING | FROM 02/13/2019 THRU 01/31/2020 | 2025 | AC+5YRS | Q1 | Cecil Foust | | |
| 0610-10 | CANON SOLUTIONS AMERICA | CANON C700 IN-LINE FOLDER ATTACHMENT | FROM 11/13/2018 THRU 01/04/2019 | 2025 | GRANT +3YRS | Q1 | Cecil Foust | | |
| 0610-10 | DOWNTOWN FORD SACRAMENTO | FORD MACH-E BATTERY ELECTRIC CAR | FROM 07/21/2022 THRU 01/11/2023 | 2025 | CANCELED AC+2YRS | Q1 | Cecil Foust | | |
| 0610-10 | POWERPLAN (QUESTICA) | PUBLIC SECTOR BUDGET DEVT/MGMT SOFT SOLN | FROM 10/07/2015 THRU 03/21/2019 | 2025 | GRANT +3YRS | Q1 | Cecil Foust | | |
| 0610-10 | TIME WARNER CABLE | INTERNET ACCESS | FROM 03/04/2015 THRU 03/04/2020 | 2025 | AC+5YRS | Q1 | Cecil Foust | | |



DATE: November 26, 2024

TO: BOARD OF DIRECTORS

SUBJECT: Resolution No. 2024-008, Authorizing the Executive Director/CEO to Execute all Required Documents of the Federal Transit Administration as Required by the Department of Transportation Grant Program

RECOMMENDATION

That the Board of Directors adopt Resolution No. 2024-008, authorizing the Executive Director/CEO to execute all required documents of the Federal Transit Administration as required by the Department of Transportation Grant Program.

FISCAL IMPACT

Adopting Resolution No. 2024-008 would authorize the Executive Director/CEO to sign on behalf of AVTA and the Board of Directors, the certification and assurances and any other required documents as it relates to the Department of Transportation's Federal Transit Administration.

BACKGROUND

AVTA receives annual apportionments from the Federal Transit Administration Grant Program. The AVTA Board is required to adopt Resolution No. 2024-008 in order to receive future grant awards as applied for by the Authority. The resolution will certify that the Board authorizes the Executive Director/CEO to execute all necessary documents related to this funding source.

Prepared by:

Submitted by:

Judy Vaccaro- Fry
Chief Financial Officer

Martin J. Tompkins
Executive Director/CEO

Attachment: A – Resolution No. 2024-008

RESOLUTION NO. 2024-008

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ANTELOPE VALLEY TRANSIT AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR/CEO TO EXECUTE ALL REQUIRED DOCUMENTS OF THE FEDERAL TRANSIT ADMINISTRATION AS REQUIRED BY THE DEPARTMENT OF TRANSPORTATION GRANT PROGRAM

WHEREAS, the Secretary of Transportation is authorized to make grants for mass transportation projects; and

WHEREAS, all contracts for financial assistance will impose certain obligations upon the applicant, including the provision by the contract of the project(s)' local share costs.

NOW THEREFORE, BE IT RESOLVED BY THE ANTELOPE VALLEY TRANSIT AUTHORITY (AVTA):

1. That the Executive Director/CEO is authorized to execute and file all applications on behalf of the AVTA with the U.S. Department of Transportation, to aid in the financing of all planning, capital, training, demonstration, and/or operating assistance projects.
2. That the Executive Director/CEO is authorized to execute and file with such applications an assurance or any other document required by U.S. Department of Transportation effectuating the purposes of the proposed projects.
3. That the Executive Director/CEO is designated to furnish such additional information as the U.S. Department of Transportation may require in connection with all applications.
4. That the Executive Director/CEO is authorized to set forth and execute minority business enterprise (disadvantaged business enterprise and women's business enterprise) policies and procedures in connection with the procurement needs of all projects.
5. That the Executive Director/CEO is authorized to execute all grant agreements on behalf of AVTA with the U.S. Department of Transportation to aid in the financing of all planning, capital, training, demonstration, and/or operating assistance projects.
6. Martin Tompkins, AVTA Executive Director/CEO, is hereby authorized to execute all grant applications on behalf of the Authority.

Resolution No. 2024-008, Authorizing the Executive Director/CEO to Execute all
Required Documents of the Federal Transit Administration as Required by the
Department of Transportation Grant Program
November 26, 2024
Page 2

PASSED, APPROVED, AND ADOPTED this 26th day of November 2024, by the
following vote:

AYES: _____

NAYS: _____

ABSTAIN: _____

ABSENT: _____

Marvin Crist, Chairman
Antelope Valley Transit Authority

ATTEST:

APPROVED AS TO FORM:

DeeAnna Cason, Executive Assistant

Allison E. Burns, General Counsel



DATE: November 26, 2024

TO: BOARD OF DIRECTORS

SUBJECT: Draft Audited Financial Statements and Single Audit Report of Federal Awards for the Year Ended June 30, 2024

RECOMMENDATION

Approve the Draft Audited Financial Statements (Attachment A) and Single Audit Report of Federal Awards (Attachment B) for the Year Ended June 30, 2024.

FISCAL IMPACT

None.

BACKGROUND

The Board of Director's external audit firm, Brown Armstrong Accountancy Corporation, has completed the Authority's annual A-133 audit for FY 2024.

Based on the draft results, it is anticipated there will be no exceptions to the audited financial statements, and no findings or questioned costs reported in the Single Audit Report.

As a recipient of federal, state, and local funding, the Authority is required to have an annual audit conducted by independent auditors in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. These audited financial statements are required to be completed within six months of the close of the preceding fiscal year.

On May 28, 2019, the Authority's Board of Directors awarded a contract for audit services to Brown Armstrong Accountancy Corporation, CPAs. The contract requires



Presentation of Fiscal Year 2024 Audit Results

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

4200 Truxtun Ave., Suite 202 Bakersfield, CA 93307 | Phone 661.324.4971 | Fax 661.324.4997 | www.ba.cpa

Contacts: Ryan Nielsen, CPA | rnielsen@ba.cpa

Melissa Cabezzas, CPA | mcabezzas@ba.cpa



PURPOSE OF THE AUDIT

- Enhance credibility and reliability
- Assess compliance with accounting standards
- Provide assurance to the Board
- To express an opinion on AVTA's compliance with requirements applicable major federal program

AUDIT PROCESS

- Planning
 - Timeline coordination with AVTA staff
 - Performing risk assessment over key accounting areas
 - Risk Analysis including a Board Member interview
- Fieldwork
 - Interim control processes testing (July)
 - Cash receipts control testing, Allowable Expenditures
 - Final field work (September)
 - Substantive procedures
- Review Process and Reporting
 - Manager and partner review of work papers
 - Legal Confirmations and Management Representations
 - Required communications
 - Report presentation

SIGNIFICANT AUDIT AREAS

- Cash and cash equivalents
- Due from other governments
- Capital assets, SBITAs, and depreciation and amortization
- Net pension liability
- Accounts Payable
- Operating and non-operating revenues
- Federal Grant Single Audit

AUDITOR COMMUNICATION

- Required Communication to the Board of Directors in accordance with professional standards:
 - No new pronouncements
 - No disagreements or difficulties encountered in performing the audit
 - No material misstatements or auditor adjustments
 - No findings or other issues

AUDIT REPORTS

- Independent Auditor's Report (opinion) on financial statements –
 - AVTA received an unmodified or “clean” opinion.
 - Modification examples – Qualified, Adverse, or Disclaimer
- Independent Auditor's Report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*
 - **Unmodified Opinion – No material weaknesses or significant deficiencies or non-compliance noted.**
- Independent Auditor's Report on compliance for each major program internal control over compliance required by the Uniform Guidance
 - **Unmodified Opinion – No material weaknesses or significant deficiencies or instances of noncompliance noted.**

QUESTIONS?



Ryan Nielsen, CPA
Engagement Partner
✉ rnielsen@ba.cpa



Melissa Cabezzas, CPA
Engagement Manager
✉ mcabezzas@ba.cpa

**ANTELOPE VALLEY TRANSIT AUTHORITY
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2024 AND 2023**

**ANTELOPE VALLEY TRANSIT AUTHORITY
JUNE 30, 2024 AND 2023**

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis..... | 4 |
| Basic Financial Statements: | |
| Statements of Net Position | 11 |
| Statements of Revenues, Expenses, and Changes in Net Position | 12 |
| Statements of Cash Flows..... | 13 |
| Notes to Basic Financial Statements..... | 15 |
| Required Supplementary Information: | |
| California Public Employees' Retirement System – Schedule of AVTA's Proportionate Share of the Net Pension Liability | 32 |
| California Public Employees' Retirement System – Schedule of Contributions | 33 |

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Antelope Valley Transit Authority
Lancaster, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Antelope Valley Transit Authority (AVTA) as of and for the fiscal years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise AVTA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of AVTA, as of June 30, 2024 and 2023, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AVTA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AVTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AVTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AVTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, California Public Employees' Retirement System – Schedule of AVTA's Proportionate Share of the Net Pension Liability, and California Public Employees' Retirement System – Schedule of Contributions, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of AVTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AVTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AVTA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
November 15, 2024

**ANTELOPE VALLEY TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

The management of the Antelope Valley Transit Authority (AVTA or the Authority) offers the readers of its financial statements this narrative overview and analysis of the financial activities of AVTA for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the accompanying the basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- AVTA's cash and cash equivalents at fiscal year-end June 30, 2024, was \$29,147,487.
- Due from governments at June 30, 2024, was \$11,698,440; of this, \$4,487,877 was due from the Federal Transit Administration, \$362,808 from the Los Angeles Metropolitan Transportation Authority, \$6,616,861 from the State of California; and \$221,894 from various other sources.
- As of June 30, 2024, capital assets not subject to depreciation included \$1,897,766 in land value and \$2,093,356 in construction projects still in progress; capital assets being depreciated were \$180,640,298.
- Total revenues, including capital contributions, from all sources were \$70,925,519, reflecting a 47.8% increase from the previous fiscal year.
- The total costs of all AVTA's transit services and projects, excluding depreciation expense, were \$35,511,314, reflecting an increase of just 12.2% over prior fiscal year.
- As of June 30, 2024, the net pension plan liability balance was \$522,412 reflecting a decrease of \$1,355,905 from the prior year.
- AVTA's net position (the extent that assets exceeds liabilities) at the close of the fiscal year 2024 was \$161,374,749. Of this amount, \$122,215,197 reflects the net amount of funds invested in capital assets.

FINANCIAL STATEMENT OVERVIEW

AVTA is a government funded entity that follows enterprise fund accounting and presents its financial statements on the accrual basis of accounting. The enterprise fund concept is similar to how private business enterprises are financed and operated. These statements provide a top-level view of the Authority's financial picture in a format similar to that of private-sector companies. The following reports comprise AVTA's financial statements:

Statement of Net Position. Presents information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, though it is important to consider other non-financial factors in accurately assessing the overall health of AVTA, such as the ridership, volatility of fuel cost, etc.

Statement of Revenues, Expenses, and Changes in Net Position. The information presented in this report shows how AVTA's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Statement of Cash Flows. This report presents the sources and uses of funds of AVTA. It shows the inflow and outflow of cash from AVTA's operating activities, noncapital financing activities, capital and related activities, and investing activities.

