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Council of Governments

cta
County Transportation Authority

Support Material Agenda Item No. 7

Board of Directors Meeting

May 7, 2025
10:00 AM

Location:
San Bernardino County Transportation Authority
First Floor Lobby Board Room
1170 W. 3rd Street, San Bernardino, CA 92410

CONSENT CALENDAR

Administrative Matters

7. **Transit Operators and Transportation Development Act Audits for Fiscal Year 2023/2024**

A. Review and receive the Transit Operators and Transportation Development Act Audit Reports for Fiscal Year 2023/2024.

B. Review and receive the City of Adelanto Transportation Development Act Audit Reports for Fiscal Year 2020/2021 and Fiscal Year 2021/2022.

C. Review and receive the Town of Apple Valley and City of Rialto Transportation Development Act Audit Reports for Fiscal Year 2022/2023.

Full financial reports are attached in the order listed below:

- ***City of Barstow***
- ***City of Chino***
- ***City of Fontana***
- ***City of Hesperia***
- ***City of Highland***
- ***MARTA 2024 Financial Statements***
- ***MARTA 2024 Single Audit***
- ***MBTA 2024 Financial Statements***
- ***MBTA 2024 Single Audit***
- ***City of Needles***
- ***Needles Transit Fund Financial Statements***
- ***Omnitrans 2024 ACFR***
- ***Omnitrans 2024 Single Audit***
- ***Omnitrans 2024 Compliance Report***
- ***Omnitrans Prop 1B 2024***
- ***City of Ontario***
- ***City of Rancho Cucamonga***
- ***City of Redlands***
- ***City of Rialto***
- ***City of San Bernardino***
- ***County of San Bernardino***
- ***City of Twentynine Palms***
- ***VVTA 2024 Financial Statements***
- ***VVTA 2024 Single Audit***
- ***City of Victorville***
- ***City of Yucaipa***
- ***Town of Yucca Valley***

CITY OF BARSTOW, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF BARSTOW, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act Article 8 Fund (TDA Fund) of the City of Barstow, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Fund of the City, as of June 30, 2024, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 the City, 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.

Other Matter

The financial statements of the TDA Fund of the City for the year ended June 30, 2023, were audited by other auditors, who expressed an unmodified opinion on those statements on December 20, 2023.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 or 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the City's internal control over financial reporting of the TDA Fund 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 18, 2024

CITY OF BARSTOW, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 8	
	2024	2023
ASSETS		
Cash and investments	$ 199,659	$ 192,991
Interest receivable	1,569	1,165
Total assets	$ 201,228	$ 194,156
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ -	$ -
Fund balance		
Restricted for transportation	201,228	194,156
Total liabilities and fund balance	$ 201,228	$ 194,156

See notes to financial statements.

CITY OF BARSTOW, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 8	
	2024	2023
Revenues		
TDA Allocation	$ -	$ 63,641
Interest income	7,072	1,762
Total revenues	7,072	65,403
Expenditures		
Construction, maintenance, and engineering	-	-
Total expenditures	-	-
Net change in fund balance	7,072	65,403
Fund balance at beginning of year	194,156	128,753
Fund balance at end of year	$ 201,228	$ 194,156

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

Reporting Entity: The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act Article 8, Section 99400(a) Fund (TDA Fund) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Barstow, California (City) as of June 30, 2024 and 2023, and changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 8: San Bernardino County Transportation Authority (SBCTA) receives and passes through Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8 Subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8a to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 8a funds in its TDA Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

Measurement Focus and Basis of Accounting: Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 90 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall. As of June 30, 2024 and 2023, cash balance was $199,659 and $192,991, respectively.

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the City's investment pool are made on the basis of $1 and not fair value. Accordingly, the TDA Fund's investment in the City's investment pool is measured with inputs that are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BARSTOW, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
Year ended June 30, 2024

	Budget			
	Original	Final	Actual	Variance
Revenues				
Interest income	$ -	$ 500	$ 7,072	$ 6,572
Total revenues	-	500	7,072	6,572
Expenditures				
Construction, maintenance, and engineering	21,000	28,000	-	(28,000)
Total expenditures	21,000	28,000	-	(28,000)
Net change in fund balance	(21,000)	(27,500)	7,072	34,572
Fund balance at beginning of year	194,156	194,156	194,156	-
Fund balance at end of year	$ 173,156	$ 166,656	$ 201,228	$ 34,572

(Continued)

CITY OF BARSTOW, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
Year ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ -	$ 63,641	$ 63,641	$ -
Interest income	-	-	1,762	1,762
Total revenues	-	63,641	65,403	1,762
Expenditures				
Construction, maintenance, and engineering	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	63,641	65,403	1,762
Fund balance at beginning of year	128,753	128,753	128,753	-
Fund balance at end of year	$ 128,753	$ 192,394	$ 194,156	$ 1,762

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control for the City is the Fund.

ADDITIONAL INFORMATION

CITY OF BARSTOW, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 8	Streets & Road Maintenance	2022-23	$ 65,403	$ 65,403	$ -	$ 65,403
Article 8	Streets & Road Maintenance	2021-22	58,027	58,027	-	58,027
Article 8	Streets & Road Maintenance	2020-21	15,676	15,676	-	15,676
Article 8	Streets & Road Maintenance	2019-20	42,195	33,872	-	33,872
			$ 181,301	$ 172,978	$ -	$ 172,978

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Barstow, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 18, 2024

CITY OF CHINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF CHINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Fund Activity (TDA Fund Activity) of the City of Chino, California (City), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Fund Activity of the City, as of June 30, 2024 and 2023, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the City, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund Activity, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023, or the changes in its financial position for the years 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of the City's internal control over financial reporting of the TDA Fund Activity 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance, as it relates to the TDA Fund Activity.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2024

BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Due from other governments	$ 358,673	$ 486,321
Total assets	$ 358,673	$ 486,321
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Due to other City funds	$ 357,900	$ 485,548
Deferred inflows of resources		
Unavailable revenues	358,673	486,321
Fund balance (deficit)		
Unassigned	(357,900)	(485,548)
Total liabilities, deferred inflows of resources, and fund balance	$ 358,673	$ 486,321

See notes to financial statements.

CITY OF CHINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA allocation	$ 127,648	$ -
Expenditures		
Capital		
TDA expenditures	-	330,370
Net change in fund balance	127,648	(330,370)
Fund balance, beginning of year	(485,548)	(155,178)
Fund balance, end of year	$ (357,900)	$ (485,548)

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund Activity only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Chino, California (City), and the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Article 3: The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide local matching funds.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The City accounts for the activity of the Article 3 TDA Fund in its Transportation Grants Fund (TDA), which is a special revenue fund.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the TDA activities in separate general ledger accounts within its TDA special revenue fund. Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Funds based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the Article 3 Fund Activity, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at the City Hall as on the City's website: www.cityofchino.org.

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the City's investment pool are made on the basis of $1 and not fair value. Accordingly, the TDA Article 3 Fund's investment in the City's investment pool is measured based on inputs that are not defined as Level 1, Level 2, or Level 3 inputs.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows of Resources: Deferred inflows of resources represent revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned fund balance (deficit) reflect the residual fund balance, after considering other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

The Due from other governments in the amount of $358,673 and $486,321 as of June 30, 2024 and 2023, respectively, are receivables from SBCTA for reimbursement of eligible TDA expenditures.

NOTE 4 – DUE TO OTHER CITY FUNDS

Due to other City funds of $357,900 and $485,548 as of June 30, 2024 and 2023, respectively, represents the TDA Article 3 costs paid by the City. The amount will be repaid by the TDA Article 3 Fund as reimbursements are received from SBCTA.

(Continued)

NOTE 5 – UNAVAILABLE REVENUE

The deferred inflows of resources - unavailable revenue balance of $358,673 and $486,321 as of June 30, 2024 and 2023, respectively, is related to the revenues earned, but not collected by the City within its period of availability.

NOTE 6 – DEFICIT FUND BALANCE

The TDA Article 3 Fund reported a deficit fund balance of $357,900 and $485,548, as of June 30, 2024 and 2023, respectively. Article 3 allocations are received on a reimbursement basis. The deficit will be eliminated as the TDA revenues meet the availability criteria for revenue recognition.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND ACTIVITY
Year ended June 30, 2024

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ 604,021	$ 604,021	$ 127,648	$ (476,373)
Expenditures				
Capital				
TDA expenditures	-	-	-	-
Net change in fund balance	604,021	604,021	127,648	(476,373)
Fund balance, beginning of year	(485,548)	(485,548)	(485,548)	-
Fund balance, end of year	$ 118,473	$ 118,473	$ (357,900)	$ (476,373)

See note to required supplementary information.

CITY OF CHINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND ACTIVITY
Year ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ 570,893	$ 570,893	$ -	$ (570,893)
Expenditures				
Capital				
TDA expenditures	330,370	330,370	330,370	-
Net change in fund balance	240,523	240,523	(330,370)	(570,893)
Fund balance, beginning of year	(155,178)	(155,178)	(155,178)	-
Fund balance, end of year	$ 85,345	$ 85,345	$ (485,548)	$ (570,893)

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

ADDITIONAL INFORMATION

CITY OF CHINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	N/A - none		$ -	$ -	$ -	$ -

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of the Transportation Development Act Article 3 Fund Activity (TDA Fund) of the City of Chino, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund Activity of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA) 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2024

CITY OF FONTANA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF FONTANA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

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CROWE LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Fontana, California (City), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the City, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023, 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, on our consideration of the City’s internal control over financial reporting of the TDA Fund 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 the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
January 31, 2025

CITY OF FONTANA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Due from other governments	$ 256,224	$ 56,290
Total assets	$ 256,224	$ 56,290
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	$ 63,369	$ 523
Accrued payroll	355	-
Due to other City funds	192,500	55,767
Total liabilities	256,224	56,290
Deferred inflows of resources		
Unavailable revenue	67,688	56,290
Fund balance (deficit)		
Unassigned	(67,688)	(56,290)
Total liabilities, deferred inflows of resources, and fund balance	$ 256,224	$ 56,290

See notes to financial statements.

CITY OF FONTANA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA allocation	$ 188,535	$ 31,243
Expenditures		
Capital		
TDA expenditures	199,933	78,555
Net change in fund balance	(11,398)	(47,312)
Fund balance, beginning of year	(56,290)	(8,978)
Fund balance, end of year	$ (67,688)	$ (56,290)

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

Reporting Entity: The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Fontana, California (City) as of June 30, 2024, and changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3: The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide local matching funds.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The City accounts for the activity of the Article 3 TDA Fund in its TDA Fund, which is a special revenue fund.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the fiscal period. Expenditures generally are recorded when a liability is incurred.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Article 3 based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the City investment pool are made on the basis of $1 and not fair value. Accordingly, the TDA Fund's investment in the City investment pool is measured based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows of Resources: Deferred inflows of resources unavailable revenues represents revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned fund balance (deficit) reflect the residual fund balance, after considering other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from other governments of $256,224 and $56,290 as of June 30, 2024 and 2023, respectively, represents the TDA allocations which had not been received from SBCTA for reimbursement of eligible expenditures.

(Continued)

NOTE 4 – DUE TO OTHER CITY FUNDS

Due to other City funds of $192,500 and $55,767 as of June 30, 2024 and 2023, respectively, represents the amounts paid by the City general fund on behalf of the TDA Fund. The balance will be repaid as the TDA allocations are received.

NOTE 5 – DEFICIT FUND BALANCE

The TDA Fund reported a deficit fund balance of $67,688 and $56,290 as of June 30, 2024 and 2023, respectively. Article 3 allocations are received on a reimbursement basis. The timing difference between the expenditures and receipt of Article 3 revenues has created the deficit fund balance, which will be reduced by future Article 3 revenues from SBCTA.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FONTANA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2024

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ -	$ 775,788	$ 188,535	$ (587,253)
Expenditures				
Capital				
TDA expenditures	-	753,978	199,933	554,045
Net change in fund balance	-	21,810	(11,398)	(33,208)
Fund balance, beginning of year	(56,290)	(56,290)	(56,290)	-
Fund balance, end of year	$ (56,290)	$ (34,480)	$ (67,688)	$ (33,208)

See note to required supplementary information.

CITY OF FONTANA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2023

	Budget Original	Budget Final	Actual	Variance From Final Budget Positive (Negative)
Revenues				
TDA allocation	$ -	$ 343,456	$ 31,243	$ (312,213)
Expenditures				
Capital				
TDA expenditures	-	337,673	78,555	259,118
Net change in fund balance	-	5,783	(47,312)	(53,095)
Fund balance, beginning of year	(8,978)	(8,978)	(8,978)	-
Fund balance, end of year	$ (8,978)	$ (3,195)	$ (56,290)	$ (53,095)

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is the fund level.

ADDITIONAL INFORMATION

CITY OF FONTANA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Alder Middle Schools SRTS Projects	2017-18	250,000	128,947	63,369	65,578
Article 3	Kathy Binks Elem. Sch. SRTS TDA 21	2021-22	160,000	134,901	132,244	2,657
Article 3	Transit Stops Improvements TDA 2021	2021-22	37,580	6,388	-	6,388
Article 3	10 Bus Pads	2023-24	59,023	-	-	59,023
Article 3	Catawba Ave. SRTS Sidewalks	2023-24	396,348	-	4,320	392,028
Article 3	7 Rectangular Rapid Flashing Beacons	2023-24	52,500	-	-	52,500
			$ 955,451	$ 270,236	$ 199,933	$ 578,174

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Fontana, California (City), as of June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated January 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA) 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
January 31, 2025

CITY OF HESPERIA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF HESPERIA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Hesperia, California (City), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the City, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023 or 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of the City's internal control over financial reporting of the TDA Fund 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 11, 2024

CITY OF HESPERIA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 8	
	2024	2023
ASSETS		
Cash and investments	$ 1,740,335	$ 2,831,684
Due from other City funds	1,571	-
Interest receivable	16,969	20,711
Total assets	$ 1,758,875	$ 2,852,395
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ -	$ 717,719
Retention payable	-	36,097
Total liabilities	-	753,816
Fund balance		
Restricted for transportation	1,758,875	2,098,579
Total liabilities and fund balance	$ 1,758,875	$ 2,852,395

See notes to financial statements.

CITY OF HESPERIA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years ended June 30, 2024 and 2023

	Article 8	
	2024	2023
Revenues		
TDA allocation	$ -	$ 872,556
Interest income	68,129	60,123
Gain/(loss) on fair market value	34,687	(11,750)
Total revenues	102,816	920,929
Expenditures		
Current		
TDA expenditures	215,637	1,064,496
Revenues over/(under) expenditures	(112,821)	(143,567)
Other financing sources (uses)		
Transfers to other City funds	(226,883)	-
Net change in fund balance	(339,704)	(143,567)
Fund balance, beginning of year	2,098,579	2,242,146
Fund balance, end of year	$ 1,758,875	$ 2,098,579

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 8 (TDA Fund) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Hesperia, California (City) and the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Article 8: San Bernardino County Transportation Authority (SBCTA) receives and passes through Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, and construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8, Subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8 to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the TDA Fund of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

Fund Accounting: The City accounts for the activity of the Article 8 TDA Fund in its Article 8 Fund, which is a special revenue fund.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities.

Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 90 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

(Continued)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the City Investment Pool are made on the basis of $1 and not fair value. Accordingly, the TDA Fund's investment in the City Investment Pool is measured with inputs that are uncategorized and not defined as Level 1, Level 2, or Level 3 input.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – TRANSFERS TO OTHER CITY FUNDS

Transfers to the other City funds of $226,883 for the year ended June 30, 2024, represents amounts used to cover expenditures related to the Citywide Preservation and Maintenance Project.

NOTE 4 – DUE FROM OTHER CITY FUNDS

Due from other City funds in the amount of $1,571 at June 30, 2024, represents amounts used to cover expenditures related to the Ranchero Road Improvements Project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HESPERIA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
Year ended June 30, 2024

	Budget			Variance from Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Interest income	$ 70,374	$ 70,374	$ 68,129	$ (2,245)
Gain on fair market value	-	-	34,687	34,687
Total revenues	70,374	70,374	102,816	32,442
Expenditures				
Current				
TDA expenditures	373,868	373,868	215,637	158,231
Revenues over (under) expenditures	(303,494)	(303,494)	(112,821)	190,673
Other financing sources (uses)				
Transfers to other City funds	(226,883)	(226,883)	(226,883)	-
Net change in fund balance	(530,377)	(530,377)	(339,704)	190,673
Fund balance, beginning of year	2,098,579	2,098,579	2,098,579	-
Fund balance, end of year	$ 1,568,202	$ 1,568,202	$ 1,758,875	$ 190,673

See note to required supplementary information.

CITY OF HESPERIA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
Year ended June 30, 2023

	Budget			Variance from Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ 871,265	$ 871,265	$ 872,556	$ 1,291
Interest income	6,137	6,137	60,123	53,986
Loss on fair market value	-	-	(11,750)	(11,750)
Total revenues	877,402	877,402	920,929	43,527
Expenditures				
Current				
TDA expenditures	248,000	1,195,745	1,064,496	131,249
Revenues over (under) expenditures	629,402	(318,343)	(143,567)	174,776
Net change in fund balance	629,402	(318,343)	(143,567)	174,776
Fund balance, beginning of year	2,242,146	2,242,146	2,242,146	-
Fund balance, end of year	$ 2,871,548	$ 1,923,803	$ 2,098,579	$ 174,776

See note to required supplementary information.

NOTE 1 – BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control for the City is the Fund.

ADDITIONAL INFORMATION

CITY OF HESPERIA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 8	Street & Roadside Maintenance	2022-23	$ 872,556	$ 872,556	$ -	$ 872,556
Article 8	Street & Roadside Maintenance	2021-22	82,465	82,465	-	82,465
Article 8	Street & Roadside Maintenance	2020-21	541,581	541,581	84,880	456,701
Article 8	Street & Roadside Maintenance	2019-20	807,864	357,640	357,640	-
Article 8 total			$ 2,304,466	$ 1,854,242	$ 442,520	$ 1,411,722

CROWE LLP
Independent Member Crowe Global

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Hesperia, California (City), as of and for the years ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 11, 2024

CITY OF HIGHLAND, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF HIGHLAND, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act Article 3 Fund (TDA Fund) of the City of Highland, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Fund of the City, as of June 30, 2024, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 the City, 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.

Other Matter

The financial statements of the TDA Fund of the City for the year ended June 30, 2023, were audited by other auditors, who expressed an unmodified opinion on those statements on October 30, 2023.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023 or 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of the City's internal control over financial reporting of the TDA Fund 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 6, 2024

CITY OF HIGHLAND, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Due from other governments	$ 202,700	$ 221,003
Total assets	$ 202,700	$ 221,003
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Accounts payable	$ 7,143	$ 82,637
Due to other City funds	195,558	138,366
Total liabilities	202,701	221,003
Deferred inflows of resources		
Unavailable revenue	95,886	221,003
Fund balance (deficit)		
Unassigned	(95,887)	(221,003)
Total liabilities and fund balance	$ 202,700	$ 221,003

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA allocation	$ 170,437	$ 55,981
Total revenues	170,437	55,981
Expenditures		
Construction, maintenance, and engineering	45,321	193,954
Total expenditures	45,321	193,954
Net change in fund balance	125,116	(137,973)
Fund balance (deficit) at beginning of year	(221,003)	(83,030)
Fund balance (deficit) at end of year	$ (95,887)	$ (221,003)

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act ("TDA") Article 3 Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Highland, California ("City"), as of June 30, 2024 and 2023, and changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3

The San Bernardino County Transportation Authority ("SBCTA") has awarded TDA Article 3 funding to the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code ("Code"). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots, and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide local matching funds.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 3 funds in its TDA Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting: Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition: Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Deferred Inflows of Resources: Deferred inflows of resources-unavailable revenues represent revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

Cash and Investments: The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund’s cash and investments as of June 30, 2024 and 2023 was $0.

The TDA Fund’s cash is deposited in the City’s internal investment pool which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Fund are those of the City and are included in the City’s basic financial statements. The City’s basic financial statements can be obtained at City Hall.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

(Continued)

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from Other Governments of $202,700 and $221,003 represents the TDA allocations which had not been received from SBCTA as of June 30, 2024 and 2023, respectively. The amounts of $95,886 and $221,003 were also included in unavailable revenue as of June 30, 2024 and 2023, respectively, as the funds were received outside of the City's period of availability.

NOTE 4 – DUE TO OTHER CITY FUNDS

Due to other City funds of $195,558 and $138,366 represents the amounts paid by other City funds on behalf of the TDA Fund for expenditures incurred for which reimbursements had not yet been received as of June 30, 2024 and 2023, respectively.

NOTE 5 – FUND BALANCE

The TDA Fund reported a deficit fund balance of $95,887 and $221,003 as of June 30, 2024 and 2023, respectively. Article 3 revenues may be spent on projects, and then reimbursed after completion. As such, the timing difference between the expenditures and receipt of Article 3 revenues has created a deficit fund balance. The obligation of the negative unassigned fund balance will be paid by future Article 3 revenues from SBTCA.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HIGHLAND, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2024

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ 82,000	$ 82,000	$ 170,437	$ 88,437
Total revenues	82,000	82,000	170,437	88,437
Expenditures				
Construction, maintenance, and engineering	82,000	82,000	45,321	36,679
Total expenditures	82,000	82,000	45,321	36,679
Net change in fund balance	-	-	125,116	125,116
Fund balance (deficit) at beginning of year	(221,003)	(221,003)	(221,003)	-
Fund balance (deficit) at end of year	$ (221,003)	$ (221,003)	$ (95,887)	$ 125,116

(Continued)

CITY OF HIGHLAND, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ 28,000	$ 28,000	$ 55,981	$ 27,981
Total revenues	28,000	28,000	55,981	27,981
Expenditures				
Construction, maintenance, and engineering	28,000	221,000	193,954	27,046
Total expenditures	28,000	221,000	193,954	27,046
Net change in fund balance	-	(193,000)	(137,973)	55,027
Fund balance (deficit) at beginning of year	(83,030)	(83,030)	(83,030)	-
Fund balance (deficit) at end of year	$ (83,030)	$ (276,030)	$ (221,003)	$ 55,027

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current fiscal year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

ADDITIONAL INFORMATION

CITY OF HIGHLAND, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	9th St Transit Stops, Sidewalk, And Bikeway Improvements SWK19-001	2019/2020	$ 67,436	$ 26,529	$ 21,578	$ 4,951
Article 3	Base Line/Boulder Ave/9th/Olive Tree Land (Transit Access) SWK19-002	2019/2020	53,897	21,033	21,033	-
Article 3	Construction of New Sidewalks to Bus Stops Messina Street/Seine Avenue Sidewalk Gap SWK21-001	2020/2021	77,989	5,594	2,710	2,884
Article 3	9th St Transit Stops, Sidewalk, And Bikeway Improvements SWK19-001	2023/2024	430,700	-	-	430,700
			$ 630,022	$ 53,156	$ 45,321	$ 438,535

Match requirements:

These projects require a local match. The City has used bond proceeds from other sources for the match. The funding for the match amounts are as follows:

Projects	Amounts
9th St Transit Stops, Sidewalk, And Bikeway Improvements SWK19-001	$ 21,576
Base Line/Boulder Ave/9th/Olive Tree Land (Transit Access) SWK19-002	30,744
Construction of New Sidewalks to Bus Stops Messina Street/Seine Avenue Sidewalk Gap SWK21-001	2,007
	$ 54,327

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Highland, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated December 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 6, 2024

Mountain Area Regional Transit Authority
A Joint Power Authority
Basic Financial Statements
As of and for the Year Ended June 30, 2024
with Independent Auditor's Report

VASQUEZ
+ COMPANY LLP

Mountain Area Regional Transit Authority
A Joint Powers Authority
Basic Financial Statements
As of and for the Year Ended June 30, 2024
with Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
Mountain Area Regional Transit Authority
Big Bear, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Mountain Area Regional Transit Authority (MARTA), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise MARTA's basic financial statements as listed in the table of contents.

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

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 *(Government Auditing Standards)*. 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 MARTA 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.

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 MARTA'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 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 financial statements.

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 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 MARTA'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 MARTA'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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025, on our consideration of MARTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 MARTA'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 MARTA's internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
February 28, 2025

ASSETS		
Current assets		
Cash and cash equivalents	$	1,981,076
Restricted cash and cash equivalents		503,104
Accounts receivable		24,513
Operating grants receivable		637,435
Capital grants receivable		265,849
Prepaid expenses		11,604
Total current assets		3,423,581
Capital assets		
Capital assets, net of accumulated depreciation		8,654,451
Right-to-use leased assets, net of accumulated amortization		30,228
Total noncurrent assets		8,684,679
TOTAL ASSETS	$	12,108,260
LIABILITIES		
Current liabilities		
Accounts payable	$	206,553
Accrued liabilities		177,941
Leases		9,954
Compensated absences		56,955
Unearned revenue		436,425
Total current liabilities		887,828
Noncurrent liabilities		
Leases		21,194
Compensated absences		56,955
Total noncurrent liabilities		78,149
Total liabilities		965,977
NET POSITION		
Net investment in capital assets		8,653,531
Unrestricted		2,488,752
Total net position		11,142,283
TOTAL LIABILITIES AND NET POSITION	$	12,108,260

See accompanying notes to basic financial statements.

Operating revenues		
Fares	$	1,704,920
Operating expenses		
Operations		3,560,889
Maintenance		1,453,919
General and administration		2,817,712
Depreciation and amortization		846,322
Total operating expenses		8,678,842
Operating loss		(6,973,922)
Nonoperating revenues (expenses)		
Operating assistance		
Federal transit administration section 5311		1,927,104
Local transportation fund article 4		4,471,549
Measure I		124,711
Interest income		1,332
Reimbursements		26,652
Loss on disposal of assets		(27,102)
Loss on write-off of a receivable		(35,438)
Interest expense on leases		(1,053)
Other		16,985
Total nonoperating revenue (expenses)		6,504,740
Loss before capital contributions		(469,182)
Capital Contributions		
State Transportation Fund		1,710,528
Local Transportation Fund		758
Low Carbon Transit Program		45,510
Total capital contributions		1,756,796
Change in net position		1,287,614
Net position, beginning of year		9,854,669
Net position, end of year	$	11,142,283

See accompanying notes to basic financial statements.

Cash flows from operating activities		
Cash received from fares	$	1,705,919
Cash received from other income		16,985
Payments to employees		(4,234,206)
Payments to vendors for services		(4,129,076)
Net cash used in operating activities		(6,640,378)
Cash flows from noncapital financing activities		
Operating grants received		6,444,208
Cash provided by noncapital financing activities		6,444,208
Cash flows from capital and related financing activities		
Capital grants received		2,195,530
Purchase of capital assets		(1,869,738)
Proceeds from sale of capital assets		166,325
Cash paid for lease liabilities - principal portion		(9,463)
Cash paid for lease liabilities - interest portion		(1,053)
Net cash provided by capital and related financing activities		481,601
Cash flows from investing activities		
Investment income received		1,332
Bank reimbursements received		26,652
Net cash provided by investing activities		27,984
Net increase in cash and cash equivalents		313,415
Cash and cash equivalents, beginning of year		2,170,765
Cash and cash equivalents, end of year	$	2,484,180
Cash and cash equivalents as reported in the statement of net position:		
Cash and cash equivalents	$	1,981,076
Restricted cash and cash equivalents		503,104
	$	2,484,180

(Continued)

See accompanying notes to basic financial statements.

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (6,973,922)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense and amortization	846,322
Miscellaneous revenues	16,985
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	999
Prepaid expenses	8,891
Increase (decrease) in liabilities	
Accounts payable	(286,798)
Accrued liabilities	(255,588)
Compensated absences	2,733
Total adjustments	333,544
Net cash used in operating activities	$ (6,640,378)
Noncash investing, capital, and financing activities:	$ -

See accompanying notes to basic financial statements.

NOTE 1 ORGANIZATION

Mountain Area Regional Transit Authority (MARTA) is a joint powers authority whose members are the City of Big Bear and the County of San Bernardino. MARTA provides bus services to the Big Bear Lake and Crestline Communities, off-the-mountain bus services, and dial-a-ride services. MARTA is governed by a Board of Directors comprised of representatives of the member jurisdictions and a member-at-large.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity
MARTA meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

Measurement Focus and Basis of Accounting
MARTA's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Cash and Cash Equivalents
Cash and cash equivalents include demand deposits and amounts invested in savings accounts. For the Statement of Cash Flows, cash equivalents are defined as short-term deposits with original maturities of three months or less from the date of acquisition.