Notes to the Basic Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL STATEMENT ANALYSIS

STATEMENT OF NET POSITION

Table 1 – Statements of Net Position – Year to Year Comparison

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2022 Restated</u> |
|--|-----------------------|-----------------------|-----------------------------------|
| Assets | | | |
| Capital Assets, Net | \$ 123,188,876 | \$ 108,895,196 | \$ 105,915,230 |
| All Other Assets | <u>43,082,928</u> | <u>37,043,509</u> | <u>40,563,477</u> |
| Total Assets | <u>166,271,804</u> | <u>145,938,705</u> | <u>146,478,707</u> |
| Deferred Outflows of Resources | | | |
| Pension Plan Contributions and Actuarial Changes | <u>1,857,902</u> | <u>2,959,787</u> | <u>744,260</u> |
| Liabilities | | | |
| Current Liabilities | 3,958,582 | 7,136,704 | 13,925,484 |
| Long-Term Liabilities | <u>2,047,732</u> | <u>3,924,584</u> | <u>1,335,377</u> |
| Total Liabilities | <u>6,006,314</u> | <u>11,061,288</u> | <u>15,260,861</u> |
| Deferred Inflows of Resources | | | |
| Pension Plan Assumption Differences | <u>748,643</u> | <u>28,906</u> | <u>395,311</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 122,215,197 | 107,071,101 | 105,600,357 |
| Restricted for Capital Acquisition | 244,606 | - | 1,426,375 |
| Unrestricted | <u>38,914,946</u> | <u>30,737,197</u> | <u>24,540,063</u> |
| Total Net Position | <u>\$ 161,374,749</u> | <u>\$ 137,808,298</u> | <u>\$ 131,566,795</u> |

Governmental Accounting Standards Board (GASB) has introduced Discussion of Statement of Net Position.

AVTA's capital assets have increased significantly due to the finalization of electric bus purchases as well as the continuation of major facility construction. Liabilities in fiscal year (FY) 2024 have also decreased significantly as those payables have been completed. AVTA has also started saving for bus replacements again through specific jurisdiction contributions that are restricted for bus purchases only.

In FY 2023 GASB introduced new statements that affect how certain leases and software contracts are displayed in the financial statements. GASB Statement 87 – *Leases* requires government agencies to display the use of major leased assets as a separate line item that is amortized over time. Additionally, GASB Statement 96 – *Subscription-Based Information Technology Arrangements (SBITA)* requires government agencies to show the use of certain software contracts as an individually displayed line item. Full details about AVTA's leases and software contracts can be found in Note 5 and Note 4.

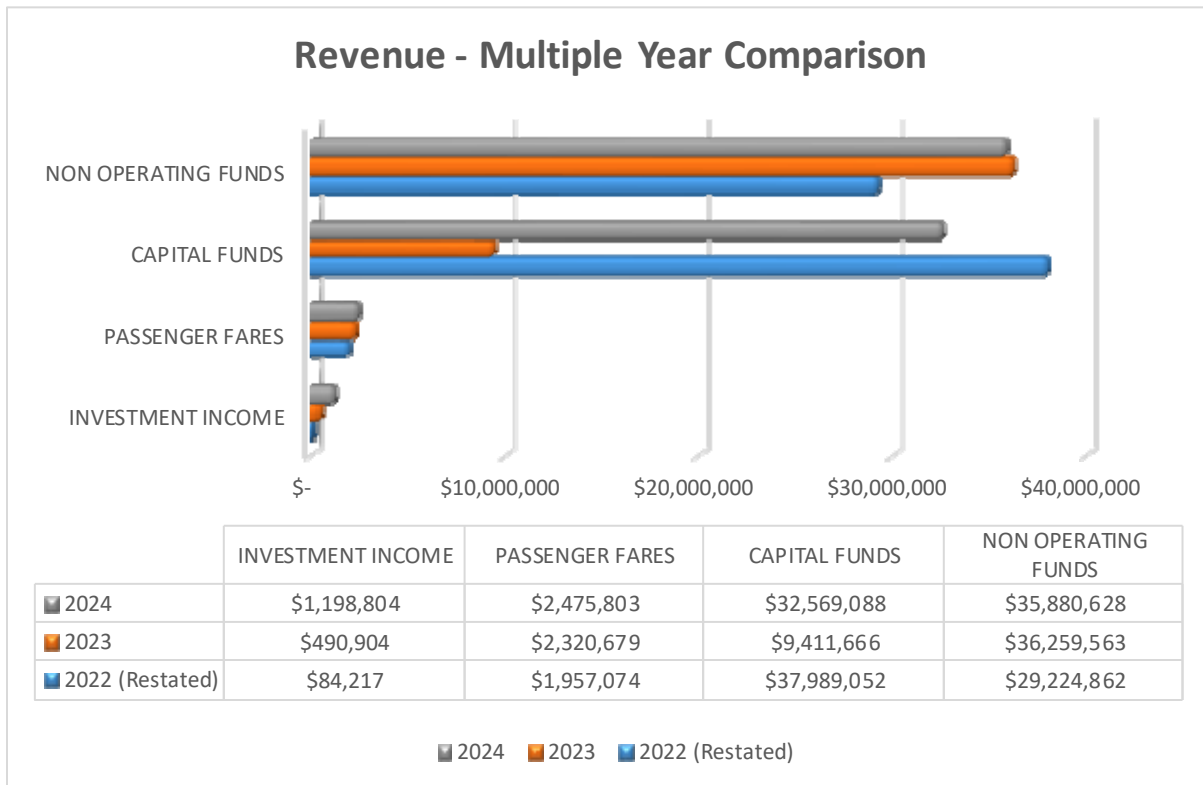
The implementation of GASB Statement No. 68 requires governmental employers to reflect the net pension liability, defined as the difference between the present value of projected pension benefit payments to current active and inactive employees, less the amount of the pension plan's net position (assets less liabilities). Always one year in arrears, the figures reflected in the statements of net position for the Authority's net pension liability have increased due to lower market values.

REVENUES AND EXPENSES: CHANGES IN NET POSITION

Table 2 – Statements of Revenues, Expenses, and Changes in Net Position

| | June 30, 2024 | June 30, 2023 | June 30, 2022 Restated |
|---|-----------------------|-----------------------|---------------------------|
| Revenues | | | |
| Passenger Fares | \$ 2,475,803 | \$ 2,320,679 | \$ 1,957,074 |
| Nonoperating Funds | 33,377,547 | 35,590,948 | 28,374,804 |
| Capital Funds | 32,569,088 | 9,411,666 | 37,989,052 |
| Interest Income and Other Revenue | 2,503,081 | 668,615 | 84,217 |
| Total Revenues | 70,925,519 | 47,991,908 | 68,405,147 |
| Expenses | | | |
| Purchased Transportation Services | | | |
| Outside Transit Contract | 24,239,597 | 21,715,794 | 20,553,411 |
| Fuel | 90,098 | 223,589 | 898,941 |
| E-Bus Energy Consumption | 2,344,518 | 2,073,764 | 1,449,636 |
| Other Operating Costs | 1,873,779 | 1,697,526 | 1,768,164 |
| General and Administrative | 6,963,322 | 5,951,212 | 8,241,627 |
| Subtotal Expenses Before Depreciation and Amortization | 35,511,314 | 31,661,885 | 32,911,779 |
| Depreciation and Amortization | 11,847,754 | 10,088,520 | 8,682,789 |
| Total Expenses Including Depreciation and Amortization | 47,359,068 | 41,750,405 | 41,594,568 |
| Change in Net Position | 23,566,451 | 6,241,503 | 26,810,579 |
| Net Position | | | |
| Beginning of Year | 137,808,298 | 131,566,795 | 104,756,216 |
| End of Year | <u>\$ 161,374,749</u> | <u>\$ 137,808,298</u> | <u>\$ 131,566,795</u> |

Figure 1 – Analysis of Revenues



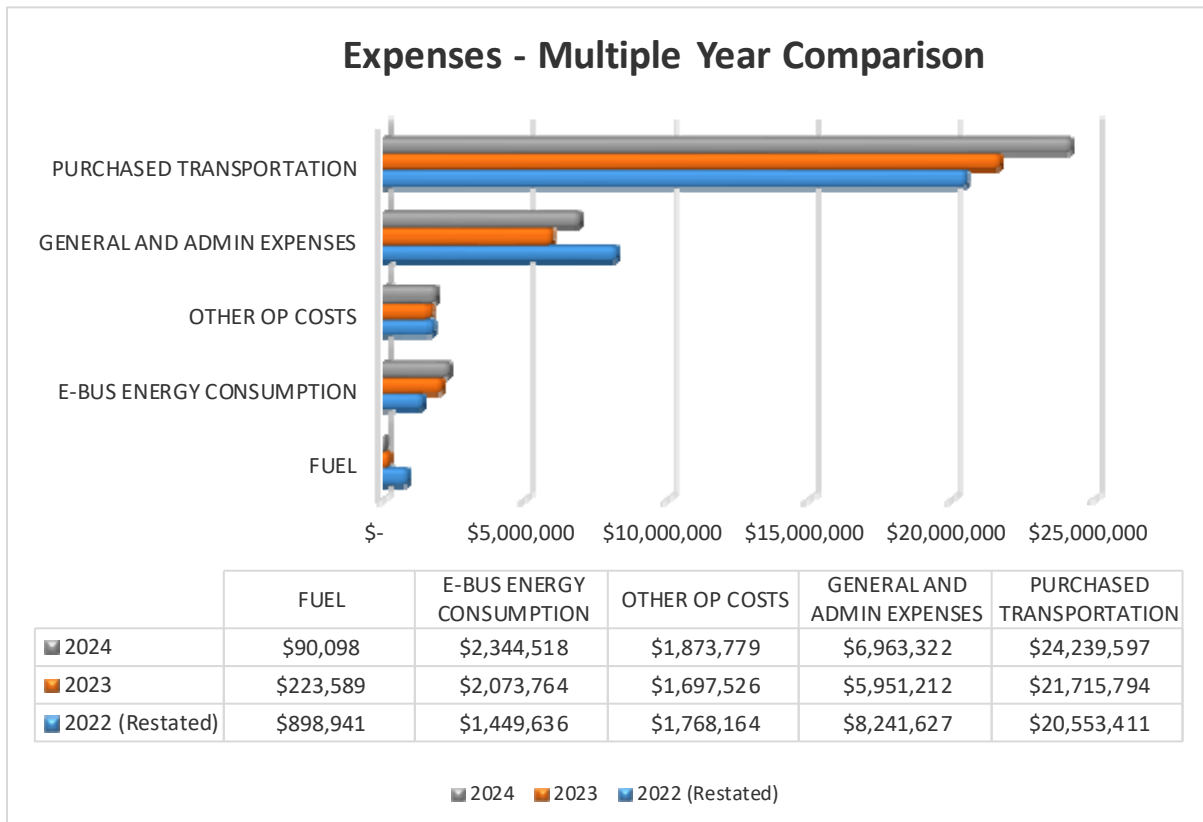
Discussion of Revenues. Passenger Fares have seen only a modest increase from FY 2023 primarily caused by an unfortunate mechanical failure of several electric buses that drive on AVTA’s commuter routes. The malfunctions were discovered in the end of AVTA’s third quarter. For the safety of all drivers and passengers, the malfunctioning buses were completely removed from service and replaced with traditional diesel buses that did not have fare boxes. Without a fare box, AVTA was unable to collect commuter fares on those buses and therefore saw a decrease in commuter fare totals. AVTA is currently seeking financial reimbursement from the bus manufacturer for lost fares and other costs associated with this malfunction.

Nonoperating Funds includes all operating subsidy amounts received by AVTA during the FY 2024. AVTA receives significant operation funds from local taxes and federal operating grants. In fiscal year 2024, AVTA received over \$17.7 million in local tax funding through Los Angeles County Metro, who facilitates the distribution of Los Angeles transportation tax funds to eligible operators. Additionally, AVTA received over \$14.7 million in federal operating grants including CRRSAA and ARPA grants from the Federal Transit Administration (FTA). The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA). These grants are one time financial relief grants from the federal government through the FTA.

Capital funds include over \$9.8 million from local and state funds and over \$22 million in federal capital funding grants. These funds go to specifically defined and approved capital projects that are further discussed in the expense section of these financial statements.

Interest income has seen a significant increase of over 144%. Increased interest earnings on AVTA’s Local Agency Investment Fund (LAIF) account as well as investments in savings with high interest rates has resulted in significant additional income for AVTA in FY 2024. AVTA invests as much as possible in higher interest savings accounts, leaving only immediately necessary monies in the general account. AVTA additionally negotiates higher interest rates with banks and will continue this strategy in to the next fiscal year.

Figure 2 – Analysis of Expenditures



Discussion of Expenses. AVTA’s operating expenses are reported in the following major categories: purchased transportation services, outside transit contract, fuel, E-bus energy consumption, other operating costs, and general and administrative expenses. The comparative level of expenditures for each operating expense category for fiscal years 2024, 2023, and 2022 are shown in Figure 2 above. Total operating expenses prior to depreciation in FY 2024 were \$35,511,314 representing an overall increase of about \$3.8 million from 2023. During FY 2024 AVTA’s rise in expenses in some categories were met with savings in others.

AVTA uses outside contractors to run services and maintenance for fixed route and Dial-a-Ride services. The fixed route contract is paid per revenue hour and fiscal year 2024 had a revenue hour rate of \$106.77. The total of purchased transportation for local and commuter fixed route service in fiscal year 2024 is \$18.9 million, making up almost 78% of the purchased transportation total. AVTA also contracts with Antelope Valley Transportation Services (AVTS) for Dial-a-Ride services and a new On-Request Micro-Transit Ride Service (ORMRS). These services use smaller vehicles and are only operated when customers have requested service. Total additional purchased transportation is \$5.4 million for the year for all on-demand services. In total, Purchased Transportation costs have risen 12.0% primarily due to two factors. First, the annual revenue hour rate increase with AVTA’s fixed route contractor increases costs and Dial-a-Ride services have experienced a significant rise in quantity of trips compared to prior year.

Fuel in this chart is used to describe traditional fuels. Fuel costs are down once again this fiscal year due to all buses being electric. This year AVTA did not use diesel fuel except for the emergency leased vehicles and only used unleaded fuel for smaller fleet vehicles. AVTA experienced several malfunctioning buses that were removed from service for the safety of drivers and passengers. The emergency bus replacements used diesel fuel, however those costs were recorded as a receivable as AVTA is actively working to recover these costs from the manufacturer of the malfunctioning buses.

E-bus Electricity costs have increased primarily due to the addition of two remote charging sites; one in Lake Los Angeles and one in Lancaster at the Antelope Valley College campus. AVTA now has charging sites at six locations outside AVTA headquarters.

The majority of other operating costs come from facility maintenance supplies, security costs, and software costs. Total other operating costs are up 10.4% from prior year. Maintenance costs for AVTA's Lake Los Angeles location have risen, as well as facility maintenance costs and costs for software renewals. Conversely AVTA has recorded savings on IT tangibles as well as gas utilities for the headquarters facility compared to prior year.

General and administrative expenses in fiscal year 2024 show an overall increase in fiscal year 2024 over fiscal year 2023. Costs are up about 17.0%. This increase is primarily due to a requirement by the Governmental Accounting Standards Board (GASB) to record liabilities from AVTA's portion of investments in the California Public Employee Retirement System (CalPERS). Additionally, costs for marketing and legal services have risen, while payroll costs saw a slight decrease when compared to prior year.

In addition to these operating expenses, depreciation and amortization expense increased by approximately 17.0%, which is expected as AVTA removes older buses from the fleet and replaces them with new electric buses. An additional cause of increased depreciation and amortization expense is the GASB mandated changes in the methods used to track asset leases and certain software contracts.

Analysis of Major Funds. AVTA uses fund accounting to ensure and demonstrate compliance with finance-related reporting requirements. The general fund is the chief operating fund of AVTA. The focus of the general fund is to provide information on inflows, outflows, and the balances of spendable resources. Fund accounting facilitates tracking the funding and expenses associated with specific projects, required for reporting whenever federal funds are used. As of June 30, 2024, unrestricted net position was just over \$39.2 million. The biggest contributor to this increase is the influx of federal operating assistance as well as discretionary capital funds from the state of California that has allowed AVTA to keep reserves instead of depleting them.

CAPITAL ASSETS

The details of the Authority's investment in capital assets as of June 30, 2024 and 2023, are presented in Table 3.

Table 3 – Capital Assets, Net of Accumulated Depreciation

| | Balance July 1, 2023 | Increases | Decreases | Transfers | Balance June 30, 2024 |
|--|-------------------------|----------------------|---------------------|-------------|--------------------------|
| Land | \$ 1,897,766 | \$ - | \$ - | \$ - | \$ 1,897,766 |
| Construction in Progress | 3,047,390 | 576,076 | - | (1,530,110) | 2,093,356 |
| Buildings | 65,878,697 | 1,697,677 | - | 1,530,110 | 69,106,484 |
| Equipment | 10,291,988 | 576,214 | (3,637,551) | - | 7,230,651 |
| Transportation Equipment | 80,823,647 | 23,933,047 | (453,531) | - | 104,303,163 |
| Total Capital Assets | 161,939,488 | 26,783,014 | (4,091,082) | - | 184,631,420 |
| Less Accumulated Depreciation | (54,853,403) | (11,531,819) | 4,001,317 | - | (62,383,905) |
| Total Capital Assets, Net of Depreciation | 107,086,085 | 15,251,195 | (89,765) | - | 122,247,515 |
| Right-to-Use Lease Asset | | | | | |
| Buses | 688,315 | - | (688,315) | - | - |
| Accumulated Amortization | (130,222) | (6,278) | 136,500 | - | - |
| Total Right-to-Use Lease Asset, Net | 558,093 | (6,278) | (551,815) | - | - |
| Subscription-Based Information | | | | | |
| Technology Arrangements (SBITA) | | | | | |
| Software | 1,417,181 | - | - | - | 1,417,181 |
| Accumulated Amortization | (166,163) | (309,657) | - | - | (475,820) |
| Total SBITA, Net | 1,251,018 | (309,657) | - | - | 941,361 |
| Capital Assets, Net | \$ 108,895,196 | \$ 14,935,260 | \$ (641,580) | \$ - | \$ 123,188,876 |

As of June 30, 2024, the Authority had a net book value of over \$123.2 million invested in capital assets. This total represents an increase of over \$14.3 million. The increase is attributed to the purchase of 19 vans used for Dial-a-Ride service, and the addition of assets from facility improvement projects.

Additional information concerning the Authority's capital assets can be found in Note 4 to the financial statements.

Long-Term Debt. AVTA has no direct or indirect bonded indebtedness.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Antelope Valley Transportation Authority, Lancaster, California 93534.

BASIC FINANCIAL STATEMENTS

ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

| | June 30, | |
|--|----------------|----------------|
| | 2024 | 2023 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents (Note 2) | \$ 29,147,487 | \$ 29,284,190 |
| Due from Other Governments (Note 3) | 11,689,440 | 6,910,969 |
| Other Receivables | 1,072,577 | 99,441 |
| Inventory | 292,509 | 351,155 |
| Prepaid Items | 880,915 | 397,754 |
| | 43,082,928 | 37,043,509 |
| NONCURRENT ASSETS | | |
| SBITA Asset, Net (Note 5) | 941,361 | 1,251,018 |
| Right-to-Use Lease Asset, Net | - | 558,093 |
| Capital Assets, Net (Note 5) | 122,247,515 | 107,086,085 |
| | 123,188,876 | 108,895,196 |
| Total Assets | 166,271,804 | 145,938,705 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension Plan Contributions and Actuarial Changes | 1,857,902 | 2,959,787 |
| | 1,857,902 | 2,959,787 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 3,313,195 | 6,466,797 |
| Accrued Payroll | 132,116 | 154,630 |
| Advances on Grant Revenue | 220,475 | 6,900 |
| Compensated Absences (Note 6) | 1,408 | 13,244 |
| Lease Liability | - | 220,123 |
| SBITA Liability | 291,388 | 275,010 |
| | 3,958,582 | 7,136,704 |
| NONCURRENT LIABILITIES | | |
| Noncurrent Compensated Absences | 843,029 | 717,305 |
| Lease Liability | - | 342,800 |
| SBITA Liability | 682,291 | 986,162 |
| Net Pension Liability | 522,412 | 1,878,317 |
| | 2,047,732 | 3,924,584 |
| Total Liabilities | 6,006,314 | 11,061,288 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension Plan Assumption Differences | 748,643 | 28,906 |
| | 748,643 | 28,906 |
| NET POSITION | | |
| Net Investment in Capital Assets | 122,215,197 | 107,071,101 |
| Restricted for Capital Acquisition | 244,606 | - |
| Unrestricted | 38,914,946 | 30,737,197 |
| | 161,374,749 | 137,808,298 |
| Total Net Position | \$ 161,374,749 | \$ 137,808,298 |

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

ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

| | For the Years Ended June 30, | |
|---|------------------------------|-----------------------|
| | 2024 | 2023 |
| OPERATING REVENUES | | |
| Charges for Services | | |
| Passenger Fares | \$ 2,475,803 | \$ 2,320,679 |
| Total Operating Revenues | 2,475,803 | 2,320,679 |
| OPERATING EXPENSES | | |
| Purchased Transportation Services | | |
| Outside Transit Contract | 24,239,597 | 21,715,794 |
| Fuel | 90,098 | 223,589 |
| E-Bus Energy Consumption | 2,344,518 | 2,073,764 |
| Other Operating Costs | 1,873,779 | 1,697,526 |
| General and Administrative | 6,963,322 | 5,951,212 |
| Depreciation and Amortization | 11,847,754 | 10,088,520 |
| Total Operating Expenses | 47,359,068 | 41,750,405 |
| OPERATING LOSS | (44,883,265) | (39,429,726) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest Income | 1,198,804 | 490,904 |
| Local Operating Grants - Los Angeles Metropolitan | | |
| Transportation Authority | 17,718,624 | 15,666,427 |
| Federal Operating Grants | 14,659,713 | 16,965,572 |
| Member Agency Contributions | 3,518,958 | 3,514,475 |
| Capital Related Expenses | (2,519,748) | (555,526) |
| Other | 1,358,387 | 1,174,082 |
| Loss on Sale of Assets | (54,110) | (996,371) |
| Total Nonoperating Revenues (Expenses) | 35,880,628 | 36,259,563 |
| LOSS BEFORE CAPITAL CONTRIBUTIONS | (9,002,637) | (3,170,163) |
| CAPITAL CONTRIBUTIONS | | |
| Capital Grants | 32,080,416 | 8,922,998 |
| Member Contributions | 488,672 | 488,668 |
| Total Capital Contributions | 32,569,088 | 9,411,666 |
| CHANGE IN NET POSITION | 23,566,451 | 6,241,503 |
| NET POSITION, BEGINNING OF YEAR | 137,808,298 | 131,566,795 |
| NET POSITION, END OF YEAR | \$ 161,374,749 | \$ 137,808,298 |