Operating and Nonoperating Revenue and Expenses
MARTA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from directly providing services in connection with MARTA's principal operation of bus transit services. These revenues are primarily passenger fares. Nonoperating revenues consist of Federal, State, and local operating grants and investment income. Operating expenses include cost of services, operations, maintenance, administrative expenses, and depreciation of capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Contributions
Capital contributions consist of grants that are legally restricted for capital expenses by Federal, State, or local law that established those charges. Grants for operating assistance and capital acquisitions are included in revenue in the period in which the grant was earned. Reimbursable Federal capital grants are accrued when the related expenditures are incurred. Capital grant funds advanced but not yet earned are treated as unearned revenues. Moreover, operating funds advanced from the San Bernardino County Transportation Authority (SBCTA) for working capital are treated as unearned revenues until earned. Operating assistance grants are included in non-operating revenues in the year in which the grant is applicable, and the related expenses are incurred. Revenue earned under capital grants is recorded as capital contributions.

Capital Assets
Capital assets are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings	15 to 30 years
Improvements	5 to 15 years
Passenger facilities	5 to 10 years
Shop, office, transit, and other equipment	5 to 10 years

MARTA’s capitalization threshold is $1,000 for capital assets and right-to-use leased assets. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized.

Right-to-use leased assets are recognized at the lease commencement date and represent MARTA’s right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the lease term using the straight-line method.

Compensated Employee Absences
Compensated employee absences (vacation leave) are accrued as the employees become entitled to use them. The balance is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated either by paid time off, by requesting to cash out up to 40 hours of vacation per fiscal year for employees who worked consecutively for four years, or by payments upon termination or retirement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Liabilities
Lease liabilities represent MARTA's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a rate stated within each lease agreement.

Net Position
Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified into two categories:

- Net investment in capital assets - This balance reflects the net position of MARTA invested in capital assets net of accumulated depreciation and amortization.

- Restricted - This amount is restricted by external creditors, grantors, contributors, or laws and regulations of other governments.

- Unrestricted - This balance represents the amount of net position that does not meet the definition of net investment in capital assets or restricted net position.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

New accounting pronouncements
During the fiscal year ended June 30, 2024, MARTA implemented the following GASB Standards:

GASB Statement No. 99
In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and 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 Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of this statement did not have a significant impact on MARTA's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncements (Continued)

GASB Statement No. 100, Accounting Changes and Error Corrections
This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of this statement did not have a significant impact on MARTA's financial statements.

GASB has released the following statements which will be implemented in future financial statements, if applicable:

GASB Statement No. 101, Compensated Absences
This Statement requires that liabilities for compensated absences be recognized for (i) leave that has not been used and (ii) leave that has been used but not yet paid in cash or settled through noncash means. Also, this statement requires that liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102, Certain Risk Disclosures
This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact. Also, it requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103, Financial Reporting Model Improvements
This Statement requires that the information presented in management's discussion and analysis (MD&A) be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncements (Continued)

GASB Statement No. 104, Disclosures of Certain Capital Assets
This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Also, it requires additional disclosure for capital assets held for sale. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 3 FEDERAL, STATE, AND LOCAL GRANTS

Federal Assistance
MARTA receives allocated Federal operating funds pursuant to Section 5311 of the Federal Transit Act of 1964. Such funds are apportioned to the County of San Bernardino and are allocated to MARTA by the SBCTA. Expenditures of Federal assistance funds are subject to final audit and approval by the Federal Transit Administration (FTA). The total amount of Federal assistance received by MARTA during the fiscal year ended June 30, 2024 was $1,927,104.

Transportation Development Act
MARTA is subject to the provisions pursuant to Section 6634 of the California Code of Regulations and Sections 99268.4 and 99313.3 of the Public Utilities Code. MARTA receives allocations of local transportation funds pursuant to the Transportation Development Act of 1971. These funds are generated within San Bernardino County and are allocated based on annual claims filed by MARTA and approved by SBCTA.

A. Section 6634
Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's costs less the sum of fares received, local support required to meet the fare ratio, federal operating assistance, and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

NOTE 3 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)

The computation of unearned revenue for the fiscal year is as follows:

	Operating Funds	Capital Funds	Total
Beginning balance, July 1, 2023	$ 8,511	$ 358,535	$ 367,046
Gross receipts			
State Transportation Fund, Article 4	-	1,413,475	1,413,475
Local Transportation Fund, Article 4	4,209,207	758	4,209,965
Federal Transportation Admin, Section 5311	1,927,104	-	1,927,104
Measure I	124,711	-	124,711
Interest income	-	1,840	1,840
Fares	1,704,920	-	1,704,920
LCTOP	-	134,496	134,496
State of good repair	-	81,894	81,894
Other	-	-	-
Total gross receipts	7,965,942	1,632,463	9,598,405
Operating expenses, less depreciation	(7,737,732)	(94,788)	(7,832,520)
Capital acquisitions	(302,656)	(1,393,850)	(1,696,506)
Receipts over (under) expenses in current period	(74,446)	143,825	69,379
Amount unearned at June 30, 2024	$ (65,935)	$ 502,360	$ 436,425

B. Section 99268.4

Section 99268.4 indicates that in the case of an operator which is serving a non-urbanized area, the operator shall be eligible for local transportation funds in any fiscal year if it maintains, for the fiscal year, a ratio of fare revenues to operating cost of at least equal to 10 percent.

The fare ratio as of June 30, 2024 is calculated as follows:

Operating expenses	$ 8,678,842
Less depreciation and amortization	(846,322)
Adjusted operating expenses	$ 7,832,520
Fare revenue	$ 1,704,920
Fare ratio	21.77%

NOTE 3 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)

State of Good Repair
The FTA's State of Good Repair formula program grants are distributed to state and local governments in urbanized areas for repairs and upgrading of bus rapid transit systems that are at least seven years old. The total held in restricted accounts as of June 30, 2024 was $260,545.

Low Carbon Transit Operations Program
The Low Carbon Transit Operations Program (LCTOP) provides funds for approved projects to support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. The total held in restricted accounts as of June 30, 2024 was $242,559.

NOTE 4 CASH AND CASH EQUIVALENTS

Deposits as of June 30, 2024 consist of the following:

Demand accounts	$ 2,483,149
Undeposited funds	1,031
Total	$ 2,484,180

Policies and Practices
MARTA is authorized under the California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations as specified in Section 53600. MARTA does not have a formal policy for investments that is more restrictive than the noted Government Code.

Custodial Credit Risk - Deposits
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, MARTA 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. MARTA does not have a policy of custodial credit risk for deposits. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

NOTE 4 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk - Deposits (Continued)

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2024, $1,974,379 of MARTA's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts as described above, but not in the name of MARTA.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024 is as follows:

	Beginning Balance July 1, 2024	Additions	Transfers	Retirements	Ending Balance June 30, 2024
Nondepreciable assets					
Land	$ 542,457	$ -	$ 411,421	$ -	$ 953,878
Construction in progress	4,951,539	1,073,160	(2,172,521)	(173,233)	3,678,945
Total nondepreciable assets	5,493,996	1,073,160	(1,761,100)	(173,233)	4,632,823
Depreciable assets					
Buildings and improvements	2,228,470	61,092	1,255,240	(12,156)	3,532,646
Passenger facilities	935,551	-	-	-	935,551
Shop, office, and other equipment	5,147,953	735,486	505,860	(229,594)	6,159,705
Total depreciable assets	8,311,974	796,578	1,761,100	(241,750)	10,627,902
Accumulated depreciation					
Buildings and improvements	(1,885,281)	(100,151)	-	6,278	(1,979,154)
Passenger facilities	(231,841)	(81,880)	-	-	(313,721)
Shop, office, and other equipment	(3,874,231)	(654,446)	-	215,278	(4,313,399)
Total accumulated depreciation	(5,991,353)	(836,477)	-	221,556	(6,606,274)
Capital assets, net	7,814,617	1,033,261	-	(193,427)	8,654,451
Right-to-use leased assets being amortized					
Right-to-use leased equipment	32,182	17,044	-	-	49,226
Less accumulated amortization for					
Right-to-use leased equipment	(9,153)	(9,845)	-	-	(18,998)
Net right-to-use leased assets	23,029	7,199	-	-	30,228
Total capital assets, net	$ 7,837,646	$ 1,040,460	$ -	$ (193,427)	$ 8,684,679

NOTE 6 LEASES

MARTA has entered into three lease agreements for office equipment. MARTA is required to make principal and interest payments through November 2026, April 2027 and June 2028. The lease liabilities were valued using a discount rate of 3%, as stated in each lease agreement. The total amount of right-to-use leased assets and the related accumulated amortization on right-to-use leased assets were $49,226 and $18,998 as of June 30, 2024, respectively.

NOTE 7 LONG TERM LIABILITIES

	Balance July 1 2023	Additions	Deletions	Balance June 30, 2024	Amount Due in One Year
Compensated absences	$ 111,177	$ 167,712	$ (164,979)	$ 113,910	$ 56,955
Leases	23,567	17,044	(9,463)	31,148	9,954
	$ 134,744	$ 184,756	$ (174,442)	$ 145,058	$ 66,909

The remaining principal and interest payments on the leases are as follows:

Year Ended June 30	Principal	Interest	Total
2025	$ 9,954	$ 562	$ 10,516
2026	10,048	468	10,516
2027	7,222	392	7,614
2028	3,924	455	4,379
Total	$ 31,148	$ 1,877	$ 33,025

NOTE 8 RISK MANAGEMENT

MARTA is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other lines of coverage. The Authority began covering the claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. MARTA's share of the Authority's assets, liabilities, and equities is not available. Separate financial statements may be obtained at 8081 Moody St., La Palma, California 90623.

Annual contributions to the Authority are made on a prospective basis. As of June 30, 2024, the retrospective adjustment calculation resulted in a cumulative payable of $770 to be applied in fiscal year 2024. MARTA has had no settled claims resulting from these risks that exceeded its coverage in any of the past three fiscal years.

The total funding requirement for self-insurance programs is estimated to be using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

NOTE 8 RISK MANAGEMENT (CONTINUED)

Primary Liability Program
Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes costs incurred up to $100,000 for each occurrence and are evaluated as a percentage of the pool's total costs incurred within the first layer. (3) The second layer of losses includes costs incurred from $100,000 to $500,000 for each occurrence and is evaluated as a percentage of the pool's total costs incurred within the second layer. (4) Incurred costs, from $500,000 to $50 million, are distributed based on the outcome of the cost allocation within the first and second loss layers. The overall coverage limit for each member, including all layers of coverage, is $50 million per occurrence. Subsidence losses also have a $50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: https://cjpia.org/coverage/risk-sharing-pools/.

Workers' Compensation
Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes costs incurred up to $75,000 for each occurrence and is evaluated as a percentage of the pool's total costs incurred within the first layer. (3) The second layer of losses includes costs incurred from $75,000 to $200,000 for each occurrence and is evaluated as a percentage of the pool's total costs incurred within the second layer. (4) Incurred costs from $200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2023-24, the Authority's pooled retention is $1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to $1 million. Coverage from $1 million to $5 million is purchased through reinsurance policies, and Employer's Liability losses from $5 million to $10 million are pooled among members.

Pollution Insurance
MARTA participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by MARTA. Coverage is on a claims-made basis. There is a $250,000 deductible. The Authority has an aggregate limit of $20 million.

NOTE 8 RISK MANAGEMENT (CONTINUED)

Property Insurance
MARTA participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. MARTA's property is currently insured according to a schedule of covered property submitted by MARTA to the Authority. MARTA's property currently has all-risk property insurance protection in the amount of $2,121,626. There is a $10,000 deductible per occurrence except for non-emergency vehicle insurance which has a $2,500 deductible.

Earthquake and Flood Insurance
MARTA purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. MARTA's property currently has earthquake protection in the amount of $691,230. There is a deductible of 5% per unit of value with a minimum deductible of $100,000.

Crime Insurance
MARTA purchases crime insurance coverage in the amount of $1,000,000 with a $2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance
MARTA further protects against liability damage by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to MARTA according to a schedule. MARTA then pays for the insurance. The insurance is facilitated by the Authority.

Adequacy of Protection
During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2023-24.

NOTE 9 DEFERRED COMPENSATION PLAN

MARTA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all non-represented MARTA employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Management believes that MARTA has no fiduciary role under the plan, and plan funds are not available to MARTA's general creditors. Accordingly, MARTA has not reported plan assets in the accompanying financial statements.

NOTE 10 401(A) RETIREMENT PLAN

MARTA administers a defined contribution pension plan, the MARTA 401(a) Plan (Plan), which is available to non-represented employees who have attained 21 years of age and completed 500 hours of service. Plan provisions may be amended by MARTA under the provisions of Internal Revenue Code Section 401(a).

Participants may pass after-tax contributions to the Plan. MARTA's Plan contributions include matching 50 percent of elective deferral contributions to the employee's 457 plan and nonelective employer contributions. MARTA's contributions to the Plan totaled $95,399 during the fiscal year ended June 30, 2024.

NOTE 11 SUBSEQUENT EVENTS

In preparing the financial statements, MARTA has evaluated events and transactions for potential recognition or disclosure through February 28, 2025, the date the financial statements were available to be issued. No subsequent events occurred that require recognition or additional disclosure in the Financial Statements.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Mountain Area Regional Transit 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 *(Government Auditing Standards)*, the financial statements of Mountain Area Regional Transit Authority (MARTA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MARTA'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of MARTA's internal control. Accordingly, we do not express an opinion on the effectiveness of MARTA'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 MARTA'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 MARTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MARTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
February 28, 2025

COMPLIANCE SECTION

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Independent Auditor's Report on State Compliance

The Board of Directors
Mountain Area Regional Transit Authority

Report on Compliance with Transportation Development Act Requirements

Opinion

We have audited the Mountain Area Regional Transit Authority's (MARTA) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by MARTA were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the San Bernardino County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations for the year ended June 30, 2024.

In our opinion, MARTA complied, in all material respects, with the compliance requirements referred to above that are applicable to MARTA 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 requirement of the TDA regulations. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MARTA 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 TDA compliance requirements. Our audit does not provide a legal determination of MARTA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for MARTA's compliance with the TDA 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, provisions of contracts or agreements applicable to the TDA.

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 MARTA'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 TDA regulations 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 MARTA's compliance with the requirements of the TDA regulations as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the TDA regulations, 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 MARTA'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 MARTA'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 TDA regulations, but not for the purpose of expressing an opinion on the effectiveness of MARTA'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 TDA regulations 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 TDA regulations 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 TDA regulations 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 TDA regulations. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
February 28, 2025

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
1. Claimant was an entity eligible to receive the funds allocated to it.	X				
2. Claimant maintains its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99243.	X				
3. Funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000.	X				
4. Funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions.	X				
5. Interest earned on funds received by the claimant pursuant to the TDA were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6.	X				

See independent auditor's report on state compliance.

Compliance Requirements	**In Compliance**			**Questioned Costs**	**If no, provide details and management response.**
	Yes	**No**	**N/A**		
6. The amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2, is verified.	X				
7. The amount of the claimant's actual fare revenues for the fiscal year is verified.	X				
8. The amount of the claimant's actual local support for the fiscal year is verified.	X				
9. The amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649 is verified.	X				
10. The amount of the operator's expenditure limitation in accordance with Section 6633.1 is verified.	X				
11. The operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273	X				
12. The operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251	X				
13. The operator's State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7 is verified.	X				

See independent auditor's report on state compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
14. The claimant for community transit services is in compliance with Public Utilities Code Sections 99155 and 99155.5.			X		

Mountain Area Regional Transit Authority
A Joint Powers Authority
Single Audit Report
Year Ended June 30, 2024
with Independent Auditor's Report

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Mountain Area Regional Transit Authority
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Mountain Area Regional Transit 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 *(Government Auditing Standards)*, the financial statements of the Mountain Area Regional Transit Authority (MARTA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise MARTA's basic financial statements and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MARTA'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 MARTA's internal control. Accordingly, we do not express an opinion on the effectiveness of MARTA'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 MARTA's basic 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 the MARTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MARTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
February 28, 2025

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Independent Auditor's Report on Compliance for Each Major Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Mountain Area Regional Transit Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mountain Area Regional Transit Authority's (MARTA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on MARTA's major federal program for the year ended June 30, 2024. MARTA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, MARTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the 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 (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 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 MARTA 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 the major federal program. Our audit does not provide a legal determination of MARTA'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 MARTA'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 MARTA'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 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 MARTA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 MARTA'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 MARTA'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 MARTA'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items SA 2024-001, SA 2024-002 and SA 2024-003. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on MARTA's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. MARTA's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings SA 2024-002 and SA 2024-003 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on MARTA's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. MARTA's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 Mountain Area Regional Transit Authority as of and for the year ended June 30, 2024, and have issued our report thereon dated February 28, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Vasquez & Company LLP

Glendale, California
February 28, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number (ALN)	Contract Number	Provided to Subrecipients	Total Federal Expenditures
MAJOR PROGRAM				
U.S. Department of Transportation - Federal Transit Administration				
Passed-through State of California Department of Transportation				
Formula Grants for Rural Areas, Section 5311	20.509	64BA22-02085	$ -	$ 409,954
Formula Grants for Rural Areas, Intercity Bus Section 5311f	20.509	64CA23-02232	-	227,481
Formula Grants for Rural Areas, Section 5311 Coronavirus Response and Relief Supplemental Appropriations Act of 2021	20.509	64RO21-01648	-	1,289,669
	Total Federal ALN 20.509		-	1,927,104
TOTAL FEDERAL EXPENDITURES			$ -	$ 1,927,104

See accompanying notes to schedule of expenditures of federal awards

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mountain Area Regional Transit Authority (MARTA) under programs of the federal government for the year ended June 30, 2024. The information 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). The Schedule presents only the accounts of various grant programs and, therefore, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of MARTA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported on the accrual basis of accounting. 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.

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

NOTE 3 SUBRECIPIENTS

MARTA provided no federal awards to subrecipient for the year ended June 30, 2024.

NOTE 4 RELATIONSHIP OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree to amounts reported within MARTA's financial statements.

NOTE 5 CONTINGENCIES

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes – SA 2024-002 and SA 2024-003
Type of auditor's report issued on compliance with respect to major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	Yes – SA 2024-001, SA 2024-002, and SA 2024-003

Identification of Major Programs:

Assistance Listing No.	Name of Federal Program
20.509	Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2024.

Section III - Federal Award Findings And Questioned Costs

SA 2024-001: Develop Written Policies and Procedures

Assistance Listing Number:	20.509
Federal Program/Cluster Name:	Formula Grants for Rural Areas
Federal Agency:	U.S. Department of Transportation – Federal Transit Administration
Federal Award Number:	64BA22-02085/64CA23-02232/64RO21-01648
Federal Award Years:	July 1, 2022 through December 31, 2024 / July 1, 2023 through December 31, 2024 / January 20, 2020 through June 30, 2026
Compliance Requirement	Others

Criteria:
2 CFR 200.303 requires nonfederal entities to establish and maintain effective internal control over federal awards to provide reasonable assurance that organizations who manage the federal award:

- Understand and comply with the federal statutes, regulations, and terms and conditions of the award;
- Evaluate and monitor compliance;
- Take prompt action when instances of noncompliance is identified.

These internal controls should be in compliance with guidance in S*tandards for Internal Control in the Federal Government*, issued by the Comptroller General of the United States, or the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Additionally, the Uniform Guidance requires non-federal entities to develop written procedures related to the following areas:

1. Cash Management
   2 CFR 200.302(b)(6) states that the financial management system of each non-Federal entity must provide for the written procedures to implement the requirements of 2 CFR 200.305 Federal Payment.

2. Equipment Management Requirements
   Non-federal entities other than states must follow 2 CFR sections 200.313(c) through (e).

In addition, the organizations should ensure that existing written procedures are in compliance with:

a. General Procurement Standards
   2 CFR 200.318 to 200.327 discusses that contracts must be established and managed in accordance with the procurement requirements in 2 CFR Part 200. Grantees must have written procurement policies and procedures that demonstrate a fair and reliable process, with standards of conduct addressing conflicts of interest, for obtaining grant-funded goods and services.

SA 2024-001: Develop Written Policies and Procedures (Continued)

Condition
MARTA does not have comprehensive written policies and procedures concerning the following key compliance areas which are required by the Uniform Guidance:

Equipment and Real Property Management
MARTA has an Asset Inventory Policy and Procedures, however, it does not clearly define the policies and procedures that are in place for the use, management and disposition of equipment acquired under a Federal award in accordance with 2 CFR sections 200.313(c) through (e).

Cash Management
MARTA does not have written procedures to implement the requirements of 2 CFR 200.305 Federal Payment.

Procurement, Suspension and Debarment
MARTA has a Procurement policy, however, documented procedures are not well-defined regarding the purchase process for different types of procurement, obtaining quotations, bidding, and procedures for verifying that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded.

Cause
MARTA's reliance on informal business practices leads to inconsistencies in its internal controls.

Effect
The absence of formal policies and procedures in the key compliance areas could result in non-compliance with federal regulations, which may lead to unnecessary sanctions. Additionally, without formal written policies and procedures, it is difficult to ensure consistent practices across the organization.

Questioned Costs
None

SA 2024-001: Develop Written Policies and Procedures (Continued)

Recommendation
MARTA should develop and implement formal written policies and procedures for the specific areas required by the Uniform Guidance. These policies and procedures must clearly delineate the requirements of the Uniform Guidance. Personnel responsible for these areas should receive adequate training and apply the policies effectively. Regular reviews should be conducted to update the policies and procedures as needed.

Views of Responsible Officials and Planned Corrective Action

MARTA has grown substantially in the last several years. This progress includes identifying areas that we need to update or to develop new processes and documentation.

MARTA has an Asset Inventory Policy and Procedures in which the purpose is to ensure that fixed assets are properly accounted for, identified, and tracked.

MARTA also has Cash Handling Policy and Procedures which addresses safeguarding public funds and maximizing resources available. This is designed to reduce the risks associated with the collection, receipts storage and reporting of cash transactions and to safeguard and maintain the security and integrity of MARTA's fiscal assets.

MARTA is in the process of updating the Procurement Policy.

MARTA will review and update these policies and/or create new policies to make sure that they are compliant with the Uniform Guidance. The updated or newly created policies will be brought to the October 2025 Board of Directors meeting for Board review or approval.

Personnel responsible: Sandy Benson, General Manager

Anticipated completion date: October 2025

SA 2024-002: Procurement, Suspension and Debarment

Assistance Listing Number:	20.509
Federal Program/Cluster Name:	Formula Grants for Rural Areas
Federal Agency:	U.S. Department of Transportation – Federal Transit Administration
Federal Award Number:	64BA22-02085/64CA23-02232/64RO21-01648
Federal Award Years:	July 1, 2022 through December 31, 2024 / July 1, 2023 through December 31, 2024 / January 20, 2020 through June 30, 2026
Compliance Requirement	Procurement, Suspension and Debarment

Criteria
Procurement
Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow specific procurement standards set out in 2 CFR sections 200.317 through 200.327, which includes documenting the procurement methods used for vendor selection. These procedures are designed to ensure fair competition, cost-effectiveness, and federal requirements.

These procurement standards require, among other provisions, that a non-federal entity must:

1. Meet the general procurement standards in 2 CFR Section 200.318, which include oversight of contractors' performance, maintaining written standards of conduct for employees involved in contracting, awarding contracts only to reliable contractors, and maintaining records to document the history of procurement.

2. Conduct all procurement transactions for the acquisition of property or services under a federal award in a manner providing full and open competition consistent with the standards of 2 CFR section 200.320.

3. Use documented procurement procedures, consistent with the standards of 2 CFR 200.317 to 320. 2 CFR 200.320 enumerates below the different procurement methods that a non-federal entity should use:

    a) The micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 CFR sections 200.320(a) (1) and (2). Under the micro-purchase method, the aggregate dollar amount does not exceed $50,000.

    b) Small purchase procedures are used for purchases that exceed the micro-purchase amount but do not exceed the simplified acquisition threshold.

       The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.

SA 2024-002: Procurement, Suspension and Debarment (Continued)

Criteria (Continued)
Procurement (Continued)

c) Micro-purchases may be awarded without soliciting competitive quotations if the non-federal entity considers the price to be reasonable (2 CFR section 200.320(a)). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 CFR section 200.320(b)).

4. For acquisitions exceeding the simplified acquisition threshold, the non-federal entity must use one of the following procurement methods: the sealed bid method if the acquisition meets the criteria in 2 CFR section 200.320(b) (1); the competitive proposals method under the conditions specified in 2 CFR section 200.320(b) (2); or the noncompetitive proposals method (i.e., solicit a proposal from only one source) but only when one or more of four circumstances are met, in accordance with 2 CFR section 200.320(c)).

5. Perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications (2 CFR section 200.323(a)). The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used (2 CFR section 200.323(b)).

6. Ensure that every purchase order or other contract includes applicable provisions required by 2 CFR section 200.326. These provisions are described in Appendix II to 2 CFR Part 200, "Contract Provisions for Non-Federal Entity Contracts Under Federal Awards."

Suspension and Debarment
Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at SAM.gov Home (click on Search Record, then click on Advanced Search-Exclusions) (Note: The OMB guidance at 2 CFR Part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition
During our audit, MARTA was unable to provide purchase order documentation or contract for eight samples that are above $500. Per current procurement policy, "Purchases of supplies, services, and equipment costing more than five hundred ($500) shall be made by purchase order, unless authorized by a signed contract or Mountain Transit Board Approval".

SA 2024-002: Procurement, Suspension and Debarment (Continued)

Condition (Continued)
During our audit, MARTA was unable to provide supporting documentation to demonstrate that the required price or rate quotations for those purchases or contracts with contract amounts above $10,000 were obtained from an adequate number of qualified sources and maintained the documentation to support its conclusion. These were noted for two samples tested. The expenditure paid ranged from $10,000 to $36,000 in 2024.

During our audit, MARTA was unable to provide supporting documentation to demonstrate that the process of verifying if vendors are not suspended or debarred was performed on two vendors tested. The expenditure paid to these vendors ranged from $109,000 to $647,000 in 2024.

Cause
MARTA did not follow its existing purchasing policy and procedures, and lack of procedures in maintaining appropriate records of vendor selection and compliance with procurement standards.

Effect
The absence of procurement documentation raises the risk of non-compliance with federal regulations, which could lead to potential disallowances or unnecessary sanctions.

Questioned Costs
None

SA 2024-002: Procurement, Suspension and Debarment (Continued)

Recommendation
MARTA should strengthen its internal controls over procurement by ensuring that all procurement activities, particularly significant expenditures, are properly documented. This includes retaining evidence that procurement methods required by the Uniform Guidance were followed, such as bids, contracts, or justifications for sole-source vendors. MARTA should also conduct training for staff involved in procurement to ensure awareness and adherence to the policies. Regular internal audits may be implemented to verify compliance with procurement procedures.

Views of Responsible Officials and Planned Corrective Action

MARTA is in the process of updating the Procurement Policy. MARTA will ensure that updated policies and procedures will be implemented to address compliance and documentation requirements for small and micro-purchases, sole-source, and informal processes.

The updated Procurement Policy will be brought to the October 2025 Board of Directors meeting for Board review or approval.

Personnel responsible: Sandy Benson, General Manager

Anticipated completion date: October 2025

SA 2024-003: Allowable costs - Payroll

Assistance Listing Number:	20.509
Federal Program/Cluster Name:	Formula Grants for Rural Areas
Federal Agency:	U.S. Department of Transportation – Federal Transit Administration
Federal Award Number:	64BA22-02085/64CA23-02232/64RO21-01648
Federal Award Years:	July 1, 2022 through December 31, 2024 / July 1, 2023 through December 31, 2024 / January 20, 2020 through June 30, 2026
Compliance Requirement	Allowable Costs

Criteria
Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under federal awards;

1. Be necessary and reasonable for the performance of the federal award and be allocable thereto under the principles in 2 CFR Part 200, Subpart E.

2. Conform to any limitations or exclusions set forth in 2 CFR Part 200, Subpart E or in the federal award as to types or amount of cost items.

3. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.

4. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.

5. Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only as otherwise provided for in 2 CFR Part 200.

6. Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period.

7. Be adequately documented.

Condition
During the audit of payroll expenses charged to the program, it was noted that four samples have Personnel Action Forms (PAF) without the signature of the General Manager. Per current policies and procedures, for pay rate changes, a PAF should be created by the HR Manager and signed by the General Manager.

Additionally, MARTA was unable to provide PAF for four samples.

Cause
The PAFs without final signature were not submitted to the General Manager. There was also difficulty in finding the missing PAFs which might be due to a lack of proper file management.

SA 2024-003: Allowable costs – Payroll (Continued)

Effect
The absence of approval and adequate documentation raises the risk of non-compliance with federal regulations, which could lead to potential disallowances of costs.