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

**ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

| | For the Years Ended June 30, | |
|---|------------------------------|-----------------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Customers | \$ 1,502,667 | \$ 2,325,713 |
| Nonoperating Miscellaneous Cash Received | 1,358,387 | 1,174,082 |
| Cash Payments to Suppliers for Goods and Services | (32,126,109) | (32,898,872) |
| Cash Payments to Employees for Services | <u>(6,406,231)</u> | <u>(7,072,161)</u> |
| NET CASH USED BY OPERATING ACTIVITIES | <u>(35,671,286)</u> | <u>(36,471,238)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating Grants Received | 32,378,337 | 32,631,999 |
| Contributions Received from Member Agencies | <u>3,518,958</u> | <u>3,514,475</u> |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | <u>35,897,295</u> | <u>36,146,474</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of Capital Assets | (26,783,014) | (12,421,129) |
| Proceeds from Sale of Capital Assets | 170,561 | 110,880 |
| Capital Grants Received | 27,301,945 | 20,609,355 |
| Grantable Expenses | (2,306,173) | (555,526) |
| Payments Made on Lease | (433,507) | (245,386) |
| Capital Contributions Received from Member Agencies | <u>488,672</u> | <u>488,668</u> |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(1,561,516)</u> | <u>7,986,862</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Received | <u>1,198,804</u> | <u>490,904</u> |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>1,198,804</u> | <u>490,904</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (136,703) | 8,153,002 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>29,284,190</u> | <u>21,131,188</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 29,147,487</u></u> | <u><u>\$ 29,284,190</u></u> |

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

ANTELOPE VALLEY TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

| | For the Years Ended June 30, | |
|--|------------------------------|------------------------|
| | 2024 | 2023 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES | | |
| Operating Loss | \$ (44,883,265) | \$ (39,429,726) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities | | |
| Depreciation and Amortization | 11,847,754 | 10,088,520 |
| Miscellaneous Income | 1,358,387 | 1,174,082 |
| Decrease in Other Receivables | (973,136) | 5,034 |
| Decrease in Inventory | 58,646 | 5,427 |
| (Increase) in Prepaid Items | (483,161) | (23,848) |
| Decrease (Increase) in Deferred Outflows of Resources | 1,101,885 | (2,215,527) |
| (Decrease) in Accounts Payable | (3,153,602) | (7,169,778) |
| Increase (Decrease) in Accrued Payroll | (22,514) | 7,924 |
| Increase in Compensated Absences Payable | 113,888 | 27,589 |
| Increase (Decrease) in Net Pension Liability | (1,355,905) | 1,425,470 |
| Increase (Decrease) in Deferred Inflows of Resources | 719,737 | (366,405) |
| NET CASH USED BY OPERATING ACTIVITIES | \$ (35,671,286) | \$ (36,471,238) |

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

There were no noncash investing, capital, or financing activities during the fiscal years ended June 30, 2024 and 2023.

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

**ANTELOPE VALLEY TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Antelope Valley Transit Authority (AVTA) is located in southern California approximately 70 miles northeast of Los Angeles. AVTA was formed to provide and administer public transportation services in the Antelope Valley, including local passenger bus service, a commuter bus service, and a Paratransit service.

AVTA is a public entity organized on July 1, 1992, pursuant to Section 6506 of the Government Code of the State of California. AVTA is governed by a Joint Powers Agreement (JPA) whose members consist of the County of Los Angeles (a political subdivision of the State of California), the City of Palmdale, and the City of Lancaster (each a municipal corporation of the State of California). The JPA provides a cost sharing agreement among its members who jointly fund their jurisdictional share of transportation services provided to the Antelope Valley. AVTA operates under a Board of Directors/Manager form of government, with the Board of Directors (the Board) being comprised of two directors appointed from each participating member's jurisdiction.

AVTA accounts for its financial transactions in accordance with the policies and procedures of the State of California - Uniform System of Accounts for Special Districts. The accounting policies of AVTA conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

AVTA, for financial purposes, includes all operations of AVTA. The Board has governance responsibilities over all activities related to AVTA. AVTA receives funding from local, county, state, and federal government sources and must comply with requirements of these entities.

B. Basic Financial Statements

The basic financial statements (i.e., the Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows) report information on all of the enterprise activities of AVTA. These basic financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related standards; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

AVTA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal operations. The principal operating revenues of AVTA consist of transit fees. Nonoperating revenues consist of federal, state, and county operating grants; investment income; and jurisdictional member contributions designated for use for operating and capital purposes. Operating expenses include outside transit contracts, which provide transportation and maintenance services; fuel expenses; administrative expenses; and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

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

D. Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of nine months or less.

E. Investments

All investments are stated at fair value. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and Agency Obligations. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All investment income, including changes in fair value, is included in nonoperating revenues.

F. Budgetary Information

Although AVTA prepares and approves an annual budget, budgetary information is not presented because AVTA is not required to present a budget.

G. Inventory and Prepaid Items

Inventory consists of fuel in storage held for consumption and parts used for the maintenance of transportation equipment and facilities and is valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the accompanying basic financial statements.

H. Capital Assets

It is AVTA's policy to capitalize all capital assets with a cost of more than \$5,000. Depreciation of all exhaustible property, plant, and equipment used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| <u>Assets</u> | <u>Years</u> |
|--------------------------|--------------|
| Transportation equipment | 3-12 |
| Vehicles | 4-6 |
| Buildings | 34 |
| Computer equipment | 3 |
| Furniture and fixtures | 3-10 |
| Equipment – other | 3-12 |

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Federal, State, and Local Grants

Federal, state, and local governments have made various grants available to AVTA for operating assistance and acquisition of capital assets. Grants for operating assistance, or for the acquisition of equipment or other capital outlays, are not formally recognized as revenue until the grant becomes a valid receivable. This occurs as a result of AVTA complying with appropriate grant requirements. Operating assistance grants are included in nonoperating revenues in the year in which the grant is applicable. Revenues earned under capital grants are included in capital contributions when the related expenses are incurred.

J. Compensated Absences

It is AVTA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Upon termination, an employee will be paid for any unused vacation. Sick leave is payable when an employee is unable to work because of illness. Upon termination, AVTA employees are not paid for unused sick pay. Accumulated unpaid vacation and sick leave pay is recorded as an expense and a liability at the time the benefit is earned.

K. Pensions

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

L. Deferred Outflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement section represents a disposition of net position that applies to future periods and will not be recognized as expense until that time.

M. Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate financial statement section represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

N. Net Position

In the Statements of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and amortization and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Use of Estimates

The preparation of the accompanying basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses, as well as to make disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The principal area requiring the use of estimates includes the determination of the useful lives of capital assets and assumptions utilized in the actuarially determined net pension plan liability.

P. New Accounting Pronouncements – Implemented

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all fiscal years thereafter.

There was no effect on AVTA's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all fiscal years thereafter. There was no effect on AVTA's accounting and financial reporting as a result of implementing this standard.

Q. Future GASB Statements

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. AVTA will implement GASB Statement No. 101 if and where applicable.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all fiscal years thereafter. AVTA will implement GASB Statement No. 102 when and where applicable.

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all fiscal years thereafter. AVTA will implement GASB Statement No. 103 when and where applicable.

GASB Statement No. 104 - *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting period thereafter. Earlier applications is encouraged. AVTA will implement GASB Statement No. 104 when and where applicable.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2024 and 2023, consisted of the following:

| | June 30, | |
|--------------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| Cash on hand | \$ 938 | \$ 938 |
| Deposits with financial Institutions | 22,944,448 | 13,629,192 |
| Investments | 6,202,101 | 15,654,060 |
| | <u>\$ 29,147,487</u> | <u>\$ 29,284,190</u> |

Investments Authorized by the California Government Code and AVTA's Investment Policy

The table below identifies the investment types that are authorized for AVTA by the California Government Code (or AVTA's investment policy, whichever is more restrictive). The table also identifies certain provisions of the California Government Code (or AVTA's investment policy, whichever is more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of AVTA, rather than the general provisions of the California Government Code or AVTA's investment policy.

| Authorized Investment Type | Authorized by Investment Policy | Maximum Maturity | Maximum Percentage of Portfolio* | Maximum Investment in One Issuer* |
|-------------------------------------|---------------------------------|------------------|----------------------------------|-----------------------------------|
| Local Agency Bonds | No | N/A | N/A | N/A |
| U.S. Treasury Obligations | Yes | 1 year | 50% | None |
| U.S. Agency Securities | No | N/A | N/A | N/A |
| Bankers' Acceptances | Yes | 180 days | 15% | 30% |
| Commercial Paper | Yes | 180 days | 10% | 10% |
| Negotiable Certificates of Deposit | Yes | 1 year | 25-50% | None |
| Repurchase Agreements | Yes | 1 year | None | None |
| Reverse Repurchase Agreements | No | N/A | N/A | N/A |
| Medium-Term Notes | No | N/A | N/A | N/A |
| Mutual Funds | No | N/A | N/A | N/A |
| Money Market Mutual Funds | Yes | N/A | 15% | 10% |
| Mortgage Pass-Through Securities | No | N/A | N/A | N/A |
| County Pooled Investment Funds | No | N/A | N/A | N/A |
| Local Agency Investment Fund (LAIF) | Yes | N/A | None | None |

* Based on State law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or AVTA's investment policy. AVTA did not have any investments held by bond trustees as of June 30, 2024 and 2023.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Disclosures Relating to Interest Risk

Interest rate risk arises for investments depending on how sensitive the absolute level of interest rate is. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair value of AVTA's investments to market interest rate fluctuations is provided by the following table that shows the distribution of AVTA's investments by maturity as of June 30, 2024 and 2023:

| 2024 | | Remaining Maturity (in Months) |
|-------------------------------------|----------------------|--------------------------------------|
| Investment Type | Total | 12 Months or Less |
| Local Agency Investment Fund (LAIF) | \$ 6,202,028 | \$ 6,202,028 |
| Money Market Fund | 73 | 73 |
| Total | <u>\$ 6,202,101</u> | <u>\$ 6,202,101</u> |
| 2023 | | Remaining Maturity (in Months) |
| Investment Type | Total | 12 Months or Less |
| Local Agency Investment Fund (LAIF) | \$ 15,653,987 | \$ 15,653,987 |
| Money Market Fund | 73 | 73 |
| Total | <u>\$ 15,654,060</u> | <u>\$ 15,654,060</u> |

Funds invested with the State Treasurer's LAIF may have maturities longer than 90 days; however, LAIF functions as a demand deposit account. Therefore, AVTA considers LAIF as cash equivalents.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2024 and 2023, AVTA did not have any investments whose fair values are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of that investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF and the money market fund do not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude to AVTA's investment in a single issue or instrument. AVTA's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2024 and 2023, except for its investments in LAIF, AVTA did not have any investments in any one issuer that represented 5% or more of its total investment portfolio.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk

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

Investment in State Investment Pool

AVTA is a voluntary participant in the California State Treasurer's LAIF. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of AVTA's investment in this pool is reported in the accompanying basic financial statements at amounts based upon AVTA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, and is recorded on an amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes. LAIF is not rated by a recognized statistical rating organization.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of the following at June 30, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|---------------------|
| Federal Grants | \$ 4,487,877 | \$ 3,986,795 |
| State Grants | 6,616,861 | 2,605,878 |
| Local Grants | | |
| Los Angeles Metropolitan Transportation Authority | 362,808 | 269,666 |
| Operating Contribution | | |
| City of Lancaster | 8,750 | 9,750 |
| City of Palmdale | 8,250 | 8,750 |
| Los Angeles County | 2,000 | 4,000 |
| Other | 202,894 | 26,130 |
| | <u>202,894</u> | <u>26,130</u> |
| Total Due From Other Governments | <u>\$ 11,689,440</u> | <u>\$ 6,910,969</u> |

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the fiscal years ended June 30, 2024 and 2023, are shown below.

| | Balance at July 1, 2023 | Increases | Decreases | Transfers | Balance at June 30, 2024 |
|---|----------------------------|----------------------|---------------------|--------------------|-----------------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 1,897,766 | \$ - | \$ - | | \$ 1,897,766 |
| Construction-in-Progress | 3,047,390 | 576,076 | - | (1,530,110) | 2,093,356 |
| Total Capital Assets, Not Being Depreciated | 4,945,156 | 576,076 | - | (1,530,110) | 3,991,122 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 65,878,697 | 1,697,677 | - | 1,530,110 | 69,106,484 |
| Equipment | 10,291,988 | 576,214 | (3,637,551) | - | 7,230,651 |
| Transportation Equipment | 80,823,647 | 23,933,047 | (453,531) | - | 104,303,163 |
| Total Capital Assets, Being Depreciated | 156,994,332 | 26,206,938 | (4,091,082) | 1,530,110 | 180,640,298 |
| Less Accumulated Depreciation: | | | | | |
| Buildings | (23,214,348) | (4,036,921) | - | - | (27,251,269) |
| Equipment | (10,065,341) | (263,602) | 3,637,551 | - | (6,691,392) |
| Transportation Equipment | (21,573,714) | (7,231,296) | 363,766 | - | (28,441,244) |
| Total Accumulated Depreciation | (54,853,403) | (11,531,819) | 4,001,317 | - | (62,383,905) |
| Total Capital Assets, Being Depreciated, Net | 102,140,929 | 14,675,119 | (89,765) | 1,530,110 | 118,256,393 |
| Right-to-Use Lease Asset | | | | | |
| Buses | 688,315 | - | (688,315) | - | - |
| Accumulated Amortization | (130,222) | (6,278) | 136,500 | - | - |
| Total Right-to-Use Lease Asset, Net | 558,093 | (6,278) | (551,815) | - | - |
| SBITA | | | | | |
| Software | 1,417,181 | - | - | - | 1,417,181 |
| Accumulated Amortization | (166,163) | (309,657) | - | - | (475,820) |
| Total Right-to-Use Lease Asset, Net | 1,251,018 | (309,657) | - | - | 941,361 |
| Capital Assets, Net | \$ 108,895,196 | \$ 14,935,260 | \$ (641,580) | \$ - | \$ 123,188,876 |

Depreciation and amortization expense for the fiscal year ended June 30, 2024, was \$11,847,754.

NOTE 4 – CAPITAL ASSETS (Continued)

| | Balance at July 1, 2022 | Increases | Decreases | Transfers | Balance at June 30, 2023 |
|---|----------------------------|--------------|----------------|-------------|-----------------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 1,897,766 | \$ - | \$ - | \$ - | \$ 1,897,766 |
| Construction-in-Progress | 5,425,002 | 1,938,744 | - | (4,316,356) | 3,047,390 |
| Total Capital Assets, Not Being Depreciated | 7,322,768 | 1,938,744 | - | (4,316,356) | 4,945,156 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings | 58,695,700 | 3,820,469 | - | 3,362,528 | 65,878,697 |
| Equipment | 10,006,121 | 285,867 | - | - | 10,291,988 |
| Transportation Equipment | 88,829,340 | 6,376,050 | (15,335,571) | 953,828 | 80,823,647 |
| Total Capital Assets, Being Depreciated | 157,531,161 | 10,482,386 | (15,335,571) | 4,316,356 | 156,994,332 |
| Less Accumulated Depreciation: | | | | | |
| Buildings | (19,635,201) | (3,579,147) | - | - | (23,214,348) |
| Equipment | (9,831,703) | (233,638) | - | - | (10,065,341) |
| Transportation Equipment | (29,784,508) | (6,017,526) | 14,228,320 | - | (21,573,714) |
| Total Accumulated Depreciation | (59,251,412) | (9,830,311) | 14,228,320 | - | (54,853,403) |
| Total Capital Assets, Being Depreciated, Net | 98,279,749 | 652,075 | (1,107,251) | 4,316,356 | 102,140,929 |
| Right-to-Use Lease Asset | | | | | |
| Buses | - | 688,315 | - | - | 688,315 |
| Accumulated Amortization | - | (130,222) | - | - | (130,222) |
| Total Right-to-Use Lease Asset, Net | - | 558,093 | - | - | 558,093 |
| SBITA | | | | | |
| Software | 350,889 | 1,066,292 | - | - | 1,417,181 |
| Accumulated Amortization | (38,176) | (127,987) | - | - | (166,163) |
| Total Right-to-Use Lease Asset, Net | 312,713 | 938,305 | - | - | 1,251,018 |
| Capital Assets, Net | \$ 105,915,230 | \$ 4,087,217 | \$ (1,107,251) | \$ - | \$ 108,895,196 |

Depreciation and amortization expense for the fiscal year ended June 30, 2023, was \$10,088,520.

NOTE 5 – LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal years ended June 30, 2024 and 2023, are shown below:

| | Balance at July 1, 2023 | Increases | Decreases | Balance at June 30, 2024 | Amount Due Within One Year |
|-----------------------|----------------------------|--------------|--------------|-----------------------------|----------------------------------|
| Leases | \$ 562,923 | \$ (562,923) | \$ - | \$ - | \$ - |
| SBITAs | 1,261,172 | (287,493) | - | 973,679 | 291,388 |
| Compensated Absences | 730,549 | 510,663 | 396,775 | 844,437 | 1,408 |
| Net Pension Liability | 1,878,317 | - | 1,355,905 | 522,412 | - |
| Total | \$ 4,432,961 | \$ (339,753) | \$ 1,752,680 | \$ 2,340,528 | \$ 292,796 |

NOTE 5 – LONG-TERM DEBT (Continued)

| | Balance at July 1, 2022 | Increases | Decreases | Balance at June 30, 2023 | Amount Due Within One Year |
|-----------------------|----------------------------|---------------------|-------------------|-----------------------------|----------------------------------|
| Leases | \$ - | \$ 688,315 | \$ 125,392 | \$ 562,923 | \$ 220,123 |
| SBITAs | 314,873 | 1,066,293 | 119,994 | 1,261,172 | 275,011 |
| Compensated Absences | 702,960 | 345,201 | 317,612 | 730,549 | 13,244 |
| Net Pension Liability | 452,847 | 1,425,470 | - | 1,878,317 | - |
| Total | <u>\$ 1,470,680</u> | <u>\$ 3,525,279</u> | <u>\$ 562,998</u> | <u>\$ 4,432,961</u> | <u>\$ 508,378</u> |

Lease Liability

On August 5, 2022, AVTA entered into a 36-month lease agreement as lessee for the lease of three buses. AVTA is required to make monthly fixed payments of \$6,500 per bus for a total of \$19,500. The lease has an interest rate of 3.0%. As of June 30, 2024 and 2023, the value of the lease liability was \$0 and \$562,923, respectively. The right-to-use lease asset useful life was 36 months as of the contract commencement date. The value of the right-to-use lease asset as of June 30, 2024 and 2023, was \$0 and \$688,315, respectively, and accumulated amortization was \$0 and \$130,222, respectively. Refer to Note 4 of the financial statements. In February 2024, AVTA terminated the lease.

Subscription-Based Information Technology Arrangements (SBITA) Liabilities

For the year ended June 30, 2024 and 2023, AVTA recognized intangible right-to-use software arrangements of \$1,417,181. Accumulated amortization for the years ended June 30, 2024 and 2023, was \$475,820 and \$166,163, respectively. These assets will be amortized over the various lease terms, as the lease terms correspond with AVTA's ability to access any software or equipment related to the SBITA. There are no residual value guarantees in the arrangement provisions. The Microsoft arrangement will end July 22, 2025, the Digi-Vue arrangement will end April 1, 2026, the Planet Bids arrangement will end April 1, 2026, and the Avail arrangement will end April 1, 2028.

A summary of the combined remaining principal and interest amounts by fiscal year for the SBITA agreements is shown below:

| Fiscal Year Ended June 30, | Principal | Interest |
|-------------------------------|-------------------|------------------|
| 2025 | \$ 291,388 | \$ 25,616 |
| 2026 | 280,272 | 16,828 |
| 2027 | 220,662 | 9,432 |
| 2028 | 181,357 | 2,675 |
| | <u>\$ 973,679</u> | <u>\$ 54,551</u> |

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CalPERS)

General Information about the Pension Plan

Plan Description – All qualified employees are eligible to participate in AVTA’s Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and AVTA resolution. CalPERS issues publicly available reports that include a full description of the Plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013, that are considered new members as defined by the Public Employees’ Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments (COLA), and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited services. Members with five years of total service are eligible to retire at age 55, or 62 if in the PEPRA Miscellaneous Plan, with statutorily benefits. An optional benefit regarding sick leave was adopted. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit. The COLAs for the Plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2024, are summarized as follows:

| | Prior to January 1, 2013 (Classic Members) | On or after January 1, 2013 (PEPRA Members) |
|--|---|--|
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-63 | 52-67 |
| Retirement age monthly benefits as a % of eligible compensation | 1.4% to 2.4% | 1.0% to 2.5% |
| Required employee contribution rates | 7.00% | 6.75% |
| Required employer contribution rates | 11.84% | 7.68% |

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

| | Prior to January 1, 2013 (Classic Members) | On or after January 1, 2013 (PEPRA Members) |
|--|---|--|
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-63 | 52-67 |
| Retirement age monthly benefits as a % of eligible compensation | 1.4% to 2.4% | 1.0% to 2.5% |
| Required employee contribution rates | 7.00% | 6.75% |
| Required employer contribution rates | 10.32% | 7.47% |

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

General Information about the Pension Plan (Continued)

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

For the fiscal years ended June 30, 2024 and 2023, the contributions recognized as part of pension expense for the Plan were as follows:

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|-----------------------|----------------------|----------------------|
| Miscellaneous Classic | \$ 165,982 | \$ 263,974 |
| Miscellaneous PEPRA | <u>201,145</u> | <u>197,549</u> |
| | <u>\$ 367,127</u> | <u>\$ 461,523</u> |

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

AVTA’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. As of June 30, 2024 and 2023, AVTA reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

| | <u>Proportionate Share of the Net Pension Liability</u> | |
|---------------|---|---|
| | <u>For the Year Ended June 30, 2024</u> | <u>For the Year Ended June 30, 2023</u> |
| Miscellaneous | \$ 522,412 | \$ 1,878,317 |

For the fiscal years ended June 30, 2024 and 2023, the net pension liability of the Plan is measured as of June 30, 2023 and 2022, using an annual actuarial valuation as of June 30, 2022 and 2021, rolled forward to June 30, 2023 and 2022, using standard update procedures.