Questioned Costs
None

SA 2024-003: Allowable costs – Payroll (Continued)

Recommendation
MARTA should strengthen its internal controls over the payroll process by ensuring that all PAFs are reviewed for accuracy and properly approved. MARTA should ensure that PAF and timecards are adequately documented and filed.

Views of Responsible Officials and Planned Corrective Action

The HR Manager will review the procedures for processing PAF, communicate more effectively to close the loop on paperwork process, and confirm authorized signatures. The HR Manager will review all files for completed PAF forms and practice better diligence going forward in maintaining all documentation in personnel files.

Personnel responsible: Jacob Phillips, HR Manager

Anticipated completion date: Effective immediately

There were no federal award findings reported for the fiscal year ended June 30, 2023.

Morongo Basin Transit Authority
(A joint Powers Authority)
Audited Financial Statements and
Required Supplementary Information
As of and for the Year Ended June 30, 2024
With Independent Auditor's Report

VASQUEZ
+ COMPANY LLP

Morongo Basin Transit Authority
(A joint Powers Authority)
Audited Financial Statements and
Required Supplementary Information
As of and for the Year Ended June 30, 2024
With Independent Auditor's Report

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VASQUEZ
+ COMPANY LLP

Independent Auditor's Report

The Board of Directors
Morongo Basin Transit Authority
Joshua Tree, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Morongo Basin Transit Authority (Basin Transit), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Basin Transit's basic financial statements as listed in the table of contents.

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

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 (*Government Auditing Standards*). 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 Basin Transit 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.

Other Matter

As discussed in Note 15, Basin Transit's beginning net position as of July 1, 2023, has been restated to correct the improper recognition of certain OPEB plan assets as assets of Basin Transit and to correct the over-depreciation of certain capital assets in the prior year. Our opinion is not modified with respect to this matter.

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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 Basin Transit's ability to continue as a going concern for twelve months beyond the financial statements 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 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 financial statements.

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 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 Basin Transit'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 Basin Transit'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 (U.S. GAAP) require that the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions for the Cost-Sharing Retirement Plan, and the Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability and Related Ratios 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 (GASB), 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that U.S. GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of Basin Transit'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 Basin Transit'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 Basin Transit's internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
December 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	$	8,065,626
Restricted cash		
Restricted for capital purposes		680,889
Section 115 Pension Trust		374,547
Receivables		
Grants		1,140,393
Accrued revenue		42,474
Prepaid expenses and other current asset		2,430
Total current assets		10,306,359
Noncurrent assets		
Capital assets, net		5,640,038
Total assets		15,946,397
Deferred Outflows of Resources		
Deferred amount related to pensions		761,425
Deferred amount related to OPEB		497,638
Total deferred outflows of resources		1,259,063
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	17,205,460
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable	$	38,463
Compensated absences		69,997
Other accrued liabilities		68,557
Unearned revenue		5,695,544
Total current liabilities		5,872,561
Noncurrent Liabilities		
Net pension liability		1,486,010
Net OPEB liability		1,036,635
Compensated absences		69,997
Total noncurrent liabilities		2,592,642
Total liabilities		8,465,203
Deferred Inflows of Resources		
Deferred amount related to pensions		33,990
Deferred amount related to OPEB		1,731,757
Total deferred inflows of resources		1,765,747
Net Position		
Net investment in capital assets		5,640,038
Restricted		1,055,436
Unrestricted		279,036
Total net position		6,974,510
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	17,205,460

See notes to financial statements.

OPERATING REVENUES		
Passenger fares	$	362,300
Procurement services		409,591
Taxi licensing services		3,960
Total operating revenues		775,851
OPERATING EXPENSES		
Operations		3,043,703
Maintenance		608,075
Administration		842,167
Procurement		258,208
Taxi licensing		7,278
Escort program TREP		85,747
Depreciation		1,273,340
Total operating expenses		6,118,518
OPERATING LOSS		(5,342,667)
NONOPERATING REVENUES		
Operating assistance		
Local Transportation Fund (LTF) Article 4		3,044,188
Measure I		156,129
Federal Transit Administration (FTA) Section 5311		579,901
FTA Section 5310 TREP		86,641
State and local grants		40,000
Interest income		101,933
Miscellaneous		227,155
Total non-operating revenues		4,235,947
LOSS BEFORE CAPITAL CONTRIBUTIONS		(1,106,720)
CAPITAL CONTRIBUTIONS		
Congestion Mitigation and Air Quality (CMAQ)		1,073,662
State Transit Assistance Fund (STAF)		154,550
LTF Article 4		783,856
State of Good Repair (SGR)		174,337
Total capital contributions		2,186,405
CHANGE IN NET POSITION		1,079,685
NET POSITION		
Beginning of Year, as restated		5,894,825
End of Year	$	6,974,510

See notes to financial statements.

Cash flows from operating activities	
Cash received from passenger fares	$ 362,300
Cash received from procurement and taxi licensing services	413,551
Payments to employees	(2,992,759)
Payments to vendors for services	(2,098,822)
Net cash used in operating activities	(4,315,730)
Cash flow from noncapital financing activity	
Operating grants received	5,116,530
Cash provided by noncapital financing activity	5,116,530
Cash flows from capital and related financing activities	
Capital grants received	2,277,268
Purchase of capital assets	(1,863,730)
Net cash provided by capital and related financing activities	413,538
Cash flows from investing activity	
Interest income	101,933
Cash provided by financing activity	101,933
Net increase in cash and cash equivalents, and restricted cash	1,316,271
Cash and cash equivalents, and restricted cash, beginning of year	7,804,791
Cash and cash equivalents, and restricted cash, end of year	$ 9,121,062
Cash and cash equivalents	$ 8,065,626
Restricted cash for capital purposes	680,889
Restricted cash - pension and OPEB trusts	374,547
Total cash and cash equivalents, and restricted cash	$ 9,121,062

(Continued)

See notes to financial statements.

Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$	(5,342,667)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense		1,273,340
Changes in operating assets and liabilities and deferred outflows and inflows of resources:		
Decrease in prepaid expenses and other current asset		62,150
Increase (decrease) in:		
Accounts payable		28,323
Compensated absences		2,646
Other accrued liabilities		(1,658)
Net pension liability		158,257
Net OPEB liability		(42,306)
Change in deferred outflows of resources related to pensions		94,221
Change in deferred inflows of resources related to pensions		(20,515)
Change in deferred outflows of resources related to OPEB		(61,374)
Change in deferred inflows of resources related to OPEB		(466,147)
Total adjustments		1,026,937
Net cash used in operating activities	$	(4,315,730)

(Concluded)

See notes to financial statements.

NOTE 1 DESCRIPTION OF THE ORGANIZATION

Morongo Basin Transit Authority (Basin Transit) is a joint powers agency whose members are the County of San Bernardino, the City of Twentynine Palms, California, and the Town of Yucca Valley, California. Basin Transit provides bus services to the City of Twentynine Palms and the Town of Yucca Valley as well as certain surrounding county areas of the Morongo Basin. Transit services provided include fixed routes and certain demand-response services. Basin Transit is governed by a Board of Directors comprised of representatives of the member jurisdictions and a member-at-large.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

Basin Transit meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

Measurement Focus and Basis of Accounting

Basin Transit's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement 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 recorded when earned and expenses are recorded when the related liability is incurred.

Cash and Cash Equivalents

Cash and cash equivalents Includes demand deposits and amounts invested in the State treasurer's investment pool (the State of California Local Agency Investment Fund). For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid deposits with original maturities of three months or less from the date of acquisition.

Restricted Cash

As of June 30, 2024, Basin Transit held $680,889 of Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Program, State of Good Repair, and Low Carbon Transit Operations Program (LCTOP) cash restricted for capital projects. Basin Transit also held $374,547 of restricted cash under the establishment of Section 115 Trusts funds through California Public Employees Retirement System's (CalPERS) California Employers' Pension Prefunding Trust Program (CEPPT).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Grants for operating assistance and capital acquisitions are included in revenue in the period in which the grant was earned. Reimbursable federal capital grants are accrued when the related expenditures are incurred. Capital grant funds advanced but not yet earned are treated as unearned revenues. Also, operating funds advanced from the San Bernardino County Transit Authority (SBCTA) for working capital are treated as unearned revenues until earned. Operating assistance grants are included in non-operating revenues in the year in which the grant is applicable and the related expenses are incurred. Revenue earned under capital grants is recorded as capital contributions. Operating grant activity for the fiscal year is detailed in Note 7.

Capital assets are stated at historical cost and depreciated using the straight-line method over the following estimated useful lives:

Capital assets being depreciated:	
Buildings and improvements	7 to 25 years
Office furniture, fixtures, and equipment	5 years
Buses	5 to 12 years
Vehicles	5 years
Security enhancements	10 years
Information systems	5 years
Data handling equipment	5 years

Basin Transit's capitalization threshold for recognition of property, plant, and equipment assets is $300.

Self-Insurance Liabilities

Basin Transit's self-insured retention and incurred but not reported claims liabilities are covered by the California Transit Insurance Pool Joint Powers Insurance Authority pool in which they participate, as detailed in Note 9.

Compensated Absences

Compensated employee absences are accrued as the employees earn them. The balance is attributable to services already rendered and will likely be used as paid time off or paid out upon termination or retirement.

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Basin Transit's CalPERS plans and additions to and 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (OPEB)
OPEB expense, deferred outflows/inflows of resources related to OPEB, and implied subsidy payments were used to measure the total OPEB liability.

Deferred Inflows and Outflows of Resources
In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and therefore are not recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and therefore, are not recognized as revenue until that time.

Basin Transit reported deferred outflows and inflows of resources related to pensions and OPEB. See Notes 11 and 13 for items identified as deferred inflows and outflows as of June 30, 2024.

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources and is classified into three categories

Net investment in capital assets – This balance reflects the net position of Basin Transit invested in capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

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

Unrestricted – This balance represents the amount of net position that does not meet the definition of net investment in capital assets or restricted net position.

Operating and Non-Operating Revenue
Basin Transit distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from directly providing services in connection with Basin Transit’s operation of bus transit services, procurement services, and taxi licensing services. These revenues are primarily passenger fares, fees collected from transit agencies for procurement assistance, and taxi licensing fees collected. Operating expenses include the cost of sales and services, administrative expenses, contracted services, and depreciation on capital assets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Non-Operating Revenue (Continued)
All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The majority of the miscellaneous revenue balance presented is composed of Compressed Natural Gas (CNG) tax credits, revenue from the sale of CNG and renewable natural gas.

Capital Contributions
Consist of grants that are legally restricted for capital expenses by federal, state, or local law that established those charges.

Restricted and Unrestricted Resources
When both restricted and unrestricted resources are available for use, it is Basin Transit's policy to use restricted resources first, and then unrestricted resources as they are needed.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Effect of New GASB Pronouncements

GASB Statement No. 99
In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and 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 Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of this statement did not have a significant impact on Basin Transit's financial statements.

GASB Statement No. 100, Accounting Changes and Error Corrections
This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. See Note 15.

NOTE 3 PROCUREMENT ACTIVITY AND TAXI LICENSING ACTIVITY

Procurement activities are for services provided to local agencies assisting with the procurement of buses. The State of California Department of Transportation and the SBCTA have agreed that procurement revenues are available to be retained and expended at management's discretion including TDA-eligible projects. For the year ended June 30, 2024, procurement revenues were expended on bid expenses and transit assistance grant programs to local government and non-profit agencies. The remaining procurement expenses were allocated to fund the administrative activities of Basin Transit, based on approved budgeted balances.

Taxi licensing activities are for the licensing of taxi service providers of Basin Transit and funds are retained to reimburse costs incurred in operation and administration of taxi licensing activity. For the year ended June 30, 2024, these expenses included legal fees, insurance, drug testing, background verification, rent, and utilities.

Basin Transit reports procurement and taxi licensing activities with transit operations. Internally, Basin Transit tracks procurement and taxi licensing activities as follows:

Procurement activities balance from prior year	$	1,510,433
Procurement services during the year		409,591
Expenditures during the year		(258,208)
Ending balance of procurement activities	$	1,661,816
Taxi licensing activities balance from prior year	$	64,710
Taxi licensing services		3,960
Expenditures during the year		(7,278)
Ending balance of taxi licensing activities	$	61,392

NOTE 4 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents		$	8,065,626
Restricted cash			1,055,436
	Total	$	9,121,062
Cash and cash equivalents as of June 30, 2024 consist of the following:			
Cash on hand		$	691
Demand accounts			4,648,282
Demand accounts restricted for capital projects			680,889
Section 115 Trust Funds			374,547
Local Agency Investment Fund (LAIF)			3,416,653
	Total	$	9,121,062

Policies and Practices
Basin Transit is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations as specified in Section 53600 of the California Government Code. Basin Transit does not have a formal policy for investments that is more restrictive than that noted in the government code.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates which adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Basin Transit does not have a formal policy related to investment interest rate risk.

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Basin Transit does not have a formal policy related to its credit risk and Basin Transit's investment in LAIF at June 30, 2024 was not rated.

NOTE 4 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

Custodial Credit Risk – Deposits
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, Basin Transit 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. Basin Transit does not have a policy related to custodial credit risk for deposits. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, the first $250,000 of deposits were insured under FDIC. Further, up to $750,000 of deposits were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of Basin Transit, leaving $4,329,171 exposed to credit risk for deposits as of June 30, 2024.

Local Agency Investment Funds (LAIF)
Basin Transit is a voluntary participant in the California State Treasurer's LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission and is not rated. The fair value of Basin Transit's investment in this pool is reported in the accompanying financial statements at amounts based upon Basin Transit'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 on demand is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. As of June 30, 2024, Basin Transit's balance in LAIF of $3,416,653 is measured at amortized cost, which approximates fair value.

Investments in Section 115 Trusts
Basin Transit participates in CEPPT Section 115 trust funds. The agreement entered into by Basin Transit provides that the California Public Employees' Retirement Board of Administration has sole and exclusive control of the administration and investment of Basin Transit's contributions. Basin Transit's contributions may be aggregated with the assets of other participating employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 trust. CalPERS issues publicly available reports that include investment policies for the CEPPT fund that can be found on the CalPERS website.

NOTE 4 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

Fair Value Measurements
Basin Transit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1: Inputs are quoted prices in active markets for identical assets

Level 2: Inputs are significant other observable inputs

Level 3: Inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Basin Transit's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in the LAIF Investment Pool are made on the basis of $1 and not fair value. Accordingly, Basin Transit's investments in LAIF at June 30, 2024 of $3,416,653 is measured based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 inputs.

NOTE 5 FEDERAL, STATE AND LOCAL GRANTS

Federal Assistance
Basin Transit receives allocated Federal operating assistance funds. Such funds are apportioned to the local urbanized area by the Federal Transit Administration (FTA). Expenditures of federal operating assistance funds are subject to final audit and approval by the FTA. Total FTA assistance provided during the fiscal year ended June 30, 2024 was $579,901.

Transportation Development Act
Basin Transit is subject to the provisions pursuant to Section 6634 of the California Code of Regulations and Sections 99268.4 and 99313.3 of the Public Utilities Code. Basin Transit receives allocations of local transportation funds pursuant to the Transportation Development Act of 1971. These funds are generated within San Bernardino County and are allocated based on annual claims filed by Basin Transit and approved by SBCTA.

A. Section 6634
Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the local transportation fund and the State Transit Assistance Fund in an amount that exceeds the claimant's costs less the sum of fares received, local support required to meet the fare ratio, federal operating assistance, and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

NOTE 5 FEDERAL, STATE AND LOCAL GRANTS (CONTINUED)

The computation of unearned revenue for 2024 is as follows:

	Operating Funds	Capital Funds	Total
Beginning balance, July 1, 2023	$ 4,035,808	$ 598,429	$ 4,634,237
Gross receipts			
Fares	362,300	-	362,300
State Transit Assistance Fund	-	154,550	154,550
FTA Section 5311	579,901	-	579,901
Local Transportation Fund (LTF), Article 3	-	783,856	783,856
LTF, Article 4	3,980,861	-	3,980,861
Measure I	156,129	-	156,129
Interest income	101,454	48	101,502
Other	314,274	1,073,662	1,387,936
LCTOP	56,034	137,616	193,650
AB 2766	40,000	-	40,000
SB1 State of Good Repair	-	127,536	127,536
Total gross receipts	5,590,953	2,277,268	7,868,221
Operating expenses, less depreciation	(4,620,461)	-	(4,620,461)
Capital acquisitions and expenditures	-	(2,186,453)	(2,186,453)
Receipts over expenses in current period	970,492	90,815	1,061,307
Unearned revenue at June 30, 2024	$ 5,006,300	$ 689,244	$ 5,695,544

Unearned revenue at June 30, 2024, consists of the following:

	Operating Funds	Capital Funds	Total
LTF Carryover	$ 4,972,480	$ -	$ 4,972,480
LCTOP	33,820	304,235	338,055
State of Good Repair	-	146,448	146,448
PTMISEA Vehicles	-	238,561	238,561
	$ 5,006,300	$ 689,244	$ 5,695,544

B. Section 99268.4

Section 99268.4 indicates that in the case of an operator that is serving a non-urbanized area, the operator shall be eligible for local transportation funds in any fiscal year if it maintains, for the fiscal year, a ratio of fare revenues to operating cost at least equal to 10 percent.

NOTE 5 FEDERAL, STATE AND LOCAL GRANTS (CONTINUED)

The fare ratio as of June 30, 2024, is calculated as follows:

Operating expenses	$	6,118,518
Less Basin Transit reported procurement operations expense		(258,208)
Less Basin Transit reported taxi licensing operations expense		(7,278)
Less reimbursable expenses		(89,321)
Less depreciation		(1,273,340)
Adjusted operating expenses	$	4,490,371
Fare revenue	$	362,300
Fare ratio		8.07%
Local and federal funds used by the operator to supplement fare box revenues to satisfy the 10% fare ratio as permitted by section 99268.19		86,737
Adjusted fare revenue		449,037
Adjusted fare ratio		10.00%

Proposition 1B

The PTMISEA Fund is a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of $19.9 billion was deposited into the PTMISEA fund, $3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement. Proposition 1B cash receipts and cash disbursements were as follows:

Unspent PTMISEA funds as of July 1, 2023	$	238,512
Interest earning during fiscal year		49
Unearned PTMISEA Balance, June 30, 2024	$	238,561

State of Good Repair

The State of Good Repair (Road Repair and Accountability Act of 2017) provides additional revenues for transit infrastructure repair and service improvements including eligible transit maintenance, rehabilitation, and capital projects. The total held in restricted accounts as of June 30, 2024 was $146,448.

NOTE 5 FEDERAL, STATE AND LOCAL GRANTS (CONTINUED)

Low Carbon Transit Operations Program

LCTOP provides funds for approved projects to support new or expanded bus or rail services and expand intermodal facilities, and may include equipment acquisition, fueling, maintenance, and other costs to operate those services of facilities, with each project reducing greenhouse gas emissions. The total held in restricted accounts as of June 30, 2024, was $338,113.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, is as follows:

	Beginning Balance July 1, 2023 As Restated	Additions	Retirements	Ending Balance June 30, 2024
Capital assets being depreciated				
Buildings and improvements	$ 10,932,460	$ 238,004	$ -	$ 11,170,464
Office furniture, fixtures, and equipment	247,702	5,737	-	253,439
Buses	4,483,709	1,385,556	-	5,869,265
Vehicles	287,445	-	-	287,445
Security enhancements	-	221,609	-	221,609
Information systems	29,460	12,362	5,316	36,506
Data handling equipment	12,003	462	-	12,465
Total capital assets being depreciated	15,992,779	1,863,730	5,316	17,851,193
Less accumulated depreciation				
Buildings and improvements	7,684,617	540,564	-	8,225,181
Office furniture, fixtures, and equipment	213,571	11,696	-	225,267
Buses	2,782,872	666,196	-	3,449,068
Vehicles	236,913	24,294	-	261,207
Security enhancements	-	22,161	-	22,161
Information systems	20,356	5,936	5,316	20,976
Data handling equipment	4,802	2,493	-	7,295
Total accumulated depreciation	10,943,131	1,273,340	5,316	12,211,155
Total capital assets, net of accumulated depreciation	$ 5,049,648	$ 590,390	$ -	$ 5,640,038

NOTE 7 GRANTS

Grants receivable at June 30, 2024 were $1,140,393. This balance was composed of $622,514 of federal operating assistance grant funds and $517,879 from state and local sources.

NOTE 8 LINE OF CREDIT

Basin Transit has an unsecured line of credit with Pacific Western Bank. As of June 30, 2024, the amount available on the line of credit was $500,000. The line of credit has a maturity date of May 10, 2025. Upon drawing on loan, Basin Transit will pay regular monthly payments of all accrued interest. The interest rate on the line of credit is variable at 10.5% percent as of June 30, 2024. No amounts were outstanding on the line of credit as of June 30, 2024 and Basin Transit did not make any withdrawals on the line of credit during the fiscal year.

NOTE 9 SELF INSURANCE

Basin Transit is a member of the California Transit Insurance Pool (CalTIP) Joint Powers Insurance Authority (Authority). The Authority is composed of over 30 California public entities and is organized under a joint powers agreement pursuant to California law. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other lines of coverage. The Authority began covering the claims of its members in 1987.

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, Basin Transit's outstanding claims are valued. A rate offset computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. As of June 30, 2024, the retrospective calculation has not resulted in any additional liabilities for the general liability and physical damage policies. Basin Transit paid premiums to CalTIP of $362,413 for the fiscal year ended June 30, 2024. Basin Transit has had no settled claims resulting from these risks that exceeded its coverage in any of the past three fiscal years.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided on the next page.

Basin Transit has self-insurance programs for the following risks:

- Vehicle damage program with limits of $1,500,000 on any one vehicle and $20,000,000 on any one occurrence is insured through CalTIP.

- Liability to a maximum of $1,000,000 per incident is insured through CalTIP, over which coverage is provided to $10,000,000 per incident by a private carrier through CalTIP.

NOTE 9 SELF INSURANCE (CONTINUED)

- Special property insurance program through Alliant Insurance Services which covers all perils up to $25,000,000 per occurrence.
- Crime insurance program through Alliant Insurance Services with policy limits of $1,000,000.
- Workers' compensation to a maximum of $125,000 per incident is covered by PRISM Insurance Authority, over which coverage is provided to $50,000,000 by the excess workers' compensation program of the PRISM Insurance Authority. The excess workers' compensation program has a specific self-insured retention amount of $125,000.
- Professional liability (Errors and Omissions) coverage through Alliant Insurance Services with limits
- $1,000,000 per claim and policy aggregate.
- Difference in conditions coverage through Alliant Insurance Services with limits of $4,528,404 per occurrence and annual aggregate.

NOTE 10 COMPENSATED ABSENCES

The balance of $139,994 is related to accumulated unpaid personal leave, which includes vacation pay accrued at June 30, 2024.

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amount Due in One Year	Amount Due Beyond One year
$ 137,348	$ 150,032	$ 147,386	$ 139,994	$ 69,997	$ 69,997

NOTE 11 EMPLOYEES' RETIREMENT PLAN

General Information about the Pension Plan

Plan Description
Basin Transit contributes to the CalPERS, a cost-sharing multiple-employer defined benefit plan that acts as a common investment and administrative agent for participating entities within the State of California. The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Fund C (PERF C). CalPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a public Comprehensive Annual Financial Report that includes financial statements and required supplementary information for CalPERS. CalPERS reports include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information can be found on the CalPERS website.

Benefits Provided
CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the plan are applied as specified by The Public Employees' Retirement Law.

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

	Miscellaneous	
Hire Date	Classic - Prior to January 1, 2013	PEPRA - On or After January 1, 2013
Formula	2.0% @60	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-60	50-62
Monthly benefits, as a % of annual salary	2.00%	2.00%
Required employee contribution rate	7.00%	6.75%
Required employer contribution rate	10.10%	7.68%
Plus: annual required lump sum payment	$ 87,607	$ -

NOTE 11 EMPLOYEES' RETIREMENT PLAN (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 are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in 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. Basin Transit is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employer contributions to the pension plan for the year ended June 30, 2024, were $193,686.

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

As of June 30, 2024, Basin Transit's proportionate share of the collective net pension liability of the Plan is $1,486,010.

Basin Transit's net pension liability was measured as the proportionate share of the collective net pension liability of the cost-sharing plan. The net pension liability of the Plan was measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard actuarial procedures. Basin Transit's proportion of the net pension liability was based on a projection of Basin Transit's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. Basin Transit's proportion of the Plan as of measurement dates June 30, 2022, and 2023 were as follows:

	Miscellaneous
Proportion - June 30, 2022	0.02838%
Proportion - June 30, 2023	0.02972%
Change - Increase (Decrease)	0.00134%

NOTE 11 EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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

At June 30, 2024, Basin Transit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 89,717	$ -
Difference between Expected and Actual Experience	75,913	(11,776)
Difference between Projected and Actual Investment Earnings	240,598	-
Difference between Employer's Contributions and Proportionate Share Contributions	24,562	(22,214)
Change in Employer's Proportion	136,949	-
Pension Contributions Made Subsequent to Measurement Date	193,686	-
Total	$ 761,425	$ (33,990)

The amount of $193,686 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2025	$ 197,775
2026	131,112
2027	197,959
2028	6,904
Thereafter	-
	$ 533,750

NOTE 11 EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% *
Mortality	Derived using CalPERS' Membership Data for all funds

* Net of pension plan investment, includes inflation.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions would be made at the current contribution rate and that Basin Transit's contributions would be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

In determining the long-term expected 6.90 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. This is the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

NOTE 11 EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Asset Class	Assumed Assets Allocation	Real Return (1,2)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected price of 2.30% was used for this period.
(2) Figues are based on the 2021-2022 Assets Liability Management study.

Sensitivity of the Net Pension Liability to Changes in the Discounted Rate
The following presents the net pension liability of Basin Transit for the Plan, calculated using the discount rate, as well as what Basin Transit's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease -5.90%	Discount Rate -6.90%	1% Increase -7.90%
Basin Transit's proportionate share of net pension liability	$ 2,418,732	$ 1,486,010	$ 718,300

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

NOTE 12 HEALTH REIMBURSEMENT ARRANGEMENT

Basin Transit is a member of the California Public Employees Retirement System (PERS). All employees are enrolled in PERS, and are eligible for approved health care coverage. Employees who work more than 40 hours per pay period may participate in Basin Transit's insurance programs. Basin Transit maintains a Health Reimbursement Arrangement (HRA) qualifying as a tax-favored benefit under IRS Publication 502. Basin Transit pays up to 100% of the lowest single subscriber health premium offered through PERS. Basin Transit pays 100% of the lowest single+1 subscriber health premium for Managers. In the event the premium is higher than the lowest single subscriber rate, the difference would be deducted from the employee's paycheck.

For eligible employees who opt out of PERS health, Basin Transit will contribute $5,000 annually towards a Health Reimbursement Arrangement (HRA) to help with healthcare expenses. This contribution would be available at the beginning of each calendar year. An employee does not pay federal income tax or employment taxes on the amounts contributed by Basin Transit. As of June 30, 2024, HRA reimbursements in the amount of $62,165 were reported as part of operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position. The total HRA liability as of June 30, 2024 is $0.

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Plan Description

Basin Transit offers a single employer defined benefit plan (the Plan) which provides post-retirement medical benefits to eligible retirees through the California Public Employees Medical and Hospital Care Act (PEMHCA). PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. These benefits are available to employees who reached age 62 and completed at least five years of service. Participation in PEMHCA is financed in part by Basin Transit contributions to PEMHCA through the CalPERS health system, with the balance paid by the employee. Basin Transit's contribution for most active employees was a maximum of $1,513 for managers, $756 for non-managers, and $300 per month for retirees. CalPERS issues a public Comprehensive Annual Financial Report that includes financial statements and required supplementary information for PEMHCA, which can be found on the CalPERS website.

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided
Basin Transit funds retiree healthcare benefits on a pay-as-you-go basis, paying a maximum of $300 per month for each retirees' benefits from Basin Transit funds as they become due with no pre-funding for future years. Basin Transit recognizes expenses for its share of the annual premiums as these benefits become due.

Employees Covered by Benefit Terms
At June 30, 2022, the most recent valuation date, the following current and former employees were covered by the benefit terms under the Plan:

Active plan members	37
Inactive employees or beneficiaries currently receiving benefits	7
Total	44

Contributions
The contribution requirements for Basin Transit are established and may be amended by Basin Transit's Board of Directors. The contribution required to be made under labor agreement requirements is based on a pay-as-you-go basis (i.e., as monthly PEMHCA contributions for eligible retiree's costs become due). For the fiscal year 2023-2024, the total contributions made to the plan were $202,589.

Total OPEB Liability
Basin Transit's total OPEB liability of $1,036,635 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions and Other Inputs
The total OPEB liability on the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	5.50%
Inflation	2.50%
Salary Increases	3.00%
Investment rate of return	5.50%, net of OPEB plan investment expense
Mortality	(1)
Healthcare Trend Rate	5.75% for 2023, 5.50% for 2024, 5.20% for 2025, and 4.50% for 2070 and later years; Medicare ages: 4.00% for all years

(1) Pre-retirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study. Post-retirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Basin Transit's policy regarding the allocation of the plan's invested assets is established and may be amended by the agency's Board of Directors. Basin Transit participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all eligible California public agencies.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	34%	4.8%
U.S. Fixed	41%	1.8%
TIPS	5%	1.6%
Real Estate	17%	3.7%
Commodities	3%	1.9%

Discount Rate

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

b) A yield index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments.

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate (Continued)

The discount rate used to measure Basin Transit's total OPEB liability is the long-term expected return on plan investments of 5.5%.

Changes in the Net OPEB Liability

The changes in the net OPEB liability during the measurement period ended June 2023 are as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2023	$ 1,230,505	$ 151,564	$ 1,078,941
Changes Recognized for the Fiscal Year:			
Service Cost	98,924	-	98,924
Interest on the Total OPEB Liability	72,234	-	72,234
Benefit Payments	(32,609)	(32,609)	-
Contributions from the Employer	-	202,589	(202,589)
Net Investment Income	-	10,942	(10,942)
Administrative Expense	-	(67)	67
Net Changes	138,549	180,855	(42,306)
Balance at June 30, 2024 (Based on June 30, 2023 Measurement Date)	$ 1,369,054	$ 332,419	$ 1,036,635

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of Basin Transit, as well as what Basin Transit's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.50%) or 1 percentage-point higher (6.50%) than the current discount rate:

	1% Decrease -4.50%	Discount Rate -5.50%	1% Increase -6.50%
Net OPEB Liability	$ 1,222,601	$ 1,036,635	$ 882,611

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of Basin Transit, as well as what Basin Transit's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

	1% Decrease (a)	Healthcare Cost Trend Rate	1% Increase (b)
Total OPEB Liability	$ 855,046	$ 1,036,635	$ 1,260,312

(a) Trend rate for each future year reduced by 1.00%
(b) Trend rate for each future year increased by 1.00%

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2024, Basin Transit recognized a credit to OPEB expenses of $195,522. At June 30, 2024, Basin Transit reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (845,640)
Difference between assumptions or other inputs	278,205	(886,117)
Difference between projected and actual returns on OPEB investments	15,108	-
OPEB benefits paid subsequent to measurement date	204,325	-
Total	$ 497,638	$ (1,731,757)

$204,325 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025.

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		Deferred Outflows of Resources		Deferred Inflows of Resources
2025	$	112,307		(466,147)
2026		97,272		(395,246)
2027		63,784		(338,489)
2028		19,949		(279,932)
2029		-		(251,943)
Thereafter		-		-
	$	293,312	$	(1,731,757)

NOTE 14 SECTION 115 TRUST

In April 2021, the board of directors approved Basin Transit's participation in CEPPT and CERBT. The CalPERS board of administration has sole and exclusive control and power over the administration and investment of the prefunding plan. Contributions are irrevocable, the assets are held to reduce pension and OPEB contributions in the future, and the assets are protected from Basin Transit's creditors.

The purpose of Basin Transit's participation in each program was to address Basin Transit's pension and OPEB obligations by accumulating assets. In accordance with generally accepted accounting principles, the assets in the CEPPT are considered assets of Basin Transit, while the assets in CERBT are considered assets of the OPEB Plan. As of June 30, 2024, the fair value of assets in CEPPT of $347,547 was reported as a restricted asset in the Statement of Net Position.

NOTE 15 RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

Basin Transit's beginning net position as of July 1, 2023, has been restated to correct the improper recognition of $332,360 of CERBT assets as assets of Basin Transit and to correct $240,693 of over-depreciation of certain capital assets in the prior year. The impact of the error corrections on the previously reported amounts as of July 1, 2023 is as follows:

Beginning net position, as previously reported	$ 5,986,492
Adjustment to derecognize Fiduciary Plan Asset	(332,360)
Adjustment to correct the depreciation expense and related accumulated depreciation	240,693
Beginning net position, as restated	$ 5,894,825

NOTE 16 SUBSEQUENT EVENTS

Basin Transit has evaluated events subsequent to June 30, 2024 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 30, 2024, the date the financial statements 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 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Morongo Basin Transit Authority
Cost Sharing Retirement Plan - Schedule of Proportionate Share of Net Pension Liability
Last Ten Years
For the Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the collective net pension liability	0.02972%	0.02838%	0.02095%	0.02488%	0.00906%	0.00848%	0.00841%	0.00802%	0.00841%	0.00915%
Proportionate share of the collective net pension liability	$ 1,486,010	$ 1,327,753	$ 397,837	$ 1,049,355	$ 928,676	$ 817,011	$ 834,456	$ 694,380	$ 477,834	$ 568,496
Covered payroll	$ 2,065,447	$ 1,607,731	$ 1,892,163	$ 1,768,347	$ 1,660,794	$ 1,478,115	$ 1,288,112	$ 1,189,863	$ 1,167,401	$ 1,208,367
Proportionate share of the net pension liability as a percentage of covered payroll	71.95%	82.59%	21.03%	59.34%	55.92%	55.27%	64.78%	58.36%	40.93%	44.18%
Plan fiduciary net position as a percentage of total pension liability	78.45%	79.41%	90.49%	77.71%	77.73%	75.26%	73.31%	74.06%	78.40%	79.82%
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Morongo Basin Transit Authority
Cost Sharing Retirement Plan - Schedule of Net Pension Contributions
Last Ten Years
For the Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 193,686	$ 258,256	$ 220,260	$ 144,126	$ 132,946	$ 110,190	$ 101,940	$ 89,367	$ 97,304	$ 97,728
Contributions in relation to the actuarially determined contribution	$ (193,686)	$ (258,256)	$ (220,260)	$ (144,126)	$ (132,946)	$ (110,190)	$ (101,940)	$ (89,367)	$ (97,304)	$ (97,728)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,065,447	$ 1,607,731	$ 1,725,338	$ 1,892,163	$ 1,768,347	$ 1,660,794	$ 1,478,115	$ 1,288,112	$ 1,189,863	$ 1,167,401
Contributions as a percentage of covered payroll	9.38%	16.06%	12.77%	7.62%	7.52%	6.63%	6.90%	6.94%	8.18%	8.37%

Morongo Basin Transit Authority
Other Post Employment Benefits – Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Years*
For the Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	$ 98,924	$ 290,754	$ 279,570	$ 228,652	$ 241,469	$ 243,107	$ 307,069
Interest Cost	72,234	59,829	63,097	81,370	78,383	88,680	74,734
Differences Between Expected and Actual Experiences	-	(683,738)	-	(644,109)	-	(638,083)	-
Changes of Assumptions	-	(1,247,797)	215,090	289,197	161,055	47,476	-
Benefit Payments	(32,609)	(27,612)	(28,832)	(31,753)	(35,552)	(33,163)	(33,163)
Net Change in Total OPEB Liability	138,549	(1,608,564)	528,925	(76,643)	445,355	(291,983)	348,640
Total OPEB Liability - Beginning	1,230,505	2,839,069	2,310,144	2,386,787	1,941,432	2,233,415	1,884,775
Total OPEB Liability - Ending	$ 1,369,054	$ 1,230,505	$ 2,839,069	$ 2,310,144	$ 2,386,787	$ 1,941,432	$ 2,233,415
Plan Fiduciary Net Position							
Contributions - Employer	$ 202,589	$ 197,592	$ -	$ -	$ -	$ -	$ -
Net Investment Income	10,942	(18,395)	-	-	-	-	-
Benefit Payments	(32,609)	(27,612)	-	-	-	-	-
Administrative Expenses	(67)	(21)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	180,855	151,564	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	151,564	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	332,419	151,564	-	-	-	-	-
Net OPEB Liability - Ending	$ 1,036,635	$ 1,078,941	$ 2,839,069	$ 2,310,144	$ 2,386,787	$ 1,941,432	$ 2,233,415
Covered Employee Payroll	$ 2,005,519	$ 1,892,163	$ 1,435,207	$ 1,753,417	$ 1,631,908	$ 1,478,115	$ 1,288,112
Net OPEB Liability as a Percentage of Covered Employee Payroll	52%	57%	198%	132%	146%	131%	173%

Funding Policy: Basin Transit funds the benefits on a pay-as-you-go basis. Fiscal year 2018 was the first year of implementation.

Changes in assumptions - The discount rate remained the same at 5.50% for the measurement periods ended June 30, 2023 and 2022, respectively.

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future year's information will be displayed up to ten years as information becomes available.

A Schedule of Contributions is not required because funding is not based on actuarially determined contributions and contributions are neither statutory nor contractually established.

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VASQUEZ + COMPANY LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Morongo Basin Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Morongo Basin Transit Authority (Basin Transit) as of and for the year ended June 30, 2024, and the related notes to the financial statements and have issued our report thereon dated December 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Basin Transit'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Basin Transit's internal control. Accordingly, we do not express an opinion on the effectiveness of Basin Transit's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the Schedule of Findings on Internal Control over Financial Reporting as Finding No. FS 2024-001, that we consider to be a significant deficiency.

Basin Transit's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on Basin Transit's response to the finding identified in our audit and described in the accompanying Schedule of Findings on Internal Control over Financial Reporting. Basin Transit's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Basin Transit'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 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.

Vasquez & Company LLP

Glendale, California
December 30, 2024

Finding No. FS 2024-001: Financial Statement Preparation and Reporting Significant Deficiency

Criteria
Management is responsible for the preparation of the basic financial statements and all accompanying information as well as representations contained therein, and the fair presentation in conformity with U.S. generally accepted accounting principles. This requires management to perform a year-end closing process to accumulate, reconcile, and summarize information for inclusion in the annual financial statements.

Condition and Context
During the preparation of Basin Transit's financial statements for the fiscal year ending June 30, 2024, it was discovered that the beginning net position as of July 1, 2023, had been misstated. Specifically, $332,360 of CERBT assets were improperly recognized as assets of Basin Transit, and $240,693 of over-depreciation of certain capital assets was recorded in the prior year. These errors necessitated a restatement of the beginning net position to correct the financial statements.

Cause
The errors were primarily due to a lack of adequate internal controls and oversight in the financial reporting process. According to Basin Transit, the improper recognition of CERBT assets occurred because Basin Transit recorded these assets based on the prior year's auditor's recommendation. Additionally, the over-depreciation of certain capital assets resulted from incorrect calculations and a lack of a thorough review of the accuracy and completeness of the depreciation schedules. These issues highlight deficiencies in accounting procedures and the need for more stringent review processes.

Effect
The impact of these errors on the financial statements was significant. The improper recognition of $332,360 in CERBT assets inflated the asset base and net position of Basin Transit. Furthermore, the over-depreciation of $240,693 in capital assets resulted in an understatement of the net book value of these assets and an overstatement of depreciation expense. This affected the accuracy of the financial statements and had potential implications for decision-making and financial planning based on these misstated figures. The restatement to correct these errors involved (a) the derecognition of $332,360 of Fiduciary Plan Assets and (b) a $240,693 reduction in accumulated depreciation.

Recommendation
It is recommended that Basin Transit implement rigorous review and reconciliation procedures for OPEB adjustments and depreciation calculations to prevent similar errors in the future. Additionally, staff should attend training courses to expand their knowledge of the restated areas.

Views of Responsible Officials
Management acknowledges the errors identified and has taken steps to correct the financial statements. The improper recognition of CERBT assets and the over-depreciation of certain capital assets have been addressed in the restated financial statements as of July 1, 2023. Basin Transit will implement enhanced review and reconciliation procedures to ensure accurate recognition and measurement of assets and depreciation. Additionally, accounting staff will be provided with training on GAAP requirements related to asset recognition and depreciation. Periodic internal audits will also be conducted to identify and correct any discrepancies in financial reporting.

COMPLIANCE SECTION

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Independent Auditor's Report on State Compliance

The Board of Directors
Morongo Basin Transit Authority

Report on Compliance with Transportation Development Act Requirements

Opinion

We have audited the Morongo Basin Transit Authority's (Basin Transit) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by Basin Transit were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the San Bernardino County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations for the year ended June 30, 2024.

In our opinion, Basin Transit complied, in all material respects, with the compliance requirements referred to above that are applicable to Basin Transit for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with the 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 requirement of the TDA regulations. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Basin Transit 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 TDA compliance requirements. Our audit does not provide a legal determination of Basin Transit's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for Basin Transit's compliance with the TDA and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, provisions of contracts or agreements applicable to the TDA.

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 Basin Transit'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 Basin Transit's compliance with the requirements of the TDA regulations as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the TDA regulations, 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 Basin Transit'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 Basin Transit'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 TDA regulations, but not for the purpose of expressing an opinion on the effectiveness of Basin Transit'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 TDA regulations 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 TDA regulations 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 TDA regulations 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 TDA regulations. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
December 30, 2024

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
1. Claimant was an entity eligible to receive the funds allocated to it.	X				
2. Claimant maintains its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99243.	X				
3. Funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000.	X				
4. Funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions	X				
5. Interest earned on funds received by the claimant pursuant to the TDA were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6.	X				

See independent auditor's report on compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
6. The amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2, is verified.	X				
7. The amount of the claimant's actual fare revenues for the fiscal year is verified.	X				
8. The amount of the claimant's actual local support for the fiscal year is verified.	X				
9. The amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649 is verified.			X		
10. The amount of the operator's expenditure limitation in accordance with Section 6633.1 is verified.	X				
11. The operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273	X				
12. The operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251	X				
13. The operator's State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7 is verified.	X				

See independent auditor's report on compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
14. The claimant for community transit services is in compliance with Public Utilities Code Sections 99155 and 99155.5.			X		

Morongo Basin Transit Authority
Single Audit Report
Year Ended June 30, 2024
with Independent Auditor's Report

Morongo Basin Transit Authority
Single Audit Report
Year Ended June 30, 2024
with Independent Auditor's Report

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Morongo Basin Transit Authority

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Basin Transit'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Basin Transit's internal control. Accordingly, we do not express an opinion on the effectiveness of Basin Transit's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the Schedule of Findings on Internal Control over Financial Reporting as Finding No. FS 2024-001, that we consider to be a significant deficiency.

Basin Transit's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on Basin Transit's response to the finding identified in our audit and described in the accompanying Schedule of Findings on Internal Control over Financial Reporting. Basin Transit's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Basin Transit'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 the Basin Transit'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 Basin Transit's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
December 30, 2024

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Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Morongo Basin Transit Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Morongo Basin Transit Authority's (Basin Transit) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Basin Transit's major federal programs for the year ended June 30, 2024. Basin Transit'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, Basin Transit complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (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 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 Basin Transit 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 Basin Transit'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 Basin Transit'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 Basin Transit'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 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 Basin Transit's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Basin Transit'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 Basin Transit'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 Basin Transit'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 Basin Transit as of and for the year ended June 30, 2024, and have issued our report thereon dated December 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Vasquez & Company LLP

Glendale, California
December 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Contract Number	Provided to Subrecipients	Total Federal Expenditures
MAJOR PROGRAM				
U.S. Department of Transportation				
Federal Transit Administration				
Passed through from State of California Department of Transportation:				
Formula Grants for Rural Areas and Tribal Transit Program				
Operating Assistance Section 5311	20.509	CA-2023-038	$ -	$ 579,901
Congestion Mitigation and Air Quality Improvement Federal Transit Administration 5311	20.509	CA-2022-098	-	1,073,662
		Total ALN 20.509	-	1,653,563
NON-MAJOR PROGRAM				
U.S. Department of Transportation				
Federal Transit Administration				
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities				
Operating Assistance Section 5310	20.513	CA-2020-244	-	44,245
Operating Assistance Section 5310	20.513	CA-2022-235	-	42,396
		Total ALN 20.513	-	86,641
TOTAL FEDERAL EXPENDITURES			$ -	$ 1,740,204

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Morongo Basin Transit Authority (Basin Transit) under programs of the federal government for the year ended June 30, 2024. 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 Basin Transit, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Basin Transit.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported on the accrual basis of accounting. 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. Program expenditures in excess of the maximum reimbursement authorized or the program expenditures that were funded with nonfederal funds are excluded from the accompanying Schedule.

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

NOTE 3 SUBRECIPIENTS

Basin Transit provided no federal awards to subrecipients for the year ended June 30, 2024.

NOTE 4 RELATIONSHIP OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS

Consistent with management’s policy, revenues from both federal and non-federal governmental awards are collectively reported as government grants and contracts revenue in Basin Transit’s financial statements. As a result, the amount of total federal awards expended on the Schedule does not agree to total government grants and contracts revenue on the Statement of Activities as presented in Basin Transit’s financial statements as of and for the year ended June 30, 2024.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	See Finding #2024-001
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	None

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
20.509	Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

Finding No. FS 2024-001: Financial Statement Preparation and Reporting Significant Deficiency

Criteria
Management is responsible for the preparation of the basic financial statements and all accompanying information as well as representations contained therein, and the fair presentation in conformity with U.S. generally accepted accounting principles. This requires management to perform a year-end closing process to accumulate, reconcile, and summarize information for inclusion in the annual financial statements.

Condition and Context
During the preparation of Basin Transit's financial statements for the fiscal year ending June 30, 2024, it was discovered that the beginning net position as of July 1, 2023, had been misstated. Specifically, $332,360 of CERBT assets were improperly recognized as assets of Basin Transit, and $240,693 of over-depreciation of certain capital assets was recorded in the prior year. These errors necessitated a restatement of the beginning net position to correct the financial statements.

Cause
The errors were primarily due to a lack of adequate internal controls and oversight in the financial reporting process. According to Basin Transit, the improper recognition of CERBT assets occurred because Basin Transit recorded these assets based on the prior year's auditor's recommendation. Additionally, the over-depreciation of certain capital assets resulted from incorrect calculations and a lack of a thorough review of the accuracy and completeness of the depreciation schedules. These issues highlight deficiencies in accounting procedures and the need for more stringent review processes.

Effect
The impact of these errors on the financial statements was significant. The improper recognition of $332,360 in CERBT assets inflated the asset base and net position of Basin Transit. Furthermore, the over-depreciation of $240,693 in capital assets resulted in an understatement of the net book value of these assets and an overstatement of depreciation expense. This affected the accuracy of the financial statements and had potential implications for decision-making and financial planning based on these misstated figures. The restatement to correct these errors involved (a) the derecognition of $332,360 of Fiduciary Plan Assets and (b) a $240,693 reduction in accumulated depreciation.

Recommendation
It is recommended that Basin Transit implement rigorous review and reconciliation procedures for OPEB adjustments and depreciation calculations to prevent similar errors in the future. Additionally, staff should attend training courses to expand their knowledge of the restated areas.

Views of Responsible Officials
Management acknowledges the errors identified and has taken steps to correct the financial statements. The improper recognition of CERBT assets and the over-depreciation of certain capital assets have been addressed in the restated financial statements as of July 1, 2023. Basin Transit will implement enhanced review and reconciliation procedures to ensure accurate recognition and measurement of assets and depreciation. Additionally, accounting staff will be provided with training on GAAP requirements related to asset recognition and depreciation. Periodic internal audits will also be conducted to identify and correct any discrepancies in financial reporting.

Section III – Federal Award Findings

There were no federal award findings noted for the year ended June 30, 2024.

Financial Statements Finding

Finding Reference No.	Identified Condition	Prior Year's Corrective Action Plan	Current Status
Finding 2023-001 –	**Reconciliation of the Deferred Revenue General Ledger Balance (control account) with the Deferred Revenue Roll-forward schedule (sub-ledger)** In reviewing the balances of both the Deferred Revenue and Unearned Revenue accounts, we found a discrepancy: the total balance of these general ledger control accounts does not align with the figures in supporting deferred revenue roll-forward analysis. This discrepancy appears to be due to the omission of the Unearned Revenue account balance from the roll-forward schedule.	***Views of Responsible Officials and Corrective Action Plan:*** Staff will undergo educational initiatives to enhance their understanding of unearned revenues and will ensure alignment between the roll-forward schedules and the general ledger balances.	Implemented as of June 30, 2024. Staff have taken educational initiatives such as Introduction to Governmental Accounting for Accountants, GFOA Accounting Academy and GFOA's Annual Governmental GAAP Update webinar

CITY OF NEEDLES, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF NEEDLES, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CONTENTS

CROWE LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Needles, California (City), as of and for the year ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the City, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023, or the changes in its financial position for the years 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2025, on our consideration of the City's internal control over financial reporting of the TDA Fund 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance, as it relates to the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
February 3, 2025

CITY OF NEEDLES, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Cash and investments	$ -	$ 725
Total assets	$ -	$ 725
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other City funds	$ -	$ 725
Fund balance (deficit)		
Unassigned	-	-
Total liabilities and fund balance	$ -	$ -

See notes to financial statements.

CITY OF NEEDLES, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA allocation	$ -	$ -
Total revenues	-	-
Expenditures		
Other expenditure	-	725
Total expenditures	-	725
Net change in fund balance	-	(725)
Fund balance (deficit), beginning of year	-	725
Fund balance (deficit), end of year	$ -	$ -

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Needles, California (City), as of June 30, 2024, and changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3: The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide local matching funds. The City did not incur any expenditures for the fiscal year.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The City accounts for the activity of the Article 3 TDA Fund in its Article 3 Fund, which is a special revenue fund.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the TDA activities in separate general ledger accounts within its Article 3 special revenue fund.

Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

(Continued)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Article 3 Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the Article 3 Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall. As of June 30, 2024 and 2023, the cash balance of the TDA Fund was $0 and $725, respectively.

The TDA Article 3 Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Article 3 Fund's deposits and withdrawals in the City Investment Pool are made on the basis of $1 and not fair value. Accordingly, the TDA Article 3 Fund's investment in the City Investment Pool is measured based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

NOTE 3 – DUE TO OTHER CITY FUNDS

Due to other City funds of $725 in fiscal year 2023 represents the amount paid by other City funds on behalf of the TDA Fund for expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEEDLES, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Years ended June 30, 2024

	Budget			Variance from Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures				
Current				
Other expenditure	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

See note to required supplementary information.

CITY OF NEEDLES, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Years ended June 30, 2023

	Budget			Variance from Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures				
Current				
Other expenditure	-	-	725	(725)
Total expenditures	-	-	725	(725)
Net change in fund balance	-	-	(725)	(725)
Fund balance, beginning of year	-	-	725	725
Fund balance, end of year	$ -	$ -	$ -	$ -

See note to required supplementary information.

NOTE 1 – BUDGETARY DATA

The City did not adopt a budget for the TDA Article 3 Fund in 2024 and 2023.

ADDITIONAL INFORMATION

CITY OF NEEDLES, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	In-Fill Sidewalk	2015-16	$ -	$ -	$ -	$ -

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Needles, California (City), as of and for the years ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated February 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA) 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
February 3, 2025

NEEDLES TRANSIT FUND
AN ENTERPRISE FUND OF THE
CITY OF NEEDLES, CALIFORNIA

FINANCIAL STATEMENTS
June 30, 2024

NEEDLES TRANSIT FUND
AN ENTERPRISE FUND OF THE
CITY OF NEEDLES, CALIFORNIA

FINANCIAL STATEMENTS
June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Needles Transit Fund (the Transit Fund), an enterprise fund of the City of Needles, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Transit Fund of the City, as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 *(Government Auditing Standards)*. 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 the City, 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

As disclosed in Note 1, the financial statements present only the Transit Fund of the City and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows, 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 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.

(Continued)

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 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 financial statements.

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 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 the City's internal control relating to the Transit Fund. 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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Transit Fund's basic financial statements. The accompanying combining statements listed in the table of contents are presented for purposes of additional analysis and is not a required part of the consolidated 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of the City's internal control over financial reporting of the Transit Fund 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance of the Transit Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
February 24, 2025

NEEDLES TRANSIT FUND
STATEMENT OF NET POSITION
June 30, 2024

ASSETS		
Current assets		
Cash and cash equivalents	$	71,447
Accounts receivable		1,229
Due from other governments		164,381
Total current assets		237,057
Capital assets		
Depreciable		1,171,879
Accumulated depreciation		(503,314)
Total capital assets, net		668,565
Total assets		905,622
LIABILITIES		
Current liabilities		
Accounts payable		44,460
Total liabilities		44,460
NET POSITION		
Net investment in capital assets		668,565
Unrestricted		192,597
Total net position	$	861,162

See accompanying notes to financial statements.

NEEDLES TRANSIT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

OPERATING REVENUES	
Fares	$ 42,120
Total operating revenues	42,120
OPERATING EXPENSES	
Operations	567,583
General and administration	23,424
Depreciation	64,375
Total operating expenses	655,382
Operating loss	(613,262)
NONOPERATING REVENUES	
Local Transportation Fund Article 8	478,228
States Transit Assistance Fund	60,638
Measure I - Senior and Disabled Subsidy	19,838
MDAQMD AB 2766	15,000
Gain on sale of capital assets	7,500
Interest income	1,115
Total nonoperating revenues	582,319
Loss before capital contributions	(30,943)
CAPITAL CONTRIBUTIONS	
States Transit Assistance Fund	295,243
State of Good Repair	8,554
Total capital contributions	303,797
Change in net position	272,854
Net position, beginning of year	588,308
Net position, end of year	$ 861,162

See accompanying notes to financial statements.

NEEDLES TRANSIT FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

OPERATING ACTIVITIES		
Cash received from fares	$	40,891
Payments to vendors for services		(590,451)
Net cash used in operating activities		(549,560)
NON-CAPITAL FINANCING ACTIVITIES		
Operating grants received		523,535
Net cash provided by non-capital financing activities		523,535
CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets		7,500
Capital grants received		152,515
Purchase of capital assets		(295,243)
Net cash used in capital and related financing activities		(135,228)
INVESTING ACTIVITIES		
Interest received		1,115
Net decrease in cash and cash equivalents		(160,138)
Cash and cash equivalents, beginning of year		231,585
Cash and cash equivalents, end of year		71,447
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$	(613,262)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense		64,375
Changes in assets and liabilities		
Decrease in accounts receivable		(1,229)
Increase in accounts payable		556
Total adjustments		63,702
Net cash used in operating activities	$	(549,560)

See accompanying notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position, changes in financial position, and cash flows of the Needles Transit Fund (the Transit Fund) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Needles, California (the City), changes in its financial position, or, where applicable, its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Article 8: San Bernardino County Transportation Authority (SBCTA) receives and passes through Transportation Development Act (TDA) Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, and construction of facilities and buildings. The funds may also be used for passenger rail service operations and capital improvements.

Article 8 Subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning costs with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

The City utilizes these TDA Article 8 funds to provide operation and maintenance for the transit system. The funding is also used to purchase assets related to transportation, such as buses, bus benches, bus shelters, bus stop signs, and fareboxes.

Payment of Article 8 funds to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance need is determined by SBCTA.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Transit Fund conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

Fund Accounting: The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, and net position segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Transit Fund is an enterprise fund of the City.

Measurement Focus and Basis of Accounting: The Transit Fund is reported using the economic resources measurement focus and accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the related cash flows.

(Continued)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: Cash and cash equivalents are pooled in the City's investment pool to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds, including the Transit Fund based upon the average cash balance. The investment policies and the risks related to the Transit Fund are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at the City's Administrative Office at 817 Third Street, Needles, California 92363. For the purpose of the statement of cash flows, amounts maintained in the City's investment pool are considered cash and cash equivalents. The cash and cash equivalents balance at June 30, 2024 was $71,447 for the Transit Fund.

Cash and cash equivalents are reported at fair value. The fair value measurements are based on the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Transit Fund's deposits and withdrawals in the City Investment Pool are made on the basis of $1 and not fair value. Accordingly, the Transit Fund's investment in the City Investment Pool is measured based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

Grants: Grants for operating assistance and capital acquisitions are included in revenue in the period in which the grant was earned. Federal capital grant funds claimed on a reimbursement basis have receivables for grant funds recorded as the related obligations are incurred. Capital grant funds advanced but not yet earned are treated as unearned revenues. Also, operating funds advanced from SBCTA for working capital are treated as unearned revenues until earned. Operating assistance grants are included in nonoperating revenues in the year in which the grant is applicable, and the related expenses are incurred. Revenues earned under capital grants are recorded as capital contributions.