AVTA’s proportion of the net pension liability was based on a projection of its long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. AVTA’s proportionate share of the net pension liability for the Plan with an actuarial valuation date of June 30, 2022 and 2021, was as follows:

| | <u>For the Year Ended June 30, 2024</u> | | <u>For the Year Ended June 30, 2023</u> |
|------------------------------|---|------------------------------|---|
| | <u>Miscellaneous</u> | | <u>Miscellaneous</u> |
| Proportion - June 30, 2023 | 0.01626% | Proportion - June 30, 2022 | 0.00837% |
| Proportion - June 30, 2024 | <u>0.00419%</u> | Proportion - June 30, 2023 | <u>0.01626%</u> |
| Change - Increase (Decrease) | <u>0.01207%</u> | Change - Increase (Decrease) | <u>-0.00789%</u> |

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

Pension Liability, Pension Expense (Income), and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the fiscal years ended June 30, 2024 and 2023, AVTA recognized pension expense of \$832,844 and \$892,773, respectively. At June 30, 2024 and 2023, AVTA reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

| 2024 | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 26,688 | \$ (4,140) |
| Changes of Assumptions | 31,540 | - |
| Net Difference Between Projected and Actual Earnings on Plan Investments | 84,583 | - |
| Change in Employer's Proportion | 155,747 | (742,209) |
| Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions | 1,192,217 | (2,294) |
| Pension Contributions Subsequent to Measurement Date | <u>367,127</u> | <u>-</u> |
| | <u>\$ 1,857,902</u> | <u>\$ (748,643)</u> |
| | | |
| 2023 | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences Between Expected and Actual Experience | \$ 37,720 | \$ (25,263) |
| Changes of Assumptions | 192,473 | - |
| Net Difference Between Projected and Actual Earnings on Plan Investments | 344,058 | - |
| Change in Employer's Proportion | 293,610 | - |
| Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions | 42,691 | (3,643) |
| Pension Contributions Subsequent to Measurement Date | <u>2,049,235</u> | <u>-</u> |
| | <u>\$ 2,959,787</u> | <u>\$ (28,906)</u> |

\$367,127 reported as deferred outflows of resources related to pensions are related to contributions made by AVTA subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources will be amortized into pension expense as follows:

| <u>Fiscal Year Ended June 30,</u> | |
|-----------------------------------|-------------------|
| 2025 | \$ 314,500 |
| 2026 | 236,653 |
| 2027 | 188,552 |
| 2028 | 2,427 |
| 2029 | - |
| Thereafter | <u>-</u> |
| | <u>\$ 742,132</u> |

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions:

| | For the Fiscal Year Ended June 30, 2024 | For the Fiscal Year Ended June 30, 2023 |
|----------------------------------|---|---|
| | Miscellaneous | Miscellaneous |
| Valuation Date | June 30, 2022 | June 30, 2021 |
| Measurement Date | June 30, 2023 | June 30, 2022 |
| Actuarial Cost Method | Entry age normal | Entry age normal |
| Actuarial Assumptions: | | |
| Discount Rate | 6.90% | 6.90% |
| Inflation | 2.30% | 2.30% |
| Salary Increases | Varies by entry age and service | Varies by entry age and service |
| Investment Rate of Return | 6.90% | 6.90% |
| Mortality Tables | Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website. | Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website. |
| Post Retirement Benefit Increase | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

Further details of the Experience Study can be found on the CalPERS website.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

| 2024 | | |
|--------------------------------|--------------------------|------------------------|
| Asset Class | Assumed Asset Allocation | Real Return Years 1-10 |
| Global Equity - Cap-Weighted | 30.0% | 4.54% |
| Global Equity Non-Cap-Weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-Backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -59.00% |
| Total | 100% | |
| 2023 | | |
| Asset Class | Assumed Asset Allocation | Real Return Years 1-10 |
| Global Equity - Cap-Weighted | 30.0% | 4.45% |
| Global Equity Non-Cap-Weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-Backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -59.00% |
| Total | 100% | |

Discount Rate – The discount rate used to measure the total pension liability for June 30, 2024 and 2023, was 6.90. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from AVTA will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CalPERS) (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
(Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

– The following presents AVTA’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as AVTA’s proportionate share of the net pension liability if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| <u>Miscellaneous Plan</u> <u>For the Fiscal Year Ended June 30, 2024</u> | | <u>Miscellaneous Plan</u> <u>For the Fiscal Year Ended June 30, 2023</u> | |
|---|--------------|---|--------------|
| 1% Decrease | 5.90% | 1% Decrease | 5.90% |
| Net Pension Liability | \$ 2,056,078 | Net Pension Liability | \$ 3,299,384 |
| Current Discount Rate | 6.90% | Current Discount Rate | 6.90% |
| Net Pension Liability | \$ 522,412 | Net Pension Liability | \$ 1,878,317 |
| 1% Increase | 7.90% | 1% Increase | 7.90% |
| Net Pension Liability | \$ (739,927) | Net Pension Liability | \$ 709,130 |

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7 – RISK MANAGEMENT

AVTA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and natural disasters. AVTA protects itself against such losses by a balanced program of risk retention, risk transfers, and the purchase of commercial insurance. Loss exposures retained by AVTA are treated as normal expenditures and include any loss contingency not covered by AVTA’s purchased insurance policies.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. AVTA maintains workers’ compensation insurance policies covering claims up to \$5,000,000. An excess coverage insurance policy covers individual claims in excess of \$5,000,000. AVTA does not have any liabilities for unpaid claims as of June 30, 2024. Settled claims have not exceeded insurance coverage limits during the fiscal years ended June 30, 2024 and 2023.

NOTE 8 – STATE OF GOOD REPAIR

State Transit Assistance – State of Good Repair – (STA-SGR) grant funding of \$602,727 and \$112,248 were received and expended for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Litigation

AVTA contracts its transportation services. As part of this contract, the contractor operates and maintains all vehicles. The contract provides that the operator indemnify AVTA for all claims and litigation relating to the operation of AVTA vehicles. While AVTA has been named in several matters of litigation, the contract operator is responsible for defense and payment of any unfavorable settlement.

AVTA is subject to various legal proceedings and claims arising in the ordinary course of its business. While the ultimate outcome of these matters is difficult to predict, management believes that the ultimate resolution of these matters will not have a material adverse effect on AVTA's financial position or activities.

B. Federal, State, and Local Grants

AVTA receives federal, state, and local funds for specific purposes that are subject to audit by the granting agencies. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on AVTA's financial position or changes in financial position.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2024, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**ANTELOPE VALLEY TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF AVTA'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2024
LAST 10 FISCAL YEARS**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Valuation Date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Measurement Date | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 |
| Proportion of the Net Pension Liability | 0.00419% | 0.01626% | 0.00837% | 0.01325% | 0.01219% |
| Proportionate Share of the Net Pension Liability | \$ 522,412 | \$ 1,878,317 | \$ 452,847 | \$ 1,441,859 | \$ 1,249,556 |
| Covered Payroll | \$ 3,906,676 | \$ 3,896,658 | \$ 3,624,812 | \$ 3,167,760 | \$ 2,685,150 |
| Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 13.37% | 48.20% | 12.49% | 45.52% | 46.54% |
| Plan's Fiduciary Net Position | \$ 10,817,436 | \$ 8,546,334 | \$ 8,411,433 | \$ 6,298,492 | \$ 6,019,653 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 76.21% | 76.68% | 88.29% | 75.10% | 75.26% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Valuation Date | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |
| Measurement Date | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Proportion of the Net Pension Liability | 0.01112% | 0.01109% | 0.01018% | 0.00916% | 0.01027% |
| Proportionate Share of the Net Pension Liability | \$ 1,071,984 | \$ 1,099,901 | \$ 880,874 | \$ 629,016 | \$ 639,229 |
| Covered Payroll | \$ 2,570,443 | \$ 2,548,087 | \$ 2,602,471 | \$ 2,473,677 | \$ 2,304,600 |
| Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 41.70% | 43.17% | 33.85% | 25.43% | 27.74% |
| Plan's Fiduciary Net Position | \$ 5,338,209 | \$ 4,678,869 | \$ 4,001,269 | \$ 3,563,767 | \$ 3,127,307 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.26% | 73.31% | 74.06% | 78.40% | 83.03% |

Notes to Schedule:

Benefit changes: There have been no benefit changes.

**ANTELOPE VALLEY TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2024
LAST 10 FISCAL YEARS**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|----------------|-----------------------|----------------|----------------|----------------|
| Contractually Required Contribution (Actuarially Determined) | \$ 367,127 | \$ 461,523 | \$ 438,313 | \$ 402,791 | \$ 327,168 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>367,127</u> | <u>2,049,235</u> | <u>438,313</u> | <u>402,791</u> | <u>327,168</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ (1,587,712)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 4,019,286 | \$ 3,906,676 | \$ 3,896,658 | \$ 3,624,812 | \$ 3,167,760 |
| Contributions as a Percentage of Covered Payroll | 9.13% | 52.45% | 11.25% | 11.11% | 10.33% |
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually Required Contribution (Actuarially Determined) | \$ 264,578 | \$ 235,194 | \$ 226,757 | \$ 208,456 | \$ 405,595 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>264,578</u> | <u>235,194</u> | <u>226,757</u> | <u>208,456</u> | <u>405,595</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 2,570,443 | \$ 2,548,087 | \$ 2,602,471 | \$ 2,473,677 | \$ 2,304,600 |
| Contributions as a Percentage of Covered Payroll | 10.29% | 9.23% | 8.71% | 8.43% | 17.60% |

Notes to the Schedule:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry age normal |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by entry age and service |
| Investment Rate of Return | 6.90% |
| Mortality Tables | Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website. |
| Post Retirement Benefit Increase | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

ANTELOPE VALLEY TRANSIT AUTHORITY

SINGLE AUDIT REPORT

JUNE 30, 2024

ANTELOPE VALLEY TRANSIT AUTHORITY

JUNE 30, 2024

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1 |
| Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance..... | 3 |
| Financial Statements: | |
| Schedule of Expenditures of Federal Awards..... | 6 |
| Note to the Schedule of Expenditures of Federal Awards..... | 7 |
| Findings and Questioned Costs Section: | |
| Schedule of Findings and Questioned Costs..... | 8 |

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Antelope Valley Transit Authority
Lancaster, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Antelope Valley Transit Authority (AVTA), as of and for the fiscal year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise AVTA's basic financial statements, and have issued our report thereon dated November 15, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AVTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 15, 2024