Capital Assets: Capital assets are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Passenger facilities	5 to 10 years
Equipment	5 years
Vehicles	5 years

Contributed capital assets are valued at their acquisition value at the date of the contribution. The Transit Fund's capitalization threshold is $5,000 with an expected useful life of three years or more. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized.

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

Operating and Nonoperating Revenue: The Transit Fund distinguishes operating revenues from nonoperating items. Operating revenues generally result from directly providing services in connection with the Transit Fund's principal operation of bus transit services. These revenues are primarily passenger fares. Nonoperating revenues consist of Federal, state, and local operating grants and investment income.

(Continued)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital contributions consist of grants that are legally restricted for capital expenses by Federal, state, or local law that established those charges.

Operating and Nonoperating Expenses: Operating expenses include operations, maintenance, and administrative expenses and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

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

NOTE 3 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS

The Transit Fund is subject to the provisions pursuant to Section 6634 of the California Code of Regulations and Sections 99268.4 and 99313.3 of the Public Utilities Code.

The Transit Fund receives allocations of local transportation funds pursuant to the Transportation Development Act of 1971. These funds are generated within San Bernardino County and are allocated based on annual claims filed by the City and approved by SBCTA.

The Transit Fund also receives allocated Federal operating assistance funds pursuant to Section 5311 of the Federal Transit Act of 1964. Such funds are apportioned to the local urbanized area by the FTA. Expenses of Federal operating assistance funds are subject to final audit and approval by the FTA.

Section 6634: Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA) for operating costs in an amount which exceeds the claimant's costs less the sum of fares received, local support required to meet the fare ratio, Federal operating assistance, and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

The computation of the maximum amount eligible to receive and comparison to the actual STA and LTF amounts received for the year ended June 30, 2024, is as follows:

Total operating expense less depreciation	$ 591,007
Less:	
Fare revenues	42,120
Local support	19,838
	61,958
Maximum amount eligible to receive	$ 529,049
State grants received	
STA operating received	52,972
LTF received	379,865
Total state grants received	$ 432,837
Amount eligible to receive in excess of amount allocated	$ 96,212

(Continued)

NOTE 3 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS (Continued)

Section 99268.4: Section 99268.4 indicates that in the case of an operator which is serving a non-urbanized area, the operator shall be eligible for local transportation funds in any fiscal year if it maintains, for the fiscal year, a ratio of fare revenues to operating cost at least equal to 10 percent. These requirements have been waived in the current year as a result of the ongoing COVID-19 pandemic. This waiver, in line with Section 99268.9 of the Public Utilities Code, will remain in effect until the end of the 2025-26 fiscal year, with the provisions set to become inoperative on January 1, 2027.

Section 99268.19: Section 99268.19 indicates that if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost, an operator may satisfy that requirement by supplementing its fare revenues with local funds. “Local funds” means any nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.

The fare ratio as of June 30, 2024, is calculated as follows:

Adjusted operating expenses:	
Operating expenses	$ 655,382
Less depreciation	(64,375)
Adjusted operating expenses (a)	$ 591,007
Adjusted fare revenue:	
Fare revenue	$ 42,120
Local funds used by the operator to supplement fare box revenues to satisfy the 10% fare ratio as permitted by Section 99268.19:	
Measure I	19,838
Adjusted fare revenue (b)	$ 61,958
Fare ratio (b) / (a)	10.48%

(Continued)

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, is as follows:

	July 1, 2023	Additions	Deletions	June 30, 2024
Depreciable assets				
Passenger facilities	$ 495,829	$ -	$ -	$ 495,829
Vehicles	506,008	295,243	(125,201)	676,050
Total depreciable assets	1,001,837	295,243	(125,201)	1,171,879
Accumulated depreciation				
Passenger facilities	(143,470)	(21,760)	-	(165,230)
Vehicles	(420,670)	(42,615)	125,201	(338,084)
Total accumulated depreciation	(564,140)	(64,375)	125,201	(503,314)
Net depreciable assets	437,697	230,868	-	668,565
Total capital assets, net	$ 437,697	$ 230,868	$ -	$ 668,565

Certain vehicles were sold, disposed, or retired in fiscal year 2024. The gain on disposal is $7,500.

NOTE 5 – COMMITMENTS

On September 10, 2019, the Transit Fund engaged in an arrangement with Transportation Concepts for the operation of a local route deviation transit service. The initial base term of this agreement commenced on October 1, 2019, and concluded on June 30, 2023. In accordance with the agreement terms, the Transit Fund retains significant residual interest in the transit service infrastructure and assets, including vehicles and related transit equipment. The agreement was further amended in April 2023, extending the service provision for an additional two-year period, ending June 30, 2025. Under this arrangement, Transportation Concepts is responsible for the day-to-day operation of the transit service, including the collection of fares, vehicle maintenance, and overall service management. The Transit Fund establishes service policy, provides the necessary vehicles, and is involved in monitoring service performance. The fare structure, as determined by the Transit Fund, includes a base one-way fare with additional charges for deviation services. Transportation Concepts remits all of the fare collections to the Transit Fund, as stipulated in the agreement.

For the period from July 1, 2023, to June 30, 2025, the Transit Fund will pay a fixed annual cost of $243,366 to Transportation Concepts. This includes a fixed hourly rate of $49.51 per Revenue Service Vehicle Hour (RSVH), in addition to the actual cost of vehicle fuel. The Transit Fund has received no upfront payments or installment payments that are required to be reported as a lease receivable or deferred inflow of resources on the financial statements. For the fiscal year 2024, the Transit Fund recognized revenue from this arrangement based on the accrual of fare revenue shared by Transportation Concepts in the amount of $42,120.

SUPPLEMENTARY INFORMATION

NEEDLES TRANSIT FUND
COMBINING STATEMENT OF NET POSITION
June 30, 2024

	Dial-A-Ride Transit	Dial-A-Ride Medical	Needles Area Transit	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 32,852	$ 38,595	$ -	$ 71,447
Accounts receivable	-	-	1,229	1,229
Due from other governments	4,490	6,573	153,318	164,381
Total current assets	37,342	45,168	154,547	237,057
Capital assets				
Depreciable	122,664	-	1,049,215	1,171,879
Accumulated depreciation	(58,225)	-	(445,089)	(503,314)
Total capital assets, net	64,439	-	604,126	668,565
Total assets	101,781	45,168	758,673	905,622
LIABILITIES				
Current liabilities				
Accounts payable	6,777	1,104	36,579	44,460
Total liabilities	6,777	1,104	36,579	44,460
NET POSITION				
Net investment in capital assets	64,439	-	604,126	668,565
Unrestricted	30,565	44,064	117,968	192,597
Total net position	$ 95,004	$ 44,064	$ 722,094	$ 861,162

NEEDLES TRANSIT FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2024

	Dial-A-Ride Transit	Dial-A-Ride Medical	Needles Area Transit	Total
OPERATING REVENUES				
Fares	$ 6,494	$ 2,303	$ 33,323	$ 42,120
Total operating revenues	6,494	2,303	33,323	42,120
OPERATING EXPENSES				
Operations	90,166	15,072	462,345	567,583
General and administration	8,628	4,032	10,764	23,424
Depreciation	20,899	-	43,476	64,375
Total operating expenses	119,693	19,104	516,585	655,382
Operating loss	(113,199)	(16,801)	(483,262)	(613,262)
NONOPERATING REVENUES				
Local Transportation Fund Article 8	96,427	-	381,801	478,228
States Transit Assistance Fund	33,867	26,771	-	60,638
Measure I - Senior and Disabled Subsidy	19,837	-	1	19,838
MDAQMD AB 2766	-	-	15,000	15,000
Gain on sale of capital assets	3,500	-	4,000	7,500
Interest income	-	-	1,115	1,115
Total nonoperating revenues	153,631	26,771	401,917	582,319
Loss before capital contributions	40,432	9,970	(81,345)	(30,943)
CAPITAL CONTRIBUTIONS				
States Transit Assistance Fund	-	-	295,243	295,243
State of Good Repair	-	-	8,554	8,554
Total capital contributions	-	-	303,797	303,797
Change in net position	40,432	9,970	222,452	272,854
Net position, beginning of year	54,572	34,094	499,642	588,308
Net position, end of year	$ 95,004	$ 44,064	$ 722,094	$ 861,162

NEEDLES TRANSIT FUND
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

	Dial-A-Ride Transit	Dial-A-Ride Medical	Needles Area Transit	Total
OPERATING ACTIVITIES				
Cash received from fares	$ 6,494	$ 2,303	$ 32,094	$ 40,891
Payments to vendors for services	(99,279)	(19,299)	(471,873)	(590,451)
Net cash used in operating activities	(92,785)	(16,996)	(439,779)	(549,560)
NON-CAPITAL FINANCING ACTIVITIES				
Operating grants received	93,288	14,529	415,718	523,535
Net cash provided by non-capital financing activities	93,288	14,529	415,718	523,535
CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	3,500	-	4,000	7,500
Capital grants received	-	-	152,515	152,515
Purchase of capital assets	-	-	(295,243)	(295,243)
Net used in capital and related financing activities	3,500	-	(138,728)	(135,228)
INVESTING ACTIVITIES				
Interest received	-	-	1,115	1,115
Net increase in cash and cash equivalents	4,003	(2,467)	(161,674)	(160,138)
Cash and cash equivalents, beginning of year	28,849	41,062	161,674	231,585
Cash and cash equivalents, end of year	$ 32,852	$ 38,595	$ -	$ 71,447
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES				
Operating loss	$ (113,199)	$ (16,801)	$ (483,262)	$ (613,262)
Adjustments to reconcile operating loss to net cash used in operating activities				
Depreciation expense	20,899	-	43,476	64,375
Change in assets and liabilities				
Decrease in accounts receivable	-	-	(1,229)	(1,229)
Increase (decrease) in accounts payable	(485)	(195)	1,236	556
Total adjustments	20,414	(195)	43,483	63,702
Net cash used in operating activities	$ (92,785)	$ (16,996)	$ (439,779)	$ (549,560)

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of the Needles Transit Fund (the Transit Fund), an enterprise fund of the City of Needles, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Transit Fund's basic financial statements, and have issued our report thereon dated February 24, 2025, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Transit Fund of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6667 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response

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 the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Los Angeles, California
February 24, 2025

FINANCIAL STATEMENT FINDINGS

2024-001 Unearned Revenue Adjustment Entry – (Material Weakness)

Criteria:
Internal controls over the closing and financial reporting process should be in place to ensure the Transit Fund has the ability to initiate, record, process, and report accurate financial data consistent with generally accepted accounting principles.

Condition/Context:
The City's internal control environment over financial reporting did not allow for the proper application of revenue recognition guidance and resulted in material misstatements of unearned revenue. Unearned revenue was not reconciled or adjusted from the previous year financial statements. An audit adjustment was identified as a result of the audit and posted by management for fiscal year 2024.

Cause:
The City did not have sufficient controls in place to ensure the unearned revenue balance was reconciled prior to the audit.

Effect:
The error resulted in a decrease of approximately $106,000 for Unearned Revenue for fiscal year 2024 financial statements.

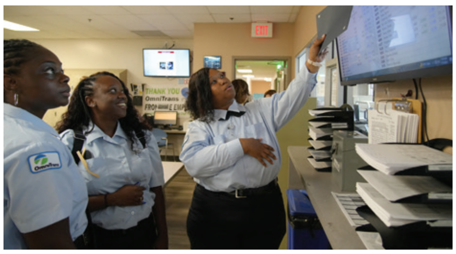
Recommendation:
We recommend that management monitor the unearned revenue balance in total and for each sub-fund annually when the books are being closed for the fiscal year.

Views of responsible officials and planned corrective actions:
We have been calculating unearned revenue based on instructions from prior auditors. The schedule they had provided included items that should not have been in the calculations. We do agree with the current auditors that our calculation was incorrect. We will make the changes to the worksheet that the auditors have advised so the calculation is correct in the future and completed before the audit begins.

OmniTrans

Connecting Our Community.








Omnitrans, San Bernardino, CA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

With Comparative Totals For June 20, 2023

Omnitrans

San Bernardino, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024
(with comparative totals for the Year Ended June 30, 2023)

Prepared by Omnitrans, Finance Department

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Members of the Board of Directors and employees of Omnitrans:

We are pleased to present Omnitrans' Annual Comprehensive Financial Report (ACFR) for Fiscal Year (FY) ended June 30, 2024. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

As we began the 2024-2025 fiscal year, the transit industry still faces challenges of restoring ridership and a tight labor market. However, Omnitrans remains focused on addressing these issues.

Omnitrans continues to move forward by implementing Board-approved Strategic Plan Initiatives and priorities. Highlights of significant accomplishments last year include:

- Safety and Security Focus: Increased the number of solar-lit bus stops to 800 and added 11 new bus shelters.
- Service Resumption/Ridership Growth: Delivered 99.7% of scheduled fixed-route service while increasing service hours by 7 percent. Increased ridership to 6.9 million trips, an increase of 13% year over year.
- Customer Experience: Integrated Transit and Token Transit apps to provide a one-stop "plan, pay, ride" experience for customers on any of our services.
- Zero-Emissions Program: Received four fuel-cell electric forty-foot buses and two electric forty-foot buses continuing our fleet replacement with zero emissions vehicles.
- Workforce Development: Continue to strive to be an employer of choice. Omnitrans hired 190 new employees and promoted 21 current employees. Reduced recruitment time by 38%.
- Community Value: Supported more than 100 community events and continued the Free Fares for School program positively impacting equity and access in the community by providing 2.4 million free rides to K-12 students since 2021.

These accomplishments would not be possible without the leadership and support of the Omnitrans Board of Directors, partnership with the San Bernardino County Transportation Authority, and the tireless efforts of our employees. The progress made this year positions Omnitrans for the future, as we continue to deliver on the promise of our mission: to provide innovative mobility solutions that connect our region and strengthen the economy.

Sincerely,

Erin Rogers
CEO/General Manager

January 27, 2025

To the Members of Omnitrans Board of Directors, CEO/General Manager and Citizens of the County of San Bernardino:

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published in fulfillment of that requirement for the fiscal year ended June 30, 2024.

This report provides an independently audited account of the financial condition of the Agency. The financial statements, supplemental schedules, and statistical information are the representations of Omnitrans' management. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Consequently, management assumes full responsibility for their accuracy, completeness and fairness.

Vasquez & Company, LLP, a firm of licensed certified public accountants, audited Omnitrans' financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2024, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Omnitrans' financial statements for the fiscal year ended June 30, 2024, are fairly represented in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

(Continued)

Omnitrans • 1700 West Fifth Street • San Bernardino, CA 92411
Phone: 909-379-7100 • Web site: www.Omnitrans.org • Fax 909-889-5779

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The independent audit of the financial statements of Omnitrans was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on the fair presentation of the financial statements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in a separate Single Audit report.

As stewards of the taxpayer's money, Omnitrans continues to achieve its primary objective of safeguarding the funds entrusted to the Agency. Our primary focus is the planning, securing and controlling of Omnitrans' financial resources.

Omnitrans takes great pride in the fact that previously issued ACFR has been awarded a prestigious award by the Government Finance Officers Association (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting. Omnitrans has received the GFOA "Certificate of Achievement for Excellence in Finance Reporting" a total of twenty (20) times. Omnitrans' prior year submission has once again been awarded this certification. These prior awards evidence the significant improvements regarding the strengthening of internal controls and our compliance with stringent GFOA standards for professional financial reporting. Omnitrans' system of internal controls is supported by written policies and procedures and is continually reviewed, evaluated and modified to meet current needs.

Local Economy

Omnitrans' service area is located within the Metropolitan Statistical Area (MSA) of San Bernardino County and Riverside County (Inland Empire).

According to the Southern California Association of Governments' Economic Roundtable, the region continues to see slow job growth. Warehousing and distribution a major driver in the region continue to be strong in the Inland Empire. The Inland Empire labor force growth has exceeded pre-pandemic peak employment levels.

The unemployment rate for the Inland Empire in the latest release of regional and statewide employment data from the California Employment Development Department (EDD) is 5.5 %. This is up from 5.3% from the same time last year. The region saw a minor rise in the unemployment rate, which is also higher than the state of California and the national averages of 5.4 and 4.1% respectively.

Overall, the local economy is still expected to rebound, however economic growth has been much slower than the national economy.

Long-term Financial Planning

Omnitrans continues to plan for the future in its short-term and the long-term planning. The short-term planning rarely looks further ahead than the 12 months in the fiscal year. The goal is to ensure that the Agency has enough cash to pay its expenditures. In the long-term planning process, the planning horizon is typically 2 – 5 years. The Agency has an adopted Short-Range Transit Plan that takes it through 2030. The long-term financial planning focuses on the Agency's long-term goals and the funding that must be secured prior to project implementation.

Major Initiatives

Each year federal and state governments fund numerous public transit initiatives through an array of programs.

California's Senate Bill (SB) 125 guides the distribution of $4 billion in the General Fund through the Transit and Intercity Rail Capital Program on a population-based formula to regional transportation planning agencies, which will have the flexibility to use the money to fund transit operations or capital improvements. The transportation budget trailer bill also establishes the $1.1 billion Zero-Emission Transit Capital Program to be allocated to regional transportation planning agencies on a population-based formula and another formula based on revenues to fund zero-emission transit equipment and operations. SB 125 includes an accountability program to govern the distribution of these funds. Omnitrans anticipates being the recipients of some of these funds to fund our projects.

California's Senate Bill (SB) 1 - The Road Repair and Accountability Act of 2017, provided the first significant, stable, and on-going increase in state transportation funding in more than two decades. The California Legislature passed SB 1, raising gas taxes and vehicle fees to generate revenue to fix the state's roads, freeways and bridges in communities across California and puts more dollars toward transit and safety.

To raise a projected $52.4 billion over 10 years, changes to taxes and fees include:

- A 12-cent increase in the gasoline excise tax
- A 20-cent increase in the diesel excise tax
- A 5.75 percent increase in the diesel sales tax
- A new vehicle fee, which will annually charge drivers between $25 and $175, depending on the value of the vehicle
- A $100 annual fee on zero-emission vehicles

The Federal Transit Administration (FTA) sponsors an array of initiatives and programs to support research, coordination, and development of public transportation. Some FTA and California initiatives and programs that are of particular interest to Omnitrans include:

- Bipartisan Infrastructure Law – signed by President Biden in 2022 this is a once-in-a generation investment in the nation's infrastructure. The new law provides $39 billion of new investment to modernize transit and $89.9 billion in guaranteed funding for public transit over the next five years. This is the largest Federal investment in public transit history. Omnitrans is expected to see an increase in Federal funding from this law going forward.

- Fixing America's Surface Transportation Act (FAST Act) – signed by President Obama in 2015 and reauthorized during Federal Fiscal Year 2021 is the first law enacted in over ten years that provides long-tern funding certainty for surface transportation. The law grants FTA authority to strengthen the safety of public transportation systems throughout the United States. It also provides a steady and predictable funding stream for five years. Omnitrans Federal funding for Fiscal Year 2024 was derived from this source.

- State of Good Repair (SGR) - State of Good Repair includes sharing ideas on recapitalization and maintenance issues, asset management practices, and innovative financing strategies. It also includes issues related to measuring the condition of transit capital assets, prioritizing local transit re-investment decisions and preventive maintenance practices. Finally, research and the identification of the tools needed to address this problem are vital. The FTA will lead the nation's effort to address the State of Good Repair by collaborating with industry to bring the nation's transit infrastructure into the 21st Century.

- The California Air Resources Board (CARB) adopted the Innovative Clean Transit regulation the ICT regulation, which has been in development since spring 2015. It requires large transit agencies to begin purchasing zero-emission buses (ZEBs) as soon as 2023, with the goal of transitioning all transit buses in California to zero-emission technology by 2040. The regulation initially impacts standard transit buses, postponing the ZEB purchase mandate for non-standard buses (i.e. articulated, cutaway, over-the-road coaches) until at least 2026. Omnitrans has developed a ZEB transition plan to meet this requirement.

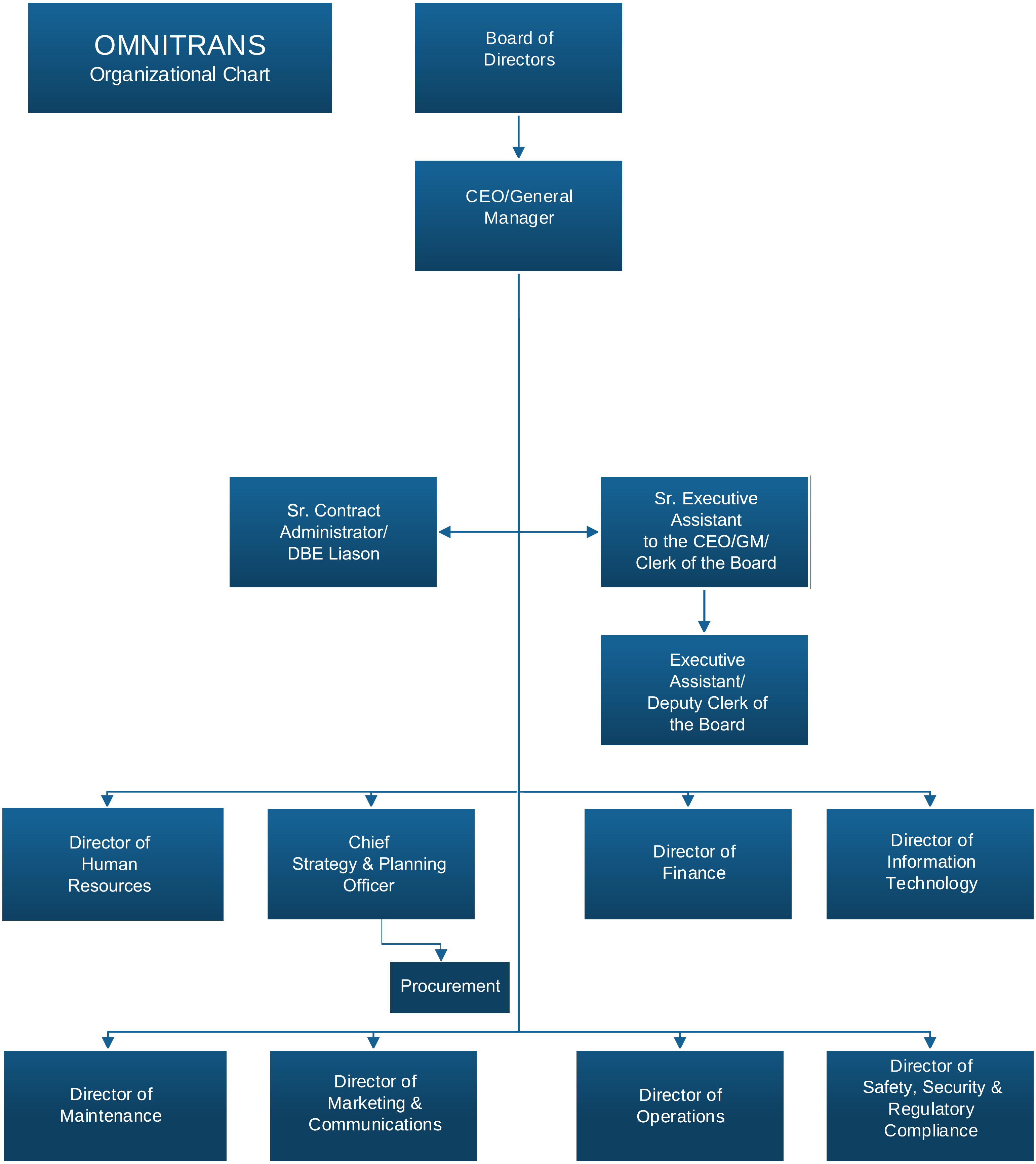
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Omnitrans for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state or local government financial report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. Certificate of Achievement is valid for a period of one year only. We believe that Omnitrans' current ACFR continues to meet the Certificate of Achievement Program's requirements and Omnitrans will submit to the GFOA to determine its eligibility for another certificate.

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the Finance Department staff, with special thanks to Charles De Simoni, Accounting Manager and Samuel Wong, Budget and Grants Manager. We wish also to express our appreciation to Erin Rogers, our CEO/General Manager, and the Omnitrans Board of Directors and members of its Administrative and Finance Committee for their support.

Respectfully submitted,

Maurice Mansion
Director of Finance, OMNITRANS


OMNITRANS
Organizational Chart
Board of Directors
CEO/General Manager
Sr. Contract Administrator/ DBE Liason
Sr. Executive Assistant to the CEO/GM/ Clerk of the Board
Executive Assistant/ Deputy Clerk of the Board
Director of Human Resources
Chief Strategy & Planning Officer
Procurement
Director of Finance
Director of Information Technology
Director of Maintenance
Director of Marketing & Communications
Director of Operations
Director of Safety, Security & Regulatory Compliance

OMNITRANS SENIOR LEADERSHIP TEAM
(As of June 30, 2024)

Erin Rogers
CEO/General Manager

Jeremiah Bryant
Chief Strategy and Planning Officer

Maurice Mansion
Director of Finance

Christine Glass
Director of Human Resources

Micah May
Director of Information Technology

Connie Raya
Director of Maintenance

Nicole Ramos
Director of Marketing & Communications

Dietter Aragon
Director of Operations

Piyumie Wickramasinghe
Director of Safety, Security & Regulatory Compliance

BOARD MEMBERS

Frank Navarro – Chair
City of Colton

Alan Wapner – Vice Chair
City of Ontario

Jesse Armendarez
County 2nd District

Dawn Rowe
County 3rd District

Curt Hagman
County 4th District

Joe Baca Jr.
County 5th District

Eunice Ulloa
City of Chino

Art Bennett
City of Chino Hills

John Roberts
City of Fontana

BOARD MEMBERS

Bill Hussey
City of Grand Terrace

Penny Lilburn
City of Highland

Ron Dailey
City of Loma Linda

John Dutrey
City of Montclair

Kristine Scott
City of Rancho Cucamonga

Denise Davis
City of Redlands

Rafael Trujillo
City of Rialto

Helen Tran
City of San Bernardino

Bill Velto
City of Upland

Bobby Duncan
City of Yucaipa

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

OMNITRANS
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

PROFILE OF OMNITRANS

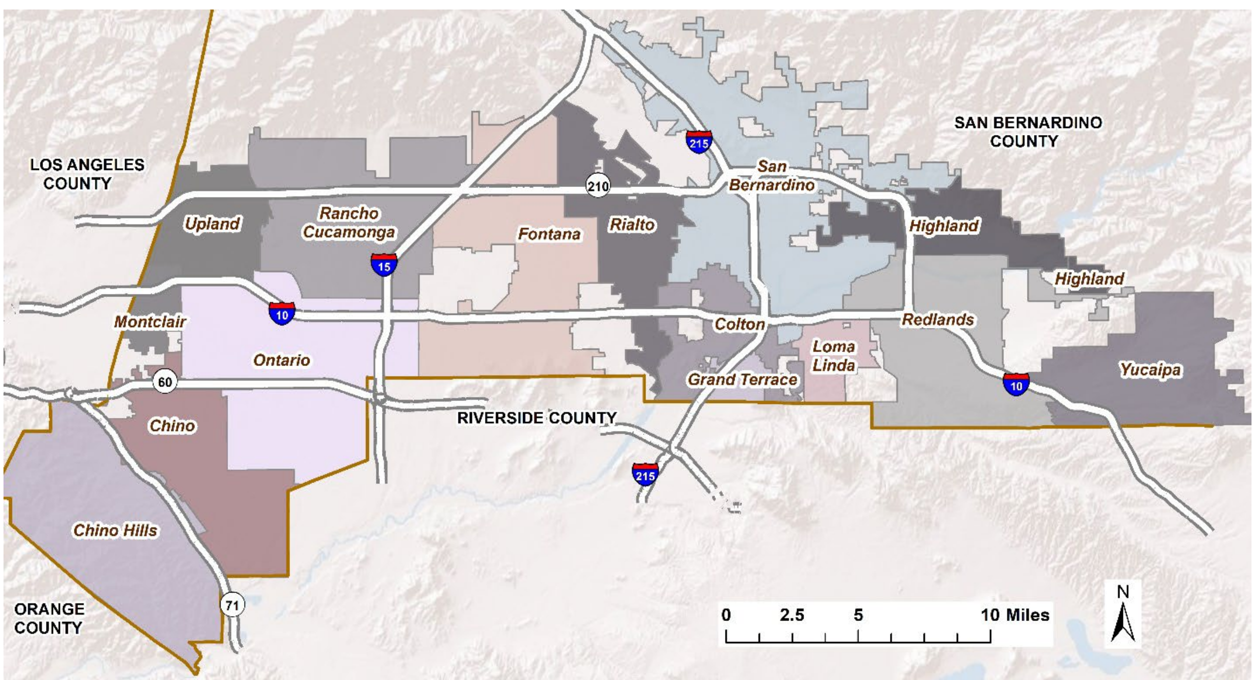
Omnitrans was founded in 1976 under a Joint Powers Agreement to provide transportation service to the San Bernardino Valley. Omnitrans is the major public transportation provider in the San Bernardino Valley, with a service area of approximately 466 square miles, serving fifteen municipalities, and unincorporated areas of San Bernardino County. Omnitrans also travels beyond the service area to Pomona and Riverside, providing connections to neighboring transit agencies. The service area is bordered by the Los Angeles County line to the west, the San Gabriel and San Bernardino Mountains to the north, Yucaipa to the east and the Riverside County line to the south. The map below shows the Omnitrans service area. Employees work out of two locations: East Valley (San Bernardino) and West Valley (Montclair).