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

Board of Directors
Antelope Valley Transit Authority
Lancaster, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Antelope Valley Transit Authority’s (AVTA) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of AVTA’s major federal programs for the fiscal year ended June 30, 2024. AVTA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, AVTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AVTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of AVTA’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to AVTA’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AVTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about AVTA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding AVTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AVTA's internal control over compliance relevant to the audit in order to design 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 AVTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

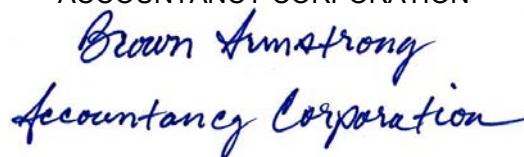
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of AVTA, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise AVTA's basic financial statements. We issued our report thereon dated November 15, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
November 15, 2024

FINANCIAL STATEMENTS

**ANTELOPE VALLEY TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| Federal Grantor / Pass-Through Grantor / Program or Cluster Title | Assistance Listing Number | Grant Number | Passed Through to Subrecipients | Federal Financial Assistance Expenditures | Total Eligible Expenditures |
|--|---------------------------------|------------------------------|---------------------------------------|--|-----------------------------------|
| U.S. Department of Transportation | | | | | |
| Direct Assistance | | | | | |
| Federal Transit Cluster | | | | | |
| Federal Transit – Formula Grants | 20.507 | CA-2024-093-00 | \$ - | \$ 2,887,000 | \$ 2,887,000 |
| CRRSAA Federal Transit – Formula Grants | 20.507 | CA-2023-013 (CRRSAA) | - | 3,871,415 | 3,871,415 |
| ARPA Federal Transit – Formula Grants | 20.507 | CA-2022-131 (ARPA) | - | 7,887,502 | 7,887,502 |
| Federal Transit – Formula Grants | 20.507 | CA-2021-208-01-00 | - | 615,003 | 615,003 |
| Federal Transit – Formula Grants | 20.507 | CA-2022-150-00 | - | 1,611,183 | 1,611,183 |
| Federal Transit – Formula Grants | 20.507 | CA-2024-015-00 | - | 6,115,951 | 6,210,891 |
| Federal Transit – Formula Grants | 20.507 | CA-2023-093-00 | - | 1,567,045 | 1,567,045 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | CA-2022-101-00 (Low-No) | - | 2,563,508 | 2,563,508 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | CA-2023-121-00 | - | 115,401 | 115,401 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | CA-2023-141-00 | - | 246,000 | 246,000 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | CA-2024-013-00 | - | 224,000 | 224,000 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | CA-2024-095-00 | - | 252,503 | 252,503 |
| State of Good Repair Grants Program | 20.525 | CA-2023-094-00 | - | 97,742 | 97,742 |
| State of Good Repair Grants Program | 20.525 | CA-2024-076-00 | - | 442,947 | 442,947 |
| Total Federal Transit Cluster | | | <u>-</u> | <u>28,497,200</u> | <u>28,592,140</u> |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | FTA: 5310 NEMT Sub-Recipient | - | 13,796 | 13,796 |
| National Infrastructure Investments | 20.933 | CA-2021-181-00 (BUILD) | - | 8,424,340 | 8,434,311 |
| Total Expenditures of Federal Awards | | | <u>\$ -</u> | <u>\$ 36,935,336</u> | <u>\$ 37,040,247</u> |

See Accompanying Note to the Schedule of Expenditures of Federal Awards.

**ANTELOPE VALLEY TRANSIT AUTHORITY
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Antelope Valley Transit Authority (AVTA) that are reimbursable under programs of federal agencies providing financial awards. For the purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by AVTA from a non-federal agency or other organizations. The portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized or the portion of the program expenditures that were funded with other state, local, or other non-federal funds are included in the accompanying schedule under total expenditures. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of AVTA, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of AVTA.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recognized when incurred. Expenditures reported include any property or equipment acquisitions incurred under the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

AVTA has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Subrecipients

AVTA did not disburse any funds to subrecipients during the fiscal year ended June 30, 2024.

FINDINGS AND QUESTIONED COSTS SECTION

**ANTELOPE VALLEY TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, under 2 CFR §200.516(a)? ___ Yes X No

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Clusters</u> |
|-------------------------------------|--|
| 20.933 | National Infrastructure Investment |

Dollar threshold used to distinguish Type A and B programs: \$1,108,060

Auditee qualified as low risk auditee? X Yes ___ No

II. Findings Relating to Financial Statements Required Under Generally Accepted Government Auditing Standards (GAGAS)

None.

III. Federal Award Findings and Questioned Costs

None.

IV. State Award Findings and Questioned Costs

None.

V. Summary of Prior Audit (June 30, 2023) Findings and Current Year Status

None.



Board of Directors
Antelope Valley Transit Authority
Lancaster, California

We have audited the financial statements of the Antelope Valley Transit Authority (AVTA) for the fiscal year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 11, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by AVTA are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2024. We noted no transactions entered into by AVTA during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the AVTA's financial statements were:

Management's estimate of the useful lives of capital assets for purposes of calculating annual depreciation expense. Estimated useful lives range from three to thirty-four years. We evaluated the methods, assumptions, and data used to develop the estimate of the useful lives of capital assets in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimates of the net pension liability and related deferred outflows of resources and deferred inflows of resources are based on actuarial valuations that involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. We evaluated the key factors and assumptions used to develop the estimates of the net pension liability and related deferred outflows of resources and deferred inflows of resources in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Management's estimates in determining its lease liability and right-to-use lease asset. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimates in determining its subscription-based information technology arrangements (SBITA) assets and related liabilities. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of Capital Assets in Note 4, Lease Liability and SBITA in Note 5, and Net Pension Liability in Note 6 of the basic financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to AVTA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each fiscal year prior to retention as AVTA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of AVTA's Proportionate Share of the Net Pension Liability, and Schedule of Contributions, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
November 15, 2024



DATE: November 26, 2024

TO: BOARD OF DIRECTORS

SUBJECT: Draft Auditor's Report for Proposition A Discretionary Incentive Grant Funds for the Year Ended June 30, 2024

RECOMMENDATION

Approve the Draft Independent Auditor's Report (Attachment A) for Proposition A Discretionary Incentive Grant funds for the Year Ended June 30, 2024.

FISCAL IMPACT

None.

BACKGROUND

Antelope Valley Transit Authority (AVTA) has been established as a Sub-Regional paratransit participant and therefore eligible to receive the Proposition A Discretionary Incentive Grant on a quarterly basis up to 25% of its net operating cost. Los Angeles County Metropolitan Transportation Authority (LACMTA) and AVTA entered a Memorandum of Understanding for Sub-Regional Paratransit Services dated July 1, 2021.

Vasquez & Company, LLC audited the accompanying schedule of expenditures and schedule of revenues received as defined by the Proposition A Discretionary Incentive Grant Program Guidelines, and in all material respects, the expenditures of AVTA and the revenues received from Metro for the year ended June 30, 2024, are in accordance with the financial reporting provisions of the Guidelines.

The Finance staff prepared the supporting documentation, draft financial statements and provided the information required. Staff provided assistance and complied in providing all information requested by the Vasquez audit team.

This draft report is in accordance with Government Auditing Standards and is an integral part in evaluating AVTA's internal controls over the preparation of the Schedules, and on tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters.

Vasquez & Company, LLC has issued the Draft Audit Report with an unmodified ("clean") opinion, with no findings or questioned costs.

Prepared by:

Submitted by:

Judy Vaccaro-Fry
Chief Financial Officer

Martin J. Tompkins
Executive Director/CEO

Attachments: A – Draft Report on the Schedules of Expenditures and
Revenues Received from Metro Proposition A Discretionary
Incentive Grant for the Year Ended June 30, 2024

FINAL DRAFT - Pending Signed MRL

NB 2 - ATTACHMENT A



**Antelope Valley Transit Authority
Report on the Schedules of Expenditures and
Revenues Received from Metro
Proposition A Discretionary Incentive Grant**

For the Year Ended June 30, 2024



FINAL DRAFT - Pending Signed MRL

**Antelope Valley Transit Authority
Report on the Schedules of Expenditures and
Revenues Received from Metro
Proposition A Discretionary Incentive Grant**

For the Year Ended June 30, 2024

| | <u>PAGE</u> |
|---|-------------|
| FINANCIAL SECTION | |
| Independent Auditor's Report | 1 |
| Proposition A Discretionary Incentive Grant: Elements of Financial Statements: | |
| Schedule of Expenditures | 4 |
| Schedule of Revenues Received from Metro | 5 |
| Notes to the Schedules of Expenditures and Revenue Received from Metro | 6 |
| 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 <i>Government Auditing Standards</i> | 9 |
| COMPLIANCE SECTION | |
| Independent Auditor's Report on Compliance and on Internal Control Over Compliance Required by the Guidelines | 11 |
| Compliance Matrix | 14 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 15 |
| EXIT CONFERENCE | 16 |

FINANCIAL SECTION



Independent Auditor's Report

**To the Board of Directors of the Antelope Valley Transit Authority
and the Los Angeles County Metropolitan Transportation Authority**

Report on the Schedules

Opinion

We have audited the accompanying schedule of expenditures and schedule of revenues received from Metro (Schedules) as defined by the Proposition A Discretionary Incentive Grant Program Guidelines and the Memorandum of Understanding for Sub-Regional Paratransit Services Contract Number MOUPA5AVT22000 (MOUPA5AVT22000) dated July 1, 2021 between Antelope Valley Transit Authority (AVTA or the Authority), as grantee, and the Los Angeles County Metropolitan Transportation Authority, as grantor (collectively, the Guidelines), for the year ended June 30, 2024, and the related notes to the Schedules, as listed in the table of contents.

In our opinion, the Schedules referred to above present fairly, in all material respects, the expenditures of AVTA and the revenues received from Metro for the year ended June 30, 2024, in accordance with the financial reporting provisions of the Guidelines.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Notes 4 and 5 to the Schedules, which describe the basis of accounting and reporting, including compliance requirements. The Schedules were prepared in accordance with contractual agreements and were tested for compliance with the Guidelines.



As discussed in Note 2, the Schedules present only the revenues and expenditures towards the Proposition A Discretionary Incentive Grant under MOUPA5AVT22000, and do not purport to, and do not, present fairly the financial position of AVTA as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with the Guidelines; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedules.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedules.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **[OPEN DATE]**, on our consideration of AVTA's internal control over the preparation of the Schedules and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the preparation of the Schedules and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AVTA's internal control over the preparation of the Schedules or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering AVTA's internal control over the preparation of the Schedules and compliance.

Glendale, California

[OPEN DATE]

**Amelope Valley Transit Authority
 Proposition A Discretionary Incentive Grant
 Schedule of Expenditures
 Year ended June 30, 2024**

| <u>Brief Description</u> | <u>Reported Expenditures</u> | <u>Adjustments</u> | <u>Audited Expenditures</u> |
|--|----------------------------------|--------------------|---------------------------------|
| Total Expenditures - Identified as Net Operating Costs | \$ 5,382,380 | \$ - | \$ 5,382,380 |
| Proposition A Discretionary Incentive Guidelines maximum percentage that can be received by Grantee | <u>x 25%</u> | <u>x 25%</u> | <u>x 25%</u> |
| Grantee's Proposition A Discretionary Incentive Grant (Limitation) * | <u>\$ 1,345,595</u> | <u>\$ -</u> | <u>\$ 1,345,595</u> |

* Grantee's amount earned is limited to 25% of net operating costs or 25% of Annual Fundmark as determined on a quarterly basis.