The Board of Directors, made up of elected officials from each of the member jurisdictions, governs the Agency. The member jurisdictions include:

City of Chino	City of Highland	City of Redlands
City of Chino Hills	City of Loma Linda	City of Rialto
City of Colton	City of Montclair	City of San Bernardino
City of Fontana	City of Ontario	City of Upland
City of Grand Terrace	City of Rancho Cucamonga	City of Yucaipa
	County of San Bernardino	

Each city has one member, and the County of San Bernardino has four members on the Board, representing their respective County Districts. The Board is responsible for all policy, regulatory, and budgetary decisions of the Agency.

Service Area Map



Four Board committees oversee specific functional areas of the Agency with the authority to create ad-hoc committees as needed. These committees are:

1. Executive Committee
2. Administrative and Finance Committee
3. Plans and Programs Committee
4. Operations and Safety Committee

As of June 2024, Omnitrans had a budgeted staff of 590 employees to provide its services. The CEO/General Manager is responsible for the day-to-day management of the Agency and acts as the liaison to the Board of Directors and each of the committees. Reporting to the CEO/General Manager are the following departments:

1. Executive Office
2. Finance
3. Human Resources
4. Information Technology
5. Maintenance
6. Marketing & Communications
7. Operations
8. Procurement
9. Safety, Security & Regulatory Compliance
10. Strategic Development

As cited in its Joint Powers Agreement (JPA), Omnitrans was created as a single umbrella agency to serve the bus transit needs of the San Bernardino Valley. Provisions were made in the JPA to: 1) establish a uniform fare policy within the service area, 2) coordinate a region wide bus transit marketing program, and 3) consolidate bus transit operating and administrative functions in order to achieve increased economies of scale.

To meet the bus transportation service demands efficiently and effectively, Omnitrans uses a multimodal approach to the provisions of service. The family of services that Omnitrans currently offers are summarized below:

Local Fixed Route Service

- Omnitrans operated at a reduced service level during FY2024 due to the COVID-19 pandemic and the subsequent tight labor market. In May 2021, Omnitrans adopted a 7-step service resumption plan which gradually reintroduces service levels based on a series of triggers. At the conclusion of FY2024, Omnitrans was operating 83% of the regularly planned service.

- At the close of FY2024, Omnitrans operated 21 traditional local fixed routes, 5 contracted local community circulator routes, 1 bus rapid transit route and 1 Freeway Express route described below. One freeway express route was temporarily suspended due to labor shortages.

- Local routes typically operate at 15- to 70-minute intervals depending on passenger demand and density of activity along the route.

- All fixed route services operate Monday through Friday with service beginning at approximately 3:30 AM and ending at 11:30 PM. On Saturdays there are 25 routes in operation with service beginning at approximately 5:00 AM and ending at 11:00 PM. On Sundays there are 22 routes in service which begin at approximately 5:00 AM and end at 11:00 PM.

sbX Bus Rapid Transit

- The sbX Green Line is a Bus Rapid Transit line that serves the E Street corridor in the cities of San Bernardino and Loma Linda.

- During FY2024, the sbX Green Line operated on weekdays from 5:00 AM to 11:00 PM with 15/20-minute service on weekdays and 30-minute service Saturdays. Prior to the pandemic, sbX operated 10-minute peak and 15-minute off-peak service on weekdays and 20-minute service on Saturdays.

- The sbX Green Line is 15.7 miles long, with 5.4 miles of dedicated bus-only lanes. sbX has 16 named station locations and 23 platforms that offer enhanced amenities including level boarding, real-time arrival signs, ticket vending machines, and custom shelters and benches.

Freeway Express Service

- Omnitrans operates Freeway Express routes designed to allow for fast and efficient movement of passengers throughout our service area providing key connections to neighboring transit agencies.

- Route 215 is a cross-county service provided by Omnitrans that connects Downtown San Bernardino at the San Bernardino Transit Center to Downtown Riverside. This route travels along Interstate 215. During FY2024, the route operated 30-minute service on weekdays and 60-minute service on weekends.

- Route 290 is a cross San Bernardino Valley Freeway Express Route that travels along Interstate 10 connecting key destinations including Downtown San Bernardino at the San Bernardino Transit Center, Arrowhead Regional Medical Center in Colton, Ontario Mills in Ontario, and Montclair at the Montclair Transit Center, where connections to Foothill Transit's service to eastern Los Angeles County are available. Route 290 was temporarily suspended during FY2022 and remained suspended during FY2024 due to workforce shortages.

FY24 Fixed-Route Service Frequency by Route Compared to Plan							
Route	Route Name	Service Days/Frequency					
		Weekday		Saturday		Sunday	
		Planned	FY2024	Planned	FY2024	Planned	FY2024
1	ARMC - San Bernardino - Del Rosa	15	20/30	30	30	30	50
2	Cal State - E Street - Loma Linda	75	75	75	75	75	50
3	Baseline - Highland - San Bernardino	15	15/20	22/25	22/25	22/25	22/25
4	Baseline - Highland - San Bernardino	15	15/20	22/25	22/25	22/25	22/25
6	San Bernardino - Sierra Way - Cal State	30	30/60	60	60	60	60
8	San Bernardino - Mentone – Crafton Hills	30/60	60	60	60	60	60
10	Fontana - Baseline - San Bernardino	30/60	60	60	60	60	60
14	Fontana - Foothill - San Bernardino	15	15/20	20	20	20	20
15	Fontana - San Bndo/Highland - Redlands	30	60	60	60	60	60
19	Fontana –Colton-Redlands--Yucaipa	30	30/60	60	60	60	60
22	North Rialto - Riverside Ave - ARMC	30/60	60	60	60	60	60
215	San Bernardino – Riverside	20/30	30	30/60	60	30/60	60
290	San Bernardino-ARMC-Ontario Mills-Montclair Transit Center	AM/PM Peak	Temporary Suspended	*	*	*	*
300	SB Connect	20/30	20/30	*	*	*	*
305	San Bernardino-Waterman-Grand Terrace	60	60	60	60	60	60
312	Fontana-Muscoy-Cal State	60	60	60	60	60	60
319	Yucaipa-Sunnyside-County Line	60	60	*	*	*	*
380	ONT Connect	35/60	35/60	60	60	60	60
61	Fontana-Ontario Mills-Pomona	15	15/20	20	30	20	30
66	Fontana-Foothill Blvd.-Montclair	20	20	30	30	30	50
67	Chaffey-Baseline-Fontana	60	60	*	*	*	*
81	Chino-Haven-Chaffey College	60	60	60	60	*	*
82	Rancho Cucamonga-Fontana-Sierra Lakes	60	60	65	70	65	70
83	Upland-Euclid-Chino	30/60	60	60	60	60	60
84	Upland-Mountain Ave-Chino	60	60	60	60	60	60
85	Chino-Montclair-Chaffey College	30	60	60	60	60	60
87	Chaffey College-Ontario-Eastvale	60	60	60	60	*	*
88	Chino Hills-Ramona Ave-Montclair	60	60	60	60	60	60
sbX	Green Line	10/15	15/20	20	32	*	*
	** No Saturday or Sunday Service (as applicable)*						

OmniRide

- OmniRide is a microtransit service with on-demand, reservation-based transportation. Customers can reserve rides on a mobile app or through phone reservations, then be picked up and dropped off at the locations of their choosing within the service area boundaries.

- Omnitrans operates three OmniRide services. OmniRide Bloomington, OmniRide Chino and Chino Hills, and OmniRide Upland. OmniRide Bloomington is partially funded through a Clean Mobility Options Voucher.

- Omnitrans contracts with TransDev and RideCo to deliver the service. TransDev provides the vehicles and drivers, while RideCo is the technology provider.

OmniAccess

- In accordance with the Americans with Disabilities Act (ADA), Omnitrans provides wheelchair lift-equipped vans for origin-to-destination transportation services.

- Reservations for service must be made one day in advance of trips, with the option of calling up to three days in advance.

- OmniAccess operates during the same days and hours as fixed-route buses within a ¾ mile of a fixed-route service.

- OmniAccess service is reserved for people with an Omnitrans ADA certification ID card and paratransit-certified visitors from other transit agencies. Personal Care Attendants, children of certified riders, and companions may accompany ADA-certified riders.

Mobility Services

- Through Omnitrans' role at the Coordinated Transportation Services Agency (CTSA), Omnitrans offers Mobility Services for seniors and individuals with disabilities.

- Omnitrans provides and administers a volunteer driver program, travel training, and a trip subsidy program with a taxi provider and Uber service.

- Omnitrans also oversees a regional mobility partnership program with cities and local non-profit organizations to deliver coordinated transportation services for seniors and individuals with disabilities.

Metrolink Regional Commuter Rail Feeder Service

- Metrolink service is provided between Omnitrans' service area, Los Angeles, Riverside, Orange, Ventura and San Diego Counties by Southern California Regional Rail Authority.

- Omnitrans provides feeder bus service to 12 Metrolink Stations located in San Bernardino (3), Redlands, Rialto, Fontana, Rancho Cucamonga, Upland, Montclair, East Ontario, Riverside and Pomona.

- Metrolink ticket/pass is valid for a free ride going to or leaving from any Metrolink Station that an Omnitrans bus serves. Tickets must be valid for the date on which passengers ride the bus.

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FINANCIAL SECTION

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VASQUEZ
+ COMPANY LLP

Independent Auditor's Report

The Board of Directors of Omnitrans
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Omnitrans, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise Omnitrans' basic financial statements, as listed in the table of contents.

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

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 (*Government Auditing Standards*). 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 Omnitrans 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.

Report on Summarized Comparative Information

The financial statements of Omnitrans, as of and for the year ended June 30, 2023, were audited by other auditors, whose report, dated January 24, 2024, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented with the basic financial statements herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Omnitrans' ability to continue as a going concern for twelve months beyond the financial statements 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 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 financial statements.

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 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 Omnitrans' 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 Omnitrans' 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, the schedule of changes in net pension liability and related ratios – Public Employees Retirement System (PERS), and the schedule of pension contributions as listed 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 (GASB) 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 GAAS, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025, on our consideration of Omnitrans' 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 Omnitrans' 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 Omnitrans' internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
January 27, 2025

As management of Omnitrans, we offer the readers of Omnitrans' financial statements this narrative overview and analysis of the financial activities for Omnitrans for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter and financial statements, which are included in this report.

Financial Highlights

- At the end of fiscal year 2024, the Statement of Net Position presents a total net position of $211.3 million. This is an increase of $13.7 million or 6.9% compared to the previous fiscal year.

- Total assets at fiscal year-end 2024 increased from $304.6 million to $316.0 million, an increase of $11.4 million or 3.7%. The increase in cash and cash equivalents accounts for most of the increase.

- Total liabilities at fiscal year-end 2024 decreased $3.1 million or 2.5% compared to the previous fiscal year. The main driver behind this was the increase in Net Pension Liability.

- Total revenues for the fiscal year ended June 30, 2024 were $198.9 million compared to $107.1 million for the previous fiscal year. This is a $91.8 million or an 85.7% increase in revenue compared to the previous year. The increase is primarily due to capital assistance related to the West Valley Connector Project managed by San Bernardino County Transportation Authority (SBCTA).

- Total expenses for the fiscal year ended June 30, 2024 excluding depreciation were $164.7 million compared to $83.0 million for the previous fiscal year. This is an increase of $81.7 million or 98.4%. The increase in expenses is principally associated with costs for the West Valley Connector Project and a one-time legal settlement.

- Depreciation for fiscal year 2024 was $20.6 million compared to $22.6 million for the previous fiscal year. This is a decrease of $2.1 million or 9.2%.

Overview of the Financial Statements

This annual financial report consists of two parts, Management's Discussion and Analysis, and the financial statements, including notes to the financial statements and required supplementary information. Omnitrans financial statements offer key, high-level financial information about Omnitrans' activities.

Omnitrans is a government-funded entity that follows enterprise fund accounting and presents its financial statement on the accrual basis of accounting. The enterprise fund concept is similar to how private business enterprises are financed and operated.

The statement of net position includes information on all Omnitrans' assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Changes in net position may serve as a useful indicator of whether the financial position of Omnitrans is improving or deteriorating.

The statement of revenues, expenses and changes in net position present information regarding how Omnitrans net position changed during the fiscal year ended June 30, 2024. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, and amounts are measurable, regardless of the timing of related cash flows.

Financial Statements Analysis

The following tables summarize revenues, expenses and changes in net position comparing fiscal year 2024 with fiscal year 2023. For additional information regarding Omnitrans' financial activities for fiscal year ended June 30, 2024, readers are encouraged to read this section in conjunction with the accompanying Notes to the Basic Financial Statements.

Revenues and Expenses

Revenues

Omnitrans total revenues for the fiscal year ended June 30, 2024, were $198.9 million compared to $107.1 million for the previous fiscal year. This is a $91.8 million or 85.7% increase compared to last fiscal year. Federal and local operating grants increased by $17.0 million compared to last fiscal year. Capital assistance increased $72.5 million over the previous year principally attributed to the West Valley Connector Project managed by SBCTA.

Omnitrans receives federal, state, and local funding which are utilized for both operating and capital expenses. Financing the construction, operation and maintenance of public transportation systems involves many different types of funding sources, including federal and non-federal grants, and other revenue sources. The source of federal and local operating grants and capital assistance Omnitrans received include the following:

- Measure I - the ½ cent sales tax collected throughout San Bernardino County for transportation improvements.

- Local Transportation Fund (LTF) - Transportation Development Act (TDA) earmark ¼ percent of the state sales tax for transit.

- Urbanized Area Formula Program (5307) - transit capital and operating assistance in urbanized areas and for transportation-related planning.

- Urbanized Area Formula Program (5310) - funds to provide transportation services to meet the special needs of the elderly and persons with disabilities.

- Urbanized Area Formula Program (5339) - provides funding to states and transit agencies through a statutory formula to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities.

- Congestion Mitigation and Air Quality Improvement (CMAQ) - established to support surface transportation projects and other related efforts that contribute to air quality improvements and provide congestion relief.

- State Transit Assistance Fund (STAF) - derived from sales tax on gasoline and diesel fuel, this funding is an allocation to local transit agencies to fund a portion of the operations and capital costs associated with local mass transportation programs.

- SB1 – State of Good Repair - provides funding annually to transit operators in California for eligible transit maintenance, rehabilitation and capital projects.

- Low Carbon Transit Operations Program - provides operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities.

- Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) - created by Proposition 1B, is funding available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation, or replacement.

- The American Rescue Plan Act was passed by Congress and signed by the President in March 2021. The ARP Act provides for payments to state, local, and tribal governments navigating the impact of the COVID-19 outbreak.

Passenger fares during the fiscal year ended June 30, 2024, were $7.9 million compared to $7.5 million for the previous fiscal year. This is an increase of $0.4 million or 4.9%. The increase in passenger fares can be attributed to the recovery of ridership from the COVID-19 pandemic.

Interest income for Omnitrans consists of quarterly return on investment with the Local Agency Investment Fund (LAIF). The LAIF program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office at no additional cost. Total LAIF interest income for the fiscal year ended June 30, 2024, was $3.5 million compared to $1.3 million for the previous fiscal year.

Revenues from the Compressed Natural Gas (CNG) fuel tax credit for the fiscal year ended June 30, 2024, was $1.2 million compared to $1.6 million for the previous fiscal year.

Omnitrans' Revenues

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percent Increase (Decrease)
Passenger revenue	**$ 7,899,386**	$ 7,527,114	$ 372,272	4.9%
Advertising	**977,017**	758,901	218,116	28.7%
Federal, state and local operating grants	**105,527,444**	88,564,761	16,962,683	19.2%
Contributed capital, net	**79,857,213**	7,346,248	72,510,965	987.0%
Interest income	**3,472,725**	1,318,455	2,154,270	163.4%
CNG fuel credit	**1,165,672**	1,583,776	(418,104)	-26.4%
Miscellaneous	**32,559**	33,024	(465)	-1.4%
Total Revenues	**$ 198,932,016**	$ 107,132,279	$ 91,799,737	85.7%

Expenses

Total expenses for the fiscal year ended June 30, 2024 were $185.3 million compared to $105.7 million for the previous fiscal year. This is a $75.3 million or 71.2% increase in total expenses. Included in total expenses is depreciation ($20.6 million). Also included in expenses is a $67.0 million pass-through to other agencies. The pass-through was associated with the construction of the West Valley Connector Project managed by the SBCTA. Also included is a one-time legal settlement of $4.4 million.

Wages, salaries, and benefits increased from $45.3 million for fiscal year 2023 to $50.5 million for fiscal year 2024. This is an increase of $5.2 million or 11.5%.

Purchased transportation services for fiscal year 2024 were $10.5 million compared to $10.1 million for the previous year. This is a $0.4 million increase or 4.4%.

General and administrative expenses increased by $1.7 million or 15.5% compared to the previous fiscal year. Total general and administrative expenses for the fiscal year ended June 30, 2024, were $12.8 million compared to $11.1 million for the previous fiscal year.

Capital purchases for fiscal year 2024 increased $2.8 million compared to the previous year. This was due to the West Valley Connector Project managed by SBCTA.

Omnitrans, as a direct grantee of the Federal Transit Authority (FTA) funding, is responsible for complying with specific FTA requirements. SBCTA conducts the solicitation, evaluation and selection process for FTA funds pass through to other agencies. However, Omnitrans does participate in the evaluation process as well, and is solely responsible for project management oversight for sub-recipients. The pass-through to other agencies represents federal and local reimbursements to sub-recipients for cost incurred on approved projects. Pass-through payments to other agencies increased $65.7 million or 4,952.8% compared to the previous fiscal year. The significant increase is related to the West Valley Connector Project managed by SBCTA.

Omnitrans' Expenses

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percent Increase (Decrease)
Salaries and benefits	**$ 50,524,612**	$ 45,310,372	$ 5,214,240	11.5%
Depreciation and amortization	**20,551,058**	22,633,034	(2,081,976)	-9.2%
General and administrative	**12,827,279**	11,105,861	1,721,418	15.5%
Purchased transportation services	**10,531,327**	10,091,996	439,331	4.4%
Materials and supplies	**7,947,020**	7,781,423	165,597	2.1%
Professional and technical services	**6,609,694**	5,278,675	1,331,019	25.2%
Capital purchases	**3,591,986**	783,009	2,808,977	358.7%
Advertising and printing	**818,065**	764,433	53,632	7.0%
Pass-through to other agencies	**67,045,755**	1,326,902	65,718,853	4952.8%
Settlement expense	**4,350,000**	-		
Loss on disposal of assets	**99,498**	238,972	(139,474)	-58.4%
Miscellaneous	**365,261**	340,584	24,677	7.2%
Total Expenses	**$ 185,261,555**	$ 105,655,261	$ 75,256,294	71.2%

Net Position

Omnitrans' total net position at June 30, 2024, increased $13.7 million or 6.9% from the prior year's balance of $197.6 million. Total assets for the fiscal year increased $11.4 million or 3.7%. This increase in total assets was due to Omnitrans' increase in cash and cash equivalents at the end of the reporting period.

Total liabilities decreased $3.1 million or 2.5% compared to the previous fiscal year. Current liabilities decreased $3.4 million or 4.3% and long-term liabilities increased $0.2 million or 0.5%. The net decrease in liabilities was mainly driven by the decrease in unearned revenue.

Deferred inflows of resources related to pension as required by GASB 68 decreased $2.0 million compared to the previous fiscal year. As of June 30, 2024, deferred inflows of resources were $2.3 million. The deferred inflows of resources represent changes of assumptions, differences between expected and actual experience, and the net difference between projected and actual earnings on the pension plan investments. In addition, deferred outflows of resources include contributions made after the measurement date. Additional information regarding Omnitrans' net pension liability can be found in Note 9 in the Notes to the Basic Financial Statements.

Omnitrans' Statement of Net Position

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percent Increase (Decrease)
Assets				
Current and other assets	$ **163,401,844**	$ 142,887,185	$ 20,514,659	14.4%
Net Capital Assets	**152,644,276**	161,738,538	(9,094,262)	-5.6%
Total Assets	**316,046,120**	304,625,723	11,420,397	3.7%
Deferred outflow of resources:				
Deferred amount on pensions (Note 9)	**17,952,705**	20,881,681	(2,928,976)	-14.0%
Total Deferred outflow of resources	**17,952,705**	20,881,681	(2,928,976)	-14.0%
Liabilities				
Current Liabilities	**74,699,642**	78,057,922	(3,358,280)	-4.3%
Long-term Liabilities	**45,714,651**	45,478,524	236,127	0.5%
Total Liabilities	**120,414,293**	123,536,446	(3,122,153)	-2.5%
Deferred inflow of resources:				
Deferred amount on pension (Note 9)	**2,279,331**	4,336,218	(2,056,887)	-47.4%
Total Deferred inflow of resources	**2,279,331**	4,336,218	(2,056,887)	-47.4%
Net Position				
Net investment in capital assets	**152,409,070**	161,412,660	(9,003,590)	-5.6%
Restricted - Capital projects	**24,860,125**	41,515,990	(16,655,865)	-40.1%
Restricted - CTSA activities	**22,168,538**	19,679,051	2,489,487	12.7%
Unrestricted	**11,867,468**	(24,972,961)	36,840,429	-147.5%
Total Net Position	**$ 211,305,201**	$ 197,634,740	$ 13,670,461	6.9%

Changes in Net Position

The following Statement of Revenues, Expenses, and Changes in Net Position table illustrates and compares the various categories of revenues and expenses for fiscal years 2024 and 2023.

Omnitrans' Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percent Increase (Decrease)
Revenues				
Passenger revenue	**$ 7,899,386**	$ 7,527,114	$ 372,272	4.9%
Advertising	**977,017**	758,901	218,116	28.7%
Miscellaneous	**2,249**	1,320	929	70.4%
Total revenues	**8,878,652**	8,287,335	591,317	7.1%
Expenses				
Depreciation and amortization	**20,551,058**	22,633,034	(2,081,976)	-9.2%
Other operating expenses	**93,208,619**	81,451,130	11,757,489	14.4%
Total expenses	**113,759,677**	104,084,164	9,675,513	9.3%
Nonoperating Revenue/(Expenses)				
Federal, state and local operating grants	**105,527,444**	88,564,761	16,962,683	19.2%
Settlement expense	**(4,350,000)**	-	(4,350,000)	100.0%
Interest income	**3,472,725**	1,318,455	2,154,270	163.4%
Interest expense	**(6,625)**	(5,223)	(1,402)	
Pass-through to other agencies	**(67,045,755)**	(1,326,902)	(65,718,853)	4952.8%
Loss on disposal of assets	**(99,498)**	(238,972)	139,474	-58.4%
CNG fuel credit	**1,165,672**	1,583,776	(418,104)	-26.4%
Other nonoperating revenues	**30,310**	31,704	(1,394)	-4.4%
Total nonoperating revenues	**38,694,273**	89,927,599	(51,233,326)	-57.0%
Income before capital contribution	**(66,186,752)**	(5,869,230)	(60,317,522)	1027.7%
Capital contributions				
Contributed capital, net	**79,857,213**	7,346,248	72,510,965	987.0%
Total capital contributions	**79,857,213**	7,346,248	72,510,965	987.0%
Change in net position	**13,670,461**	1,477,018	12,193,443	825.5%
Net position, beginning of year	**197,634,740**	196,157,722	1,477,018	0.8%
Net position, end of year	**$ 211,305,201**	$ 197,634,740	$ 13,670,461	6.9%

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, Omnitrans had a total of $152.6 million invested in capital assets. This total represents an overall decrease of $9.1 million or 5.6% compared to the prior fiscal year total of $161.7 million.

Omnitrans' Capital Assets (Net of Accumulated Depreciation and Amortization)

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percent Increase (Decrease)
Buildings and improvements	$ **149,903,046**	$ 149,464,127	$ 438,919	0.3%
Operations equipment	**127,538,993**	136,991,306	(9,452,313)	-6.9%
Furniture and office equipment	**59,368,263**	58,966,874	401,389	0.7%
Construction in progress	**30,388,822**	19,737,432	10,651,390	54.0%
Land	**5,505,423**	5,505,423	-	0.0%
Subscription Based IT Arrangements	**490,619**	490,619	-	0.0%
Accumulated depreciation and amortization	**(220,550,890)**	(209,417,243)	(11,133,647)	5.3%
Total capital assets	$ **152,644,276**	$ 161,738,538	$ (9,094,262)	-5.6%

Additional information regarding Omnitrans' capital assets can be found in Note 5 in the Notes to the Basic Financial Statements.

Debt Administration

As of June 30, 2024, Omnitrans had $14.0 million in long-term liabilities compared to $14.3 million at June 30, 2023. The June 30, 2024, balance decreased $0.3 million or 2.3%. Claims payable decreased $0.3 million or 2.8% and Compensated absences remained relatively flat.

Omnitrans' Long-Term Liabilities

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percent Increase (Decrease)
Subscription liability	$ **235,206**	$ 325,878	$ (90,672)	-27.8%
Claims payable	**10,441,346**	10,742,455	(301,109)	-2.8%
Compensated absences	**3,319,599**	3,257,494	62,105	1.9%
Total long-term liabilities	$ **13,996,151**	$ 14,325,827	$ (329,676)	-2.3%

Additional information regarding Omnitrans' long-term liabilities can be found in Note 7 in the Notes to the Basic Financial Statements.

Next Year's Budget

Omnitrans prepares an operating and capital budget annually that is approved by the Board of Directors prior to the beginning of its fiscal year. The operating budget for fiscal year ending June 30, 2024, increased proportionately due to ongoing contractual obligations. The challenge going forward is containing cost, and providing safe, dependable, and quality public transit service at sustainable levels as Omnitrans regains ridership.

The capital budget consists of a multi-year program that includes the fixed route, access service, and support vehicle replacement. Funding for these major projects has been identified, and approved by the Board of Directors, and committed to those projects.

Additionally, the FTA has established minimum Federal requirements for transit asset management that will apply to all recipients and sub-recipients who own, operate, or manage public transportation capital assets. Going forward Transit providers are required to set performance targets for state of good repair (SGR) based on established measures and report their targets, as well as information related to the condition of their capital assets.

Contacting Omnitrans' Financial Management

This financial report is designed to provide our customers, stakeholders, and creditors with an overview of Omnitrans' financial operations and condition. If you have a question about this report or need additional information, you may contact Omnitrans' Finance Director at 1700 W. 5th Street, San Bernardino, California 92411-2401.

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BASIC FINANCIAL STATEMENTS

Omnitrans
Statement of Net Position
June 30, 2024
(With Summarized Comparative Information for June 30, 2023)

	June 30	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	**$ 12,827,958**	$ 3,635,674
Restricted cash and cash equivalents	**31,861,071**	61,195,041
Investment	**73,641,181**	62,829,447
Restricted investment	**15,167,592**	-
Receivables:		
Accounts, net of allowance	**2,229,690**	1,876,042
Interest	**815,802**	454,961
Due from other governments	**22,443,778**	9,485,494
Inventory	**3,829,203**	2,833,149
Prepaid items	**585,569**	577,377
Total current assets	**163,401,844**	142,887,185
Noncurrent assets		
Capital assets, nondepreciable	**35,894,245**	25,242,855
Capital assets, depreciable/amortizable, net	**116,750,031**	136,495,683
Total noncurrent assets	**152,644,276**	161,738,538
Total assets	**316,046,120**	304,625,723
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related deferred outflows of resources	**17,952,705**	20,881,681
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**333,998,825**	325,507,404
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities		
Accounts payable	**20,092,463**	5,368,732
Accrued expenses	**1,901,805**	1,638,963
Unearned revenue	**42,984,559**	65,696,888
Settlement liability	**4,350,000**	-
Due within one year:		
Subscription liability	**108,882**	100,549
Compensated absences	**1,226,136**	1,203,197
Claims payable	**4,035,797**	4,049,593
Total current liabilities	**74,699,642**	78,057,922
Noncurrent liabilities		
Due in more than one year:		
Subscription liability	**126,324**	225,329
Compensated absences	**2,093,463**	2,054,297
Claims payable	**6,405,549**	6,692,862
Net pension liability	**37,089,315**	36,506,036
Total noncurrent liabilities	**45,714,651**	45,478,524
Total liabilities	**120,414,293**	123,536,446
DEFERRED INFLOWS OF RESOURCES		
Pension-related deferred inflows of resources	**2,279,331**	4,336,218
NET POSITION		
Net investment in capital assets	**152,409,070**	161,412,660
Restricted for:		
West Valley Connector Capital Projects	**8,058,191**	25,266,986
CTSA Activities	**22,168,538**	19,679,051
Other capital projects	**16,801,934**	16,249,004
Unrestricted	**11,867,468**	(24,972,961)
Total net position	**211,305,201**	197,634,740
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	**$ 333,998,825**	$ 325,507,404

See accompanying notes to basic financial statements.