See independent auditor's report and notes to the schedules.

**Antelope Valley Transit Authority
Proposition A Discretionary Incentive Grant
Schedule of Revenues Received from Metro
Year ended June 30, 2024**

Proposition A Discretionary Incentive Grant

| | |
|---|-------------------|
| Annual Fundmark established by Grantor (Note 3) | \$ <u>649,937</u> |
| A) Grantee's Actual amount received from Metro for the fiscal year ended June 30, 2024* | \$ <u>649,937</u> |

Proposition A Discretionary Incentive Grant Limitation Calculation:

| Brief Description | Reported Expenditures | Adjustments | Audited Expenditures |
|---|-----------------------|--------------|--------------------------|
| Total Expenditures - Identified as Net Operating Costs - Fiscal year ended June 30, 2022 ** | \$ 3,945,752 | \$ - | \$ 3,945,752 |
| Proposition A Discretionary Incentive Grant Program Guidelines maximum | <u>x 25%</u> | <u>x 25%</u> | <u>x 25%</u> |
| B) Grantee's Proposition A Discretionary Incentive Grant (Limitation) | \$ <u>986,438</u> | <u>-</u> | \$ <u>986,438</u> |
| Lesser of A) Actual amount received or B) 25% of Net Operating Costs *** | | | \$ <u>649,937</u> |

* This is the amount of Proposition A Discretionary Incentive Grant received by AVTA during the fiscal year ended June 30, 2024.

** The amount of allocation received by AVTA during the fiscal year ended June 30, 2024 is based on expenditures reported for the fiscal year ended June 30, 2023. The operating expense calculation has a two-year lag, as permitted by Metro. Grantee contracts with AV Transportation to administer the operations of AVTA, which includes the Antelope Valley Dial-A-Ride Services program for the year ended June 30, 2023. Vasquez and Company LLP audited the Schedule of Expenditures of the Proposition A Discretionary Incentive Grant for the fiscal year ended June 30, 2023, whose report, dated December 7, 2023, expressed an unmodified opinion.

*** Grantee's billings to Metro are limited to the amount of the funding allocation or up to 25% of the total expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Antelope Valley Transit Authority (AVTA) is located in Lancaster, California and was formed to provide and administer public transportation services in the Antelope Valley, including local passenger bus service, a commuter bus service, and a paratransit service.

AVTA is a public entity organized on July 1, 1992 pursuant to Section 6506 of the Government Code of the State of California. The formation of AVTA is as a joint powers authority (JPA) whose members consist of the County of Los Angeles, the Authority of Palmdale and the Authority of Lancaster. AVTA operates under a form of government, with the Board being comprised of two Directors appointed from each participating member.

Fund Accounting

The operations of the Proposition A Discretionary Incentive Grant are accounted for in a separate set of self-balancing accounts that comprise its revenues and expenditures.

Proposition A incentive program earmarks 5% of the 40% Proposition A Discretionary funds, which are distributed to eligible applicants based on funding priorities and subject to fund availability. The funds are used for varied transportation needs that encourage and develop an integrated transportation system.

Basis of Accounting

Expenditures are accounted for using the modified accrual basis of accounting. Expenditures are generally recognized when the related fund liabilities are incurred.

NOTE 2 SCHEDULES OF EXPENDITURES AND REVENUES RECEIVED FROM METRO AND ANNUAL FINANCIAL STATEMENTS

The schedules of expenditures and revenues received from Metro reflect only certain elements of the financial statements (expenditures and revenues) for AVTA's Proposition A Discretionary Incentive Grant, and do not purport to, and do not present fairly AVTA's financial statements or total expenditures as of and for the year ended June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 ANNUAL FUNDMARK

AVTA (Grantee) has been established and has met the eligibility criteria as a First Priority Applicant for being identified as a Sub-Regional paratransit participant and therefore is eligible to receive the Proposition A Discretionary Incentive Grant on a quarterly basis up to 25% of its net operating cost.

NOTE 3 ANNUAL FUNDMARK (CONTINUED)

Each fiscal year, the Los Angeles County Metropolitan Authority (Metro) (grantor) will establish an “annual fundmark” for the Grantee’s share of the Program Funds for the Sub-Regional Paratransit Program to the extent funds are available. As such, the grantor approved the annual allocation of \$649,937 per FY 2024. See Note 4.

NOTE 4 GENERAL AND ADMINISTRATIVE CONDITIONS

Memorandum of Understanding for Sub-Regional Paratransit Services

On July 1, 2021, Metro and AVTA entered into a Memorandum of Understanding for Sub-Regional Paratransit Services Contract Number MOUPA5AVT22000 (MOU), which is effective through June 30, 2026.

In accordance with Article 2 of the MOU, the Grantee must abide by the following restrictions in the agreement.

- 1) Grantee shall use program funds to provide certain specialized transportation services known as the Antelope Valley Transit Authority Dial-A-Ride Paratransit program.
- 2) Grantee shall document coordination activities with existing transit services and with participating local governments. This documentation shall consist of executed agreements, joint resolutions, and/or approved implementation plans.
- 3) Grantee shall submit invoices quarterly requesting reimbursement. Grantor shall pay 25% of the reasonable and allowable costs not to exceed the annual allocation.

In addition to the annual fundmark established by Metro, additional funding from CRRSAA was made available to participating operators.

For the FY 2023/24 grantee received quarterly reimbursements totaling \$649,937 which were committed to the Grantee’s Dial-A-Ride Paratransit Program.

NOTE 5 PROPOSITION A DISCRETIONARY INCENTIVE GRANT

Recording

Proposition A Discretionary Incentive Grant totaling \$649,937 for the year ended June 30, 2024 was recorded under the Proposition A Discretionary Incentive Grant and was the only Proposition A Discretionary Incentive Grant received by AVTA.

NOTE 5 PROPOSITION A DISCRETIONARY INCENTIVE GRANT (CONTINUED)

Compliance

The incentive funds were used to supplement Proposition A and Proposition C operating expenses to pay for transit services operated by AV Transportation Services who also operated the Antelope Valley Transit Authority's Dial-A-Ride Program, which is an eligible project under the Proposition A Discretionary Incentive Grant Program Guidelines.

NOTE 6 SUBSEQUENT EVENTS

AVTA has evaluated events subsequent to June 30, 2024 to assess the need for potential recognition or disclosure in the Schedules. Such events were evaluated through [OPEN DATE], the date the Schedules were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the Schedules.



**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***

**To the Board of Directors of the Antelope Valley Transit Authority
and the Los Angeles County Metropolitan Transportation Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedules of expenditures and revenues received from Metro (Schedules) as defined by the Proposition A Discretionary Incentive Grant Program Guidelines and the Memorandum of Understanding for Sub-Regional Paratransit Services (MOUPA5AVT22000) dated July 1, 2021 between Antelope Valley Transit Authority (AVTA), as grantee, and the Los Angeles County Metropolitan Transportation Authority, as grantor, for the year ended June 30, 2024, and the related notes to the Schedules, and have issued our report thereon dated [OPEN DATE].

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered AVTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of AVTA's internal control. Accordingly, we do not express an opinion on the effectiveness of AVTA's internal control.

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AVTA's Schedules are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the Schedules. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Glendale, California

[OPEN DATE]

COMPLIANCE SECTION



**Independent Auditor's Report on Compliance
and on Internal Control Over Compliance Required by the Guidelines**

**To the Board of Directors of the Antelope Valley Transit Authority
and the Los Angeles County Metropolitan Transportation Authority**

Report on Compliance

Opinion

We have audited the Antelope Valley Transit Authority's (AVTA) compliance with the Proposition A Discretionary Incentive Grant Program Guidelines and the Memorandum of Understanding for Sub-Regional Paratransit Services (MOUPA5AVT22000) dated July 1, 2021 (collectively, the Guidelines) for the year ended June 30, 2024.

In our opinion, the Antelope Valley Transit Authority complied, in all material respects, with the compliance requirements referred to above that apply to the Proposition A Discretionary Incentive Grant for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AVTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of AVTA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for AVTA's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to Proposition A Discretionary Incentive Grant Program.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AVTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about AVTA's compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding AVTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AVTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of AVTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Glendale, California

[OPEN DATE]

| Compliance Requirements | In Compliance | | | Questioned Costs | If no, provide details and management response. |
|--|---------------|----|-----|------------------|---|
| | Yes | No | N/A | | |
| A. Proposition A and Proposition C Local Return Funds | | | | | |
| 1. Memorandum of Understanding covers the period under audit. | X | | | | |
| 2. Expenditures were used for projects in accordance with Contractual Agreement. | X | | | | |
| 3. Joint Powers Authority - Governing Body has earmarked funds / committed funds. | X | | | | |
| 4. Maintenance of effort more than 1/2 of allocated Proposition A Local Return Funds were spent or encumbered as of the year ending date. | | | X | | AVTA did not receive any Local Return Funds. |
| 5. Grant did not exceed 25% of Total Operating Costs. | X | | | | |
| B. Proposition A and Proposition C Local Return Funds | | | | | |
| 1. Amount received did not exceed Annual Fundmark. | X | | | | |
| 2. Accounting records and documentation sufficient enough to prepare financial statements (schedule of expenditures). | X | | | | |
| 3. Ability to demonstrate that funds were spent on operating subsidies. Received the lesser of 25% of Annual Fundmark or 25% of Dial-A-Ride net operating costs. | X | | | | |

FINAL DRAFT - Pending Signed MRL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs.

FINAL DRAFT - Pending Signed MRL

EXIT CONFERENCE

An exit conference was held on October 30, 2024 with the Antelope Valley Transit Authority (AVTA) representatives. Those in attendance were:

Vasquez and Company LLP representatives:

Erica Ong – Audit Manager
Mary Tanglao – Audit Supervisor

AVTA representatives:

Judy Fry – Chief Financial Officer
Vianney McLaughlin – Senior Finance Manager
Cecilyn Zoubek – Grants Accountant

Matters discussed:

Results of the audit disclosed no significant compliance or financial statement issues.

A copy of this report was forwarded to the following AVTA representatives for comments prior to the issuance of the final report.

Judy Fry – Chief Financial Officer
Vianney McLaughlin – Senior Finance Manager

FINAL DRAFT - Pending Signed MRL



www.vasquez.cpa

**EZ Transit Pass Regional Program
 Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
 and EZ Transit Pass Program Reimbursements – Antelope Valley Transit Authority
 (AVTA)
 Year ended June 30, 2024**

| | <u>Reported</u> | <u>Audited</u> | <u>Over (Under) Reported</u> |
|---------------------------------------|-------------------------|-------------------------|----------------------------------|
| Passenger Boardings [a] | | | |
| EZ Transit Pass * | <u>8,567</u> | <u>8,567</u> | <u>-</u> |
| Average Fare Billed [b] | | | |
| EZ Transit Pass | \$ <u>2.98</u> | \$ <u>2.98</u> | \$ <u>-</u> |
| EZ Transit Pass Reimbursement [a x b] | | | |
| EZ Transit Pass | \$ <u><u>25,530</u></u> | \$ <u><u>25,530</u></u> | \$ <u><u>-</u></u> |

* Passenger boardings were confirmed and provided by Metro TAP department.