Omnitrans
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024
(With Summarized Comparative Information for the Year Ended June 30, 2023)

	Years ended June 30 2024	2023
Operating revenues		
Passenger revenue	**$ 7,899,386**	$ 7,527,114
Advertising	**977,017**	758,901
Miscellaneous	**2,249**	1,320
Total operating revenues	**8,878,652**	8,287,335
Operating expenses		
Salaries and benefits	**50,524,612**	45,310,372
Purchased transportation services	**10,531,327**	10,091,996
General and administrative	**12,827,279**	11,105,861
Materials and supplies	**7,947,020**	7,781,423
Capital purchases	**3,591,986**	783,009
Professional and technical services	**6,609,694**	5,278,675
Advertising and printing	**818,065**	764,433
Depreciation and amortization	**20,551,058**	22,633,034
Miscellaneous	**358,636**	335,361
Total operating expenses	**113,759,677**	104,084,164
Operating loss	**(104,881,025)**	(95,796,829)
Public support and nonoperating revenues (expenses)		
Federal, state and local operating grants	**105,527,444**	88,564,761
Pass-through to other agencies	**(67,045,755)**	(1,326,902)
Legal settlement	**(4,350,000)**	-
Interest income	**3,472,725**	1,318,455
CNG fuel credit	**1,165,672**	1,583,776
Loss on disposal of assets	**(99,498)**	(238,972)
Interest expense	**(6,625)**	(5,223)
Other nonoperating revenues	**30,310**	31,704
Total public support and nonoperating revenues, net	**38,694,273**	89,927,599
Loss before contributed capital	**(66,186,752)**	(5,869,230)
Contributed capital, net	**79,857,213**	7,346,248
Changes in net position	**13,670,461**	1,477,018
Net position		
Beginning of year	**197,634,740**	196,157,722
End of year	**$ 211,305,201**	$ 197,634,740

See accompanying notes to basic financial statements.

Omnitrans
Statement of Cash Flows
Year Ended June 30, 2024
(With Summarized Comparative Information for the Year Ended June 30, 2023)

	Year ended June 30	
	2024	2023
Cash Flows From Operating Activities		
Receipts from customers and users	**$ 7,899,386**	$ 7,527,114
Miscellaneous operating receipts	**979,266**	760,221
Miscellaneous nonoperating receipts	**1,195,982**	1,615,480
Payments for insurance claims	**(301,109)**	(624,448)
Payments to suppliers	**(41,830,694)**	(42,433,277)
Payments to employees	**(48,744,297)**	(45,078,460)
Net cash used in operating activities	**(80,801,466)**	(78,233,370)
Cash Flows From Noncapital Financing Activities		
Federal, state, and local operating grants	**105,173,796**	88,786,705
Pass-through payments to other agencies	**(58,229,761)**	(1,326,902)
Principal payments on long term debt	**(90,672)**	64,976
Interest paid	**(6,625)**	(5,223)
Net cash provided by noncapital financing activities	**46,846,738**	87,519,556
Cash Flows From Capital and Related Financing Activities		
Capital grants received	**44,186,600**	10,952,078
Property acquisition	**(7,604,461)**	(5,281,271)
Proceeds from disposal of assets	**98,345**	68,595
Net cash provided by capital and related financing activities	**36,680,484**	5,739,402
Cash Flows From Investing Activities		
Purchase of investments	**(25,979,326)**	(10,629,502)
Interest received on investments	**3,111,884**	981,179
Net cash used in investing activities	**(22,867,442)**	(9,648,323)
Net (decrease) increase in cash and cash equivalents	**(20,141,686)**	5,377,265
Cash and cash equivalents, beginning of year	**64,830,715**	59,453,450
Cash and cash equivalents, end of year	**$ 44,689,029**	$ 64,830,715
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Cash and cash equivalents	**$ 12,827,958**	$ 3,635,674
Restricted cash and equivalents	**31,861,071**	61,195,041
Total cash and cash equivalents	**$ 44,689,029**	$ 64,830,715

See accompanying notes to basic financial statements.

	Year ended June 30	
	2024	2023
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating loss	**$ (104,881,025)**	$ (95,796,829)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	**20,551,058**	22,633,034
Nonoperating miscellaneous income	**1,195,982**	1,615,480
(Increase) decrease in:		
Inventory	**(1,023,914)**	491,007
Prepaid items and other current assets	**(8,192)**	300,663
Increase (decrease) in:		
Accounts payable	**1,885,419**	(7,084,189)
Accrued expenses	**262,842**	221,744
Aggregate net pension liability	**1,455,368**	(35,184)
Compensated absences	**62,105**	45,352
Claims payable	**(301,109)**	(624,448)
Total adjustments	**24,079,559**	17,563,459
Net cash used in operating activities	**$ (80,801,466)**	$ (78,233,370)

See accompanying notes to basic financial statements.

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Omnitrans have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB") as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of Omnitrans' accounting policies are described below.

A. Reporting Entity

Omnitrans was organized on March 8, 1976, by a joint powers agreement between the County of San Bernardino, California (the "County") and the following cities: Chino; Colton; Fontana; Loma Linda; Montclair; Ontario; Redlands; Rialto; San Bernardino; and Upland under Section 6506 of the California Government Code for the purpose of providing transit services under a single agency. The following cities were added thereafter: Rancho Cucamonga and Grand Terrace in 1979; Highland in 1988; Yucaipa in 1990; and Chino Hills in 1992.

Omnitrans provides a variety of transit services to the public of the County. These services include bus operations, purchased transportation services with independent contractors, and demand response transportation services. Omnitrans also functions as a "pass-through" administrative agency for various federal, state and local grants.

B. Financial Statements

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of Omnitrans. The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

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

The financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Omnitrans distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Omnitrans' principal operations. The principal operating revenues of Omnitrans consist of bus transit services. Non-operating revenues consist of federal, state and local operating grants, and investment income. Operating expenses include the cost of sales, administrative expenses and depreciation on capital assets. Expenses not meeting this definition are reported as non-operating expenses. Non-operating expenses primarily consist of payments to pass-through agencies and interest expense.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital contributions consist of grants that are legally restricted for capital expenses by federal, state or local law that established those charges.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources - represent a consumption of net assets that applies to future periods and that, therefore, will not be recognized as an expense until that time. Omnitrans has one item that qualifies for reporting in this category. It is the deferred outflows related to pensions.

Deferred Inflows of Resources - represent an acquisition of net assets that applies to future periods and that, therefore, will not be recognized as revenue until that time. Omnitrans has one item that qualifies for reporting in this category. It is the deferred inflows related to pensions.

Omnitrans receives funding primarily from the following revenue sources:

Passenger Revenue
Passenger fares comprised approximately 89% and 91% of Omnitrans operating revenues for FY2024 and FY2023, respectively.

Other Operating Revenues
Omnitrans receives a variety of operating revenues that are not received directly from passengers. The source of these revenues is mostly advertising.

Non–Operating Revenues
Omnitrans receives subsidies that are derived from federal, state and local tax revenues. Omnitrans does not levy or collect any tax funds, but receives allocated portions of tax funds through federal, state and local granting agencies.

Federal Transit Administration Revenues
Federal Transit Administration (“FTA”) revenues are funded by federal gas tax and revenues from the federal general fund. On November 15, 2021, the Bipartisan Infrastructure Law was signed, reauthorizing surface transportation programs through Federal Fiscal Year (FFY) 2026. The legislation establishes the legal authority to commence and continue FTA programs. Each reauthorization amends the Federal Transit Laws codified in 49 USC Chapter 53. FTA funding is structured on a reimbursement basis (after expenses are incurred), and funds both the construction in progress and operating budgets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Federal Transit Administration Revenues
The reauthorization provides for the following funding streams Omnitrans commonly receives:

- Federal Transit - Formula Grants (Urbanized Area Formula Program)
- Enhanced Mobility of Seniors and Individuals with Disabilities
- National Infrastructure Investments
- Bus and Bus Facilities Formula Program

Bipartisan Infrastructure Law
Signed by President Biden in 2022, this is a once-in-a generation investment in the nation’s infrastructure. The new law provides $39 billion of new investment to modernize transit and $89.9 billion in guaranteed funding for public transit over the next five years. This is the largest Federal investment in public transit history. Omnitrans is expected to see an increase in Federal funding from this law going forward.

Transportation Development Act
Transportation Development Act (“TDA”) provides funding for public transit operators. This state fund is one-quarter of a percent of the 7.75 percent sales tax assessed in the region. In February 2024, the base rate for the sales tax increased from 7.75 percent to 8.75 percent. San Bernadino County Transportation Authority (“SBCTA”) is responsible for the apportionment of these funds within the San Bernadino region.

Measure I
Measure I was first approved in 1989 and in 2004 the County approved the extension through 2040. This state fund is the half-cent sales tax collected throughout the County for transportation improvements. SBCTA is responsible for apportionment of these funds within the San Bernadino region.

State Transit Assistance
State Transit Assistance (“STA”) funding comes from the Public Transportation Act which derives its revenue from the state sales tax on diesel fuels. This fund is appropriated by the legislature with a formula based upon population and local revenue generated.

STA State of Good Repair Program
The STA State of Good Repair Program (“SGR”) Program is a supplemental funding source as a result of Senate Bill (“SB”) 1 and is funded from a portion of a new Transportation Improvement Fee on vehicle registrations due on or after January 1, 2018. This fund is allocated with the same STA Program formula.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Low Carbon Transit Operations Program
The Low Carbon Transit Operations Program ("LCTOP") is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by SB 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. SB 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund for LCTOP.

Compressed Natural Gas ("CNG") Rebate
Alternative fuel credits are issued by the IRS to Omnitrans for utilizing compressed natural gas to power its vehicles. This rebate program has expired and then reauthorized multiple times over the years but is currently authorized through December 31, 2024.

Transformative Climate Communities
The Transformative Climate Communities ("TCC") program was established by Assembly Bill 2722 to fund the development and implementation of neighborhood-level transformative climate community plans that include multiple, coordinated greenhouse gas emissions reduction projects that provide local economic, environmental, and health benefits to disadvantaged communities as described in Section 39711 of the Health and Safety Code. TCC funds community-led development and infrastructure projects that achieve environmental, health, and economic benefits in California's most disadvantaged communities. The program is administered by the Strategic Growth Council and in partnership with the Department of Conservation.

D. Use of Restricted/Unrestricted Assets

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

E. Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid deposits with financial institutions that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash, Cash Equivalents and Investments (Continued)

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
- Overall
- Custodial Credit Risk
- Concentration of Credit Risk

GASB Statement No. 72, *Fair Value Measurement and Application*, defined fair value, established a framework for measuring fair value and established disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statement of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

F. Restricted Cash and Cash Equivalents

Cash and cash equivalents that are maintained in accordance with grant agreements or funding agency directives that are designated for disbursement in the acquisition or construction of capital projects are reported as restricted in the accompanying Statement of Net Position. Restricted cash and cash equivalents are not available for use in current operations.

G. Inventory

Inventories consist of operations vehicles’ parts and fuel in storage held for consumption. The parts and fuel in storage are valued at the lower of cost or net realizable value. The cost of inventory is determined using the moving average method. Under this method, the cost of inventory is recalculated after each purchase by dividing the total cost of inventory available for consumption by the total units available for consumption. Inventory will be consumed based on specific identification in the course of Omnitrans’ operations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

I. Capital Assets

Capital and subscription assets include buildings and improvements, operation equipment furniture and office equipment, and “right-to-use” subscription assets. These capital and right-to-use subscription assets are included on the financial statements and throughout this report as “Capital Assets”.

Capital assets are valued at cost or estimated historical cost if actual cost is not available. Donated assets are valued at their acquisition value. Omnitrans capitalizes all assets with a historical cost of at least $2,000 and a useful life of at least one year. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of capital assets used by Omnitrans is charged as an expense against its operations. Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	5 to 30
Operation equipment	3 to 12
Furniture and office equipment	3 to 20

J. Subscription-Based Information Technology Arrangements

Omnitrans has a policy to recognize Subscription-Based Information Technology Arrangements (“SBITAs”) liability and right-to-use subscription assets (“SBITA assets”) in its financial statements with an initial, individual value of $2,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using Omnitrans’ incremental borrowing rate and Omnitrans recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Subscription-Based Information Technology Arrangements (Continued)

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. SBITA assets are amortized using the straight-line method over the subscription term.

Key estimates and judgments related to SBITAs include how Omnitrans determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- Omnitrans uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, Omnitrans generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

- The subscription term includes the period during which Omnitrans has a noncancelable right to use the underlying information technology asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.

- Subscription payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option years that Omnitrans is reasonably certain to exercise. Omnitrans monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

Right-to-use SBITA assets are reported along with other capital assets and SBITA liabilities are reported on the statement of net position.

K. Unearned Revenue – Project Advances

Project advances represent proceeds from the disposition of FTA-funded capital assets that have been authorized for the future acquisition or construction of capital projects. The revenue associated with the use of the advances will be recognized when all eligibility requirements have been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

It is Omnitrans' policy to permit employees to accumulate earned but unused vacation and sick leave benefits up to certain limits. Management, non-exempt, and coach operator employees begin to accrue vested sick leave hours after six months of service. Upon voluntary resignation, retirement or death and after six months of service, management and non-exempt employees or their estate are paid for any unused sick leave up to a maximum of 50 percent of the available sick leave hours not to exceed 1,200 hours (e.g., 50 percent of 1,200 hours would be paid at 600 hours. Represented employees begin to accrue vested sick leave hours after reaching a certain amount of service time based upon their respective work classification. Teamsters accrue sick leave after 1,040 hours of actual hours worked and Amalgamated Transit Union (ATU) members are after their first year of continuous full-time employment, based upon their respective work classification. Upon voluntary resignation, retirement, or death, and after a certain amount of years of service (ATU members after 8 years of service and Teamsters after 10 years of service), represented employees or their estate are paid for any unused sick leave up to a maximum of 50 percent of available sick leave hours not to exceed 1,200 hours (e.g., 50 percent of 1,200 hours would be paid at 600 hours).

Full-time non-represented employees begin to accrue vacation hours after 6 months of service. Employee vacation credits may be accrued and accumulated up to a maximum of two (2) years total accumulated vacation credits. Eligible employees with an annual accrual of three (3) or more weeks of vacation per year, after taking 80 hours of vacation, shall be permitted to request two (2) weeks' pay in lieu of time off. Represented employees will accrue vacation benefits in accordance with the provisions of their respective Memorandum of Understanding (MOU). Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned.

M. Federal, State and Local Grants

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

N. Pass-Through Grants

Revenues associated with grants, where Omnitrans serves as the administrating agent, are recorded as either nonoperating revenues or capital contributions based on the approved use of the grant. The related expense is recorded as "pass-through to other agencies" in the Statement of Revenues, Expenses, and Changes in Net Position as the expenses do not support the operations of Omnitrans nor provide an asset.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Omnitrans' California Public Employees' Retirement System ("CalPERS") plans ("Plans") and additions to/deductions from the Plans' 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.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 - June 30, 2023

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

P. Net Position

Net Position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

- As of June 30, 2024, Omnitrans reported $8,058,191 of restricted net position for capital projects related to the West Valley Connector Project. Refer to Note 11 to the financial statements for additional information.

- As of June 30, 2024, Omnitrans reported $22,168,538 of restricted net position for funds restricted as to the use for activities related to Omnitrans' status as the Consolidated Transportation Services Agency (CTSA) in San Bernardino County, California.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position (Continued)

- As of June 30, 2024, Omnitrans reported $16,801,934 of restricted net position for funds restricted to other capital projects.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

R. Comparative Data

Selected information from the prior fiscal year has been included in the accompanying financial statements in order to provide an understanding of changes in Omnitrans' financial position and operations. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with Omnitrans' financial statements for the year ended June 30, 2023, from which this selected financial data was derived.

S. New Accounting Pronouncements

During the fiscal year ended June 30, 2024, Omnitrans has implemented the following GASB Standard:

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this statement did not have a significant impact on Omnitrans' financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. New Accounting Pronouncements (Continued)

GASB has released the following statements which will be implemented in future financial statements, if applicable:

GASB Statement No. 101 – Compensated Absences. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102 – Certain Risk Disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103 – Financial Reporting Model Improvements. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 – Disclosures of Certain Capital Assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2024 and 2023, cash, cash equivalents, and investments are reported in the accompanying statement of net position as follows:

	2024	2023
Cash and cash equivalents	**$ 12,827,958**	$ 3,635,674
Restricted cash and cash equivalents	**31,861,071**	61,195,041
Investment	**73,641,181**	62,829,447
Restricted investment	**15,167,592**	-
Total cash, cash equivalents, and investments	**$ 133,497,802**	$ 127,660,162

At June 30, 2024 and 2023, cash, cash equivalents, and investments consisted of the following:

Investment Type	**Measurement Input**	**Fair Value 2024**	**Fair Value** 2023
Cash on hand	N/A	**$ 9,200**	$ 9,200
Demand deposits	N/A	**44,679,829**	64,821,515
State of California - Local Agency Investment Fund (LAIF)	Uncategorized	**73,641,181**	62,829,447
California Asset Management Program (CAMP)	Uncategorized	**15,167,592**	-
Total cash, cash equivalents, and investments		**$ 133,497,802**	$ 127,660,162

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Demand Deposits

As of June 30, 2024, the carrying amount of demand deposits was $44,679,829 and the bank balance was $45,393,824, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in Omnitrans' name as discussed below.

B. Investments Authorized by the California Government Code or Omnitrans' Investment Policy

The table on the following page identifies the investment types that are authorized by the California Government Code (or Omnitrans' investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or Omnitrans' investment policy, where more restrictive) that address interest rate risk, and concentration of credit risk.

Authorized Investment Type	Authorized By Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	None	None
Bankers' Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	Yes	92 days	20%	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
LAIF	Yes	N/A	None	75 million/acct.
CAMP	Yes	N/A	None	None

C. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The investment policy of Omnitrans provides safety and liquidity guidelines for managing interest rate risk.

Omnitrans' investments in LAIF and CAMP have remaining investment maturity of 12 months or less and fair values of $73,641,181 and $15,167,592, respectively.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

C. Risk Disclosures (Continued)

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 the investment. This is measured by the assignment of a nationally recognized statistical rating organization.

Omnitrans' investments in LAIF and CAMP are unrated and are not subject to a minimum rating by the California Government Code, or Omnitrans' investment policy.

Custodial Credit Risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposit 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

D. Investment in LAIF

Omnitrans is a voluntary participant in the LAIF that is regulated by *California Code Section 16429* under the oversight of the Treasurer of the State of California. Omnitrans' investments with LAIF at June 30, 2024, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes – are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

D. Investment in LAIF (Continued)

As of June 30, 2024, Omnitrans had $73,641,181 invested in LAIF, which had invested 3.00% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market value is not readily available. Omnitrans values its investments in LAIF as of June 30, 2024, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. At June 30, 2024, the fair value of Omnitrans' position in the pool is the same as the value of the pool shares. The credit quality of LAIF is not rated by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

E. Investment in CAMP

Omnitrans is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. Security types prohibited include but are not limited to: Investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages.

As of June 30, 2024, Omnitrans had $15,167,592 invested in CAMP. Investment in CAMP is restricted to CTSA activities. Omnitrans reports its investment in CAMP at amounts based upon Omnitrans' percentage interest of the fair value provided by CAMP.

NOTE 3 FEDERAL STATE AND LOCAL GRANTS

Omnitrans receives operating and capital assistance from various federal, state and local sources.

A. Federal Assistance

Under the provision of the FTA, funds are available to Omnitrans for preventive maintenance, security, and various capital costs.

NOTE 3 FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

B. TDA Assistance

Pursuant to provisions of the 1971 TDA, as amended, the California State Legislature enacted the Local Transportation Fund ("LTF") and the State Transit Assistance Fund ("STAF") to provide operating and capital assistance for public transportation. These funds are received from the County based on annual claims filed by Omnitrans and approved by the SBCTA, the regional transportation planning entity.

To be eligible for TDA funds, Omnitrans must maintain a ratio of passenger fares to operating costs of not less than 20.00 percent for general public transit service and 10.00 percent for specialized service for the elderly and handicapped. After considering certain cost exemption provisions of the TDA and supplementing fare revenues with local funds in accordance with section 99268.19 of the TDA, Omnitrans ratios for the fiscal years ended June 30, 2024 and 2023 are 23.36% and 22.85%, respectively, for general public transit service, and 47.3% and 32.22%, respectively, for specialized service for the elderly and handicapped.

In accordance with section 6633.2 of the TDA, if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost, an operator may satisfy this requirement by supplementing its fare revenues with local funds pursuant to section 99268.19. Local funds are revenues derived from taxes imposed by the operator or by a county transportation commission. Omnitrans applies its Measure I Operating assistance grants to supplement its revenues.

In accordance with section 6633.5 of the TDA, for an operator that provides both services to elderly and disabled persons, and services to the general public, either its services to elderly and disabled persons shall meet the 10 percent ratio specified in section 6633.5 of the TDA, or its services combined shall meet the fare ratio specified in section 99405(c).

Omnitrans' ratios for the fiscal year ended June 30, 2024 were calculated as follows:

	General Transit	Special Transit	Total
Operating expenses	$ 97,641,998	$ 15,836,282	$ 113,478,280
Less: Depreciation and amortization	(19,549,972)	(1,001,086)	(20,551,058)
Adjusted operating expenses	$ 78,092,026	$ 14,835,196	$ 92,927,222
Fare revenue	$ 7,404,975	$ 5,538,979	$ 12,943,954
Local Funds (Measure I) used by the operator to supplement fare box revenues to satisfy the fare ratio as permitted by section 99268.19	10,840,852	1,478,298	12,319,150
Adjusted fare revenue	$ 18,245,827	$ 7,017,277	$ 25,263,104
Fare ratio	23.36%	47.30%	27.19%

NOTE 3 FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

B. TDA Assistance (Continued)

Omnitrans' ratios for the fiscal year ended June 30, 2023 were calculated as follows:

	General Transit	Special Transit	Total
Operating expenses	$ 87,410,336	$ 14,425,787	$ 101,836,123
Less: Depreciation and amortization	(21,363,383)	(1,269,651)	(22,633,034)
Adjusted operating expenses	$ 66,046,953	$ 13,156,136	$ 79,203,089
Fare revenue	$ 7,076,890	$ 3,146,061	$ 10,222,951
Local Funds (Measure I) used by the operator to supplement fare box revenues to satisfy the fare ratio as permitted by section 99268.19	8,017,021	1,093,230	9,110,251
Adjusted fare revenue	$ 15,093,911	$ 4,239,291	$ 19,333,202
Fare ratio	22.85%	32.22%	24.41%

In accordance with section 6634 of the TDA, an operator may not receive TDA funds in an amount that exceeds its actual operating costs. For purposes of the farebox revenue calculation above, operating costs are expenses exclusive of the cost of depreciation, vehicle lease cost, and expenses for capital below Omnitrans' capitalization threshold.

C. Measure I

County voters approved Measure I, supporting the half-cent sales tax in the incorporated and unincorporated areas of the County for the 20-year period between April 1, 1990 and March 31, 2010. On November 4, 2004, the voters of the County approved SBCTA Ordinance 04-01, extending the half-cent sales tax for 30 years to March 31, 2040.

Omnitrans receives Measure I funds for paratransit operating costs. Measure I Funds are derived from a locally imposed 0.5 percent retail sales and use tax on all taxable sales within the County. The allocation and administration of Measure I is performed by SBCTA.

D. Measure I CTSA

Omnitrans is the designated CTSA in the County. As the CTSA, Omnitrans receives 2% of the Measure I Senior/Disabled funds collected in the Valley portion of the County.

E. Proposition 1B

The Public Transportation Modernization, Improvement and Service Enhancement Account ("PTMISEA") Fund is a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by California voters as Proposition 1B on November 7, 2006. A total of $19.9 billion was deposited into the PTMISEA fund, $3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement.

NOTE 3 FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

E. Proposition 1B (Continued)

During the fiscal years ended June 30, 2024 and 2023, Proposition 1B cash receipts and cash disbursements were as follows:

	2024	2023
Unspent Proposition 1B funds at the beginning of the year	**$ 1,861,493**	$ 4,266,960
Proposition 1B expenses incurred during the year	**(800,426)**	(2,413,484)
Interest revenue earned on unspent Proposition 1B funds during the year	**12,048**	8,017
Unspent Proposition 1B funds at the end of the year	**$ 1,073,115**	$ 1,861,493

The amount of unspent Proposition 1B funds noted above is included in unearned revenue on the Statement of Net Position.

F. American Rescue Plan Act of 2021 (“ARPA”)

Through the American Rescue Plan Act of 2021 (“ARPA”), the Federal Transit Administration provided $30.46 billion in overall funding for public transportation to remain available until September 30, 2024. All funds are available at 100% federal share for payroll and operations costs of public transit during the public health emergency. For the fiscal years ended June 30, 2024 and 2023, Omnitrans incurred eligible expenses and recognized $4,337,173 and $4,966,651 of ARPA revenue, respectively.

G. State of Good Repair

SB 1, the Road Repair and Accountability Act of 2017 (State of Good Repair), was signed into law on April 28, 2017. SB1 includes a program that will provide additional revenues for transit infrastructure repair and service improvements. Funds are available for eligible transit maintenance rehabilitation and capital projects.

During the fiscal years ended June 30, 2024 and 2023, State of Good Repair cash receipts and cash disbursements were as follows:

	2024	2023
Unspent State of Good Repair (SGR) funds at the beginning of the year	**$ 6,489,873**	$ 6,161,039
SGR funds received during the year	**351,811**	752,489
SGR expenses incurred during the year	**(297,013)**	(433,504)
Interest revenue earned on unspent SGR funds during the year	**52,793**	9,849
Unspent SGR funds at the end of the year	**$ 6,597,464**	$ 6,489,873

The amount of unspent State of Good Repair funds noted above is included in unearned revenue on the Statement of Net Position.

NOTE 3 FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

H. Operating Assistance

Operating assistance is summarized as follows for the years ended June 30, 2024 and 2023:

	2024	2023
CalTrans - Local Transportation Fund TDA	**$ 58,442,393**	$ 62,920,372
Federal Assistance	**14,253,777**	4,448,600
Measure I	**12,319,150**	9,110,251
STAF	**4,823,409**	-
ARPA	**4,337,173**	4,966,651
LCTOP	**3,794,305**	996,225
Measure I CTSA	**3,140,270**	1,963,031
Low Carbon Fuel Standard (Operating)	**2,277,358**	1,692,959
County-Based Medi-Cal Administrative Activities	**1,622,011**	-
SGR	**289,500**	-
Measure I Demand Response	**162,650**	619,288
Transformative Climate Communities	**65,448**	1,798,455
Other	**-**	48,929
Total operating assistance	**$ 105,527,444**	$ 88,564,761

I. Capital Contributions

Capital contributions for the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Federal Assistance	**$ 71,173,661**	$ 3,655,914
CalTrans - Local Transportation Fund TDA	**4,339,273**	26,474
CalTrans - State Transit Assistance Fund TDA	**1,714,128**	447,109
Measure I Capital Reimbursements	**1,057,696**	291,293
Prop 1B	**522,546**	2,413,484
LCTOP Capital Reimbursements	**535,227**	-
Other	**514,682**	511,974
Total capital contributions	**$ 79,857,213**	$ 7,346,248

NOTE 4 PASS-THROUGH GRANTS

Pass-through activity of federal awards to sub-recipients for which Omnitrans provides administrative oversight and determines sub-recipient eligibility for the years ended June 30, 2024 and 2023, is summarized as follows:

	2024	2023
SBCTA	**$ 67,045,755**	$ 1,326,902

NOTE 5 CAPITAL ASSETS

Summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets, not depreciated				
Land	$ 5,505,423	$	$	$ 5,505,423
Construction in progress	19,737,432	12,448,842	(1,797,452)	30,388,822
Total capital assets, not depreciated	25,242,855	12,448,842	(1,797,452)	35,894,245
Capital assets, depreciated or amortized				
Building and improvements	149,464,127	438,919	-	149,903,046
Operating equipment	136,991,306	135,081	(9,587,394)	127,538,993
Furniture and office equipment	58,966,874	401,389	-	59,368,263
SBITA assets	490,619	-	-	490,619
Total capital assets, depreciated or amortized	345,912,926	975,389	(9,587,394)	337,300,921
Less accumulated depreciation or amortization				
Building and improvements	(70,483,900)	(6,333,407)	-	(76,817,307)
Operating equipment	(88,080,051)	(11,268,211)	9,417,411	(89,930,851)
Furniture and office equipment	(50,771,385)	(2,821,218)	-	(53,592,603)
SBITA assets	(81,907)	(128,222)	-	(210,129)
Total accumulated depreciation or amortization	(209,417,243)	(20,551,058)	9,417,411	(220,550,890)
Total capital assets, depreciated or amortized, net	136,495,683	(19,575,669)	(169,983)	116,750,031
Total capital assets, net	$ 161,738,538	$ (7,126,827)	$ (1,967,435)	$ 152,644,276

Construction in progress deletions for the year ended June 30, 2024 is more than the depreciable capital asset additions due to reclassifications to inventory and discontinued construction projects.

Summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not depreciated				
Land	$ 5,505,423	$ -	$ -	$ 5,505,423
Construction in progress	19,161,350	5,746,173	(5,170,091)	19,737,432
Total capital assets, not depreciated	24,666,773	5,746,173	(5,170,091)	25,242,855
Capital assets, depreciated or amortized				
Building and improvements	146,734,562	2,729,565	-	149,464,127
Operating equipment	139,319,314	1,039,189	(3,367,197)	136,991,306
Furniture and office equipment	58,601,369	706,717	(341,212)	58,966,874
SBITA assets	260,902	229,717	-	490,619
Total capital assets, depreciated or amortized	344,916,147	4,705,188	(3,708,409)	345,912,926
Less accumulated depreciation or amortization				
Building and improvements	(64,185,957)	(6,297,943)	-	(70,483,900)
Operating equipment	(78,887,003)	(12,420,410)	3,227,362	(88,080,051)
Furniture and office equipment	(47,279,824)	(3,832,774)	341,213	(50,771,385)
SBITA assets	-	(81,907)	-	(81,907)
Total accumulated depreciation or amortization	(190,352,784)	(22,633,034)	3,568,575	(209,417,243)
Total capital assets, depreciated or amortized, net	154,563,363	(17,927,846)	(139,834)	136,495,683
Total capital assets, net	$ 179,230,136	$ (12,181,673)	$ (5,309,925)	$ 161,738,538

Depreciation and amortization expense for capital assets for the years ended June 30, 2024 and 2023 was $20,551,058 and $22,633,034, respectively.

NOTE 6 UNEARNED REVENUE

At June 30, 2024 and 2023, unearned revenue consisted of the following:

	2024	2023
Measure I - CTSA funds received in advance	**$ 10,090,870**	$ 7,565,895
Measure I Operating funds received in advance	**9,317,688**	8,724,893
LCTOP funds received in advance	**7,133,380**	6,046,670
STA SGR funds received in advance	**6,597,464**	6,489,873
West Valley Connector Project funds received in advance	**6,489,067**	20,251,577
Proposition 1B funds received in advance	**1,073,115**	1,861,493
LTF received in advance	**-**	10,569,770
STAF received in advance	**-**	2,009,749
Other grants received in advance	**2,282,975**	2,176,968
Total unearned revenue	**$ 42,984,559**	$ 65,696,888

NOTE 7 LONG-TERM LIABILITIES

Summary of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due within One Year	Due in More Than One Year
SBITA liability	$ 325,878	$ -	$ (90,672)	$ 235,206	$ 108,882	$ 126,324
Compensated absences	3,257,494	2,379,078	(2,316,973)	3,319,599	1,226,136	2,093,463
Claims payable	10,742,455	2,306,219	(2,607,328)	10,441,346	4,035,797	6,405,549
Total	$ 14,325,827	$ 4,685,297	$ (5,014,973)	$ 13,996,151	$ 5,370,815	$ 8,625,336

Summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022 (As Restated)	Additions	Retirements	Balance June 30, 2023	Due within One Year	Due in More Than One Year
SBITA liability	$ 260,902	$ 229,717	$ (164,741)	$ 325,878	$ 100,549	$ 225,329
Compensated absences	3,212,142	2,835,888	(2,790,536)	3,257,494	1,203,197	2,054,297
Claims payable	11,366,903	2,245,886	(2,870,334)	10,742,455	4,049,593	6,692,862
Total	$ 14,839,947	$ 5,311,491	$ (5,825,611)	$ 14,325,827	$ 5,353,339	$ 8,972,488

SBITA Liability

Omnitrans has entered into SBITAs for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, Omnitrans does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 5 years. The calculated interest rate used is 2.75%.

NOTE 7 LONG-TERM LIABILITIES (CONTINUED)

SBITA Liability (Continued)

As of June 30, 2024, the capitalized right-to-use assets related to SBITAs were $280,490 and the total subscription liability was $235,206, of which $108,882 is reported as a current liability representing the amount due within the next fiscal year. Principal and interest payments to maturity as of June 30, 2024 are as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 108,882	$ 5,458	$ 114,340
2026	104,873	1,885	106,758
2027	21,451	49	21,500
Total	$ 235,206	$ 7,392	$ 242,598

NOTE 8 RISK MANAGEMENT AND SELF-INSURANCE PROGRAM

Omnitrans is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and natural disasters for which they carry commercial insurance. Claims expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors and discounted at an assumed two percent interest rate. The outstanding claims at June 30, 2024, were estimated to be $10,441,346 and were based on an IBNR study performed in fiscal year 2023-2024. Changes in the fund claims liability amount for the last three fiscal years are as follows:

Year Ending June 30,	Beginning of Year Liability	Current year Claims and Changes in Estimates	Claim Payments	End of Year Liability	Due within One Year	Due in More Than One Year
2024	$ 10,742,455	$ 2,306,219	$ (2,607,328)	$ 10,441,346	$ 4,035,797	$ 6,405,549
2023	$ 11,366,903	$ 2,245,886	$ (2,870,334)	$ 10,742,455	$ 4,049,593	$ 6,692,862
2022	$ 12,580,725	$ 4,947,823	$ (6,161,645)	$ 11,366,903	$ 4,043,473	$ 7,323,430

Omnitrans is a member of the Association of California Public Transit Operators Joint Powers Insurance Authority (the “Authority”). The Authority is a risk-pooling self-insurance authority, created under provisions of California law in 1987. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2024, Omnitrans’ participation in the self-insurance programs of the Authority is as follows:

- Liability: Including General, Automobile, Public Officials Errors & Omissions, and Employment Practices. Omnitrans is self-insured up to $10,000,000 per occurrence and has purchased re-insurance and excess insurance coverage.

NOTE 8 RISK MANAGEMENT AND SELF-INSURANCE PROGRAM (CONTINUED)

- Vehicle Physical Damage Program: Including Collision and Comprehensive. Omnitrans is self-insured up to $100,000 per occurrence less deductible and has purchased reinsurance and excess insurance coverage.

Separate financial statements of the Authority can be obtained at 1415 L Street, Suite 200, Sacramento, California 95814.

Omnitrans has also purchased additional insurance coverage outlined below:

- Workers Compensation Liability: Omnitrans is self-insured for workers' compensation claims up to $1,000,000 with a limit of liability of $5,000,000 and excess coverage up to $95,000,000.

- Property Liability: Omnitrans is self-insured for property damage up to $100,000,000 per occurrence. Omnitrans has also purchased earthquake and flood coverage for damage, for which it is self-insured up to $20,000,000 per occurrence for earthquakes and a $20,000,000 limit per occurrence for floods.

- Cyber Liability: Omnitrans has self-insured for Cyber Liability up to $50,000 per occurrence and $2,000,000 in aggregate.

- Crime Liability: Omnitrans is self-insured for employee dishonesty and theft with a limit of liability up to $1,000,000.

- Pollution Liability: Omnitrans is self-insured for pollution with a limit of liability of $5,000,000 per pollution condition and $10,000,000 in aggregate.

- Employment-Related Practices Liability: Omnitrans is self-insured for employment-related practices liability claims up to $250,000 with a limit of liability of $1,000,000 each claim and $1,000,000 aggregate.

For the past three fiscal years, none of the above programs of protection has had settlements or judgments that exceeded pooled or insured coverage.

NOTE 9 DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description
Omnitrans contributes to CalPERS Miscellaneous Plan, an agent multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefits provisions and all other requirements are established by State statute and Omnitrans ordinance. Copies of the CalPERS annual financial report may be obtained from https://www.calpers.ca.gov/page/forms-publications.

Employees Covered by Benefit Terms
At June 30, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Active employees	**487**	512
Transferred and terminated employees	**599**	547
Retired Employees and Beneficiaries	**594**	542
Total	**1,680**	1,601

Benefit Provided
CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Members hired prior to January 1, 2013 become eligible for service retirement upon attainment of age 50 with at least 5 years of credited service. Members hired on or after January 1, 2013 become eligible for service retirement upon attainment of age 52 with at least 5 years of credited service. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2024 and 2023, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire Date	1/1/2013	1/1/2013
Normal benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	52
Monthly benefits, as a % of annual salary	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	8.50%

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions
Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Omnitrans is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. Required employer contribution rates during the year ended June 30, 2024 for classic and PEPRA members were 11.50% and 8.50%, respectively. For the year ended June 30, 2024, Omnitrans contributed $5,684,135 to the plan.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
The June 30, 2022 valuation was rolled forward to determine June 30, 2023 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table1[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance

[1]The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

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

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Long-term Expected Rate of Return (Continued)
In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

Asset Class[1]	Assumed Asset Allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021 Asset Liability Management study.

Discount Rate
The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily 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 plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Sensitivity of Omnitrans' Net Pension Liability to Changes in the Discount Rate
The following presents Omnitrans' net pension liability as of the measurement date, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage point higher than the current rate:

	2024	2023
1% Decrease	**5.90%**	5.90%
Net Pension Liability	**$ 68,808,873**	$ 67,754,454
Current Discount Rate	**6.90%**	6.90%
Net Pension Liability	**$ 37,089,315**	$ 36,506,036
1% Increase	**7.90%**	7.90%
Net Pension Liability	**$ 10,778,964**	$ 10,617,819

Pension Plan Fiduciary Net Position
Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Changes in Net Pension Liability
The following table shows the changes in the net pension liability for the Miscellaneous Plan over the 2023 measurement period:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2022	$ 235,538,563	$ 199,032,527	$ 36,506,036
Changes in the year:			
Service cost	5,204,580	-	5,204,580
Interest on the total pension liability	15,973,737	-	15,973,737
Changes of assumptions	-	-	-
Changes in benefit terms	376,352	-	376,352
Differences between expected and actual experience	(1,045,857)	-	(1,045,857)
Benefit payments, including refunds of member contributions	(11,935,837)	(11,935,837)	-
Contributions - employer	-	5,675,388	(5,675,388)
Contributions - employee	-	2,168,684	(2,168,684)
Net investment income	-	12,227,820	(12,227,820)
Administrative expense	-	(146,359)	146,359
Net Changes	8,572,975	7,989,696	583,279
Balance at June 30, 2023 (Measurement Date)	$ 244,111,538	$ 207,022,223	$ 37,089,315

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Changes in Net Pension Liability (Continued)

The following table shows the changes in the net pension liability for the Miscellaneous Plan over the 2022 measurement period:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2021	$ 222,420,776	$ 219,402,463	$ 3,018,313
Changes in the year:			
Service cost	5,431,433	-	5,431,433
Interest on the total pension liability	15,384,725	-	15,384,725
Changes of assumptions	7,400,132	-	7,400,132
Differences between expected and actual experience	(4,040,685)	-	(4,040,685)
Benefit payments, including refunds of member contributions	(11,057,818)	(11,057,818)	-
Contributions - employer	-	5,216,389	(5,216,389)
Contributions - employee	-	2,023,848	(2,023,848)
Net investment income	-	(16,415,680)	16,415,680
Administrative expense	-	(136,675)	136,675
Net Changes	13,117,787	(20,369,936)	33,487,723
Balance at June 30, 2022 (Measurement Date)	$ 235,538,563	$ 199,032,527	$ 36,506,036

Deferred Outflows and Inflows of Resources

At June 30, 2024 and 2023, Omnitrans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$ 5,684,135	$ -	$ 5,675,305	$ -
Changes in assumptions	2,775,050	-	5,087,991	-
Differences between expected and actual experience	-	(2,279,331)	108,186	(4,336,218)
Differences between projected and actual earnings on pension plan investments	9,493,520	-	10,010,199	-
Total	$ 17,952,705	$ (2,279,331)	$ 20,881,681	$ (4,336,218)

Deferred outflows of resources related to pensions resulting from the Omnitrans' contributions made subsequent to the measurement date in the amounts of $5,684,135 and $5,675,305 will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2025 and 2024, respectively.

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Deferred Outflows and Inflows of Resources (Continued)
For the years ended June 30, 2024 and 2023, Omnitrans recognized pension expense in the amounts of $7,139,187 and 5,640,741, respectively. At June 30, 2024 and 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024			2023		
Year Ending June 30		**Amounts**	Year Ending June 30		Amounts
2025	**$**	**2,332,809**	2024	$	1,267,230
2026		**831,976**	2025		2,410,441
2027		**6,553,467**	2026		909,608
2028		**270,987**	2027		6,282,879
Total	**$**	**9,989,239**	Total	$	10,870,158

NOTE 10 NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2024 and 2023 is reported as follows:

		2024		2023
Capital assets, net	**$**	**152,644,276**	$	161,738,538
Less: SBITA liabilities		**(235,206)**		(325,878)
Net investment in capital assets	**$**	**152,409,070**	$	161,412,660

NOTE 11 COMMITMENTS AND CONTINGENCIES

A. Litigation

Omnitrans is subject to lawsuits and claims which arise out of the normal course of business. In the opinion of management, based upon the opinion of legal counsel, the disposition of such actions of which it is aware will not have a material effect on the financial position, results of operations or liquidity of Omnitrans other than the matter below.

In August 2020, Omnitrans became a party to a lawsuit complaint for alleged wage and hour causes of action. During fiscal years 2021 and 2022, the original complaint was amended to add a cause of action for civil penalties pursuant to the Labor Code of Private Attorneys General Act of 2004 (“PAGA”). The plaintiff filed amendments limiting the action to failure to pay minimum wage, failure to provide meal periods, failure to permit rest periods, and civil penalties under PAGA.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

A. Litigation (Continued)

In March 2024, parties to the lawsuit complaint participated in a mediation but a resolution could not be reached. In April 2024, parties to the lawsuit entered into a settlement agreement. The settlement agreement includes Omnitrans' promise to pay plaintiffs in the amount of $4,350,000 and to separately pay any and all employer payroll taxes owed on the wages portion of the individual class payments. This amount is recognized as a settlement liability in the Statement of Net Position.

As of the January 27, 2025, parties to the lawsuit are awaiting court approval of the settlement agreement.

B. Contingencies

Omnitrans has received federal and state funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, in the opinion of management, any additional required reimbursement will not have a material effect on the financial position, results of operations or liquidity of Omnitrans.

C. Commitments

Commitments consist primarily of additions to operations equipment and building improvements. Significant commitments are as follows:

Project	Amount Authorized	Cumulative Expenditures	Unexpended Commitments
Facilities Future Expansion and Remodel	$ 12,131,064	$ 9,159,718	$ 2,971,346
Computer Software and Hardware	1,553,509	1,289,027	264,482
Holt Bus Rapid Transit	7,943,428	7,943,428	-
Vehicle and Shop Equipment	40,421,419	11,996,648	28,424,771
Total	$ 62,049,420	$ 30,388,821	$ 31,660,599

On November 1, 2017, the Omnitrans Board of Directors approved a cooperative agreement between Omnitrans and SBCTA for environmental clearance, design, right-of-way, construction, and project closeout phases for the West Valley Connector Project (Project). Omnitrans will contribute a total not to exceed $32,785,969 to the Project. SBCTA will lead project environmental clearance, design, right-of-way acquisition, construction, and project closeout work, with input and consultation from Omnitrans. SBCTA will be responsible for maintaining the Project and retaining the title to the project until the project is completed and transferred to Omnitrans. The anticipated project completion date is November 2025.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Commitments (Continued)

To fund its commitment to the Project, Omnitrans received proceeds of $25,077,045 from the sale of real property acquired with local and federal funds during the year ended June 30, 2018. The proceeds from the sale have been reported as restricted cash and investments in accordance with the agreement with the FTA and can only be used for the Project. The balance of the restricted cash and equivalents and investments for the Project as of June 30, 2024 and 2023 was $8,058,191 and $25,266,986, respectively. The sale was authorized by the FTA and the FTA authorized the subsequent use of the federal share of the sale proceeds for use towards Omnitrans' commitment to the Project. Omnitrans will reduce the liability and recognize revenue as the proceeds are applied to one or more FTA-approved capital grants for the Project.

NOTE 12 SUBSEQUENT EVENTS

Omnitrans has evaluated events subsequent to June 30, 2024 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through January 27, 2025, the date the financial statements 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 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

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Omnitrans
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
Year Ended June 30, 2024
Last Ten Years

Measurement Period, Year Ended June 30:	2023	2022	2021	2020	2019
Total Pension Liability					
Service Cost	$ 5,204,580	5,431,433	5,037,154	6,283,890	6,192,874
Interest on total pension liability	15,973,737	15,384,725	15,006,729	14,485,693	13,727,338
Changes of benefit terms	376,352				
Changes in assumptions	-	7,400,132	-	-	-
Differences between expected and actual experience	(1,045,857)	(4,040,685)	(3,728,873)	(1,403,532)	4,435,739
Benefit payments, including refunds of employee contributions	(11,935,837)	(11,057,818)	(9,977,682)	(8,282,600)	(7,629,045)
Net change in total pension liability	8,572,975	13,117,787	6,337,328	11,083,451	16,726,906
Total pension liability - beginning	235,538,563	222,420,776	216,083,448	204,999,997	188,273,091
Total pension liability - ending (a)	$ 244,111,538	235,538,563	222,420,776	216,083,448	204,999,997
Plan fiduciary net position					
Contributions - employer	$ 5,675,388	5,216,389	5,139,924	5,193,463	4,797,140
Contributions - employee	2,168,684	2,023,848	2,094,716	2,543,478	2,594,545
Net investment income	12,227,820	(16,415,680)	40,781,907	8,732,860	10,773,154
Benefit payments, including refunds of employee contributions	(11,935,837)	(11,057,818)	(9,977,682)	(8,282,600)	(7,629,045)
Net plan to plan resource movement	-	-	-	-	-
Administrative expense	(146,359)	(136,675)	(181,352)	(244,737)	(116,451)
Other micellaneous (income)/expense	-	-	-	-	378
Net change in plan fiduciary net position	7,989,696	(20,369,936)	37,857,513	7,942,464	10,419,721
Plan fiduciary net position - beginning	199,032,527	219,402,463	181,544,950	173,602,486	163,182,765
Plan fiduciary net position - ending (b)	$ 207,022,223	199,032,527	219,402,463	181,544,950	173,602,486
Net pension liability - ending (a) - (b)	$ 37,089,315	36,506,036	3,018,313	34,538,498	31,397,511
Plan fiduciary net position as a percentage of the total pension liability	84.81%	84.50%	98.64%	84.02%	84.68%
Covered payroll	$ 28,163,313	27,021,141	37,692,638	35,702,027	35,625,315
Plan net pension liability as a percentage of covered payroll	131.69%	135.10%	8.01%	96.74%	88.13%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30,

Changes of assumptions:

*2022 - Discount rate decreased to 7.15 percent from 6.90 percent
*2018 - Demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review December 2017
*2017 - Discount rate decreased to 7.15 percent from 7.65 percent
*2015 - Discount rate increased to 7.65 percent from 7.50 percent

Measurement Period, Year Ended June 30:		2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	$	5,937,322	5,619,063	4,952,455	4,752,183	5,032,912
Interest on total pension liability		12,594,016	11,757,906	11,122,864	10,405,272	9,875,147
Changes of benefit terms						
Changes in assumptions		(1,592,446)	10,060,448	-	(2,654,537)	-
Differences between expected and actual experience		2,130,851	(1,848,982)	(813,650)	(3,304,350)	-
Benefit payments, including refunds of employee contributions		(6,859,350)	(5,901,950)	(5,239,568)	(4,887,764)	(4,033,818)
Net change in total pension liability		12,210,393	19,686,485	10,022,101	4,310,804	10,874,241
Total pension liability - beginning		176,062,698	156,376,213	146,354,112	142,043,308	131,169,067
Total pension liability - ending (a)	$	188,273,091	176,062,698	156,376,213	146,354,112	142,043,308
Plan fiduciary net position						
Contributions - employer	$	4,312,649	4,049,916	3,500,671	3,095,406	2,857,424
Contributions - employee		2,490,292	2,329,577	2,067,151	2,010,360	1,892,148
Net investment income		12,784,235	15,133,615	734,228	2,966,348	19,522,988
Benefit payments, including refunds of employee contributions		(6,859,350)	(5,901,950)	(5,239,568)	(4,887,764)	(4,033,818)
Net plan to plan resource movement		(378)	-	-	7,386	-
Administrative expense		(235,515)	(200,392)	(82,121)	(151,602)	-
Other micellaneous (income)/expense		(447,247)	-	-	-	-
Net change in plan fiduciary net position		12,044,686	15,410,766	980,361	3,040,134	20,238,742
Plan fiduciary net position - beginning		151,138,079	135,727,313	134,746,952	131,706,818	111,468,076
Plan fiduciary net position - ending (b)	$	163,182,765	151,138,079	135,727,313	134,746,952	131,706,818
Net pension liability - ending (a) - (b)	$	25,090,326	24,924,619	20,648,900	11,607,160	10,336,490
Plan fiduciary net position as a percentage of the total pension liability		86.67%	85.84%	86.80%	92.07%	92.72%
Covered payroll	$	34,587,684	32,039,361	30,655,864	28,606,926	29,286,654
Plan net pension liability as a percentage of covered payroll		72.54%	77.79%	67.36%	40.57%	35.29%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30,

Changes of assumptions:

*2022 - Discount rate decreased to 7.15 percent from 6.90 percent
*2018 - Demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review December 2017
*2017 - Discount rate decreased to 7.15 percent from 7.65 percent
*2015 - Discount rate increased to 7.65 percent from 7.50 percent

Fiscal Year Ended June 30:	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 5,684,135	$ 5,947,856	$ 5,216,168	$ 5,142,944	$ 5,288,892
Contributions in relation to the actuarially determined contribution	(5,684,135)	(5,947,856)	(5,216,168)	(5,142,944)	(5,288,892)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	30,815,344	28,163,313	27,021,141	37,692,638	35,702,027
Contributions as a percentage of covered payroll	18.45%	21.12%	19.30%	13.64%	14.81%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2022 funding valuation report.

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	For details, see June 30, 2022 Funding Valuation Report.
Asset valuation method	Fair value of assets
Inflation	2.30%
Salary increases	Varies based on entry age and service
Payroll growth	2.75%
Investment rate of return	7.0% net of pension plan investment and administrative expenses
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using Society of American Actuaries Scales 90% of scale MP 2016.

Fiscal Year Ended June 30:	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 4,795,768	$ 4,265,223	$ 4,041,753	$ 3,481,193	$ 3,283,410
Contributions in relation to the actuarially determined contribution	(4,795,768)	(4,265,223)	(4,041,753)	(3,481,193)	(3,283,410)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	35,625,315	34,587,684	32,039,361	30,655,864	28,606,926
Contributions as a percentage of covered payroll	13.46%	12.33%	12.61%	11.36%	11.48%

Notes to Schedule:

Methods and assumptions used to determine contribution rates

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2022 funding valuation report.

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	For details, see June 30, 2022 Funding Valuation Report.
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STATISTICAL SECTION
(UNAUDITED)

This section of Omnitrans' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about Omnitrans' overall financial health. This information has not been audited by the independent auditors.

Contents

Financial Trends
These schedules contain trend information to help the reader understand how the Omnitrans financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess Omnitrans' most significant local revenue source, passenger fares.

Debt Capacity
This schedule contains information to help the reader assess the affordability of Omnitrans' current levels of outstanding debt and the ability to issue additional debt in the future.

Demographics and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which Omnitrans' financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in Omnitrans' financial report relates to the services Omnitrans provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant years.

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FINANCIAL TRENDS

	2024	2023	2022	2021	2020
Primary government:					
Net investment in capital assets	$ 152,409,070	$ 161,412,660	$ 178,969,234	$ 194,852,648	$ 202,666,266
Less: Debt offsetting capital assets	-	-	-	-	-
Total net investment in capital assets	152,409,070	161,412,660	178,969,234	194,852,648	202,666,266
Restricted - Capital projects	24,860,125	41,515,990	314,460	314,460	4,864,626
Restricted - CTSA activities	22,168,538	19,679,051	5,391,341	5,448,007	5,418,603
Unrestricted net position	11,867,468	(24,972,961)	11,482,687	(955,763)	(4,298,682)
Total primary government net position	$ 211,305,201	$ 197,634,740	$ 196,157,722	$ 199,659,352	$ 208,650,813

Source: Finance Department

	2019	2018	2017	2016	2015
Primary government:					
Net investment in capital assets	$ 200,270,564	$ 218,134,323	$ 212,850,236	$ 204,298,178	$ 196,610,392
Less: Debt offsetting capital assets	-	-	-	-	(129,101)
Total net investment in capital assets	200,270,564	218,134,323	212,850,236	204,298,178	196,481,291
Restricted - Capital projects	4,812,857	3,914,213	-	-	-
Restricted - CTSA activities	11,016,293	-	-	-	-
Unrestricted net position	(8,756,220)	-	976,796	7,896,427	(5,263,020)
Total primary government net position	$ 207,343,494	$ 222,048,536	$ 213,827,032	$ 212,194,605	$ 191,218,271

Source: Finance Department

	2024	2023	2022	2021	2020
Operating revenues					
Passenger revenue	$ 7,899,386	$ 7,527,114	$ 7,726,741	$ 6,639,109	$ 11,227,212
Advertising	977,017	758,901	755,178	645,714	685,699
Miscellaneous	2,249	1,320	1,785	23,697	69,755
Total operating revenues	8,878,652	8,287,335	8,483,704	7,308,520	11,982,666
Operating expenses					
Depreciation and amortization	20,551,058	22,633,034	22,836,730	20,935,486	19,288,208
Other operating expenses	93,208,619	81,451,130	69,950,920	78,264,894	91,888,124
Total operating expenses	113,759,677	104,084,164	92,787,650	99,200,380	111,176,332
Non-operating revenues (expenses)					
Federal, state & local operating grants	105,527,444	88,564,761	71,334,095	70,157,677	75,325,966
Interest income	3,472,725	1,318,455	(536,684)	(23,485)	846,858
Interest expense	(6,625)	(5,223)	-	-	-
Pass-through to other agencies	(67,045,755)	(1,326,902)	(14,594,588)	(50,676,427)	(30,661,723)
Pass-through to CTSA community partners	-	-	-	(929,943)	(988,351)
Donation to other agency	-	-	-	-	-
Loss on disposal of capital assets	(99,498)	(238,972)	(36,718)	(665,723)	(709,129)
CNG fuel tax credit	1,165,672	1,583,776	525,164	966,554	3,758,891
Settlement expense	(4,350,000)	-	-	-	-
Other non-operating revenues (expenses)	30,310	31,704	84,523	43,766	19,738
Total non-operating revenues	38,694,273	89,927,599	56,775,792	18,872,419	47,592,250
Income before capital contribution	(66,186,752)	(5,869,230)	(27,528,154)	(73,019,441)	(51,601,416)
Capital contributions					
Capital assistance	79,857,213	7,346,248	24,026,524	64,027,980	52,908,735
Contributions from other agencies	-	-	-	-	-
Total capital contributions	79,857,213	7,346,248	24,026,524	64,027,980	52,908,735
Changes in net position	13,670,461	1,477,018	(3,501,630)	(8,991,461)	1,307,319
Net position, beginning of year	197,634,740	196,157,722	199,659,352	208,650,813	207,343,494
Prior period adjustment	-	-	-	-	-
Net Position, beginning of year, as restated	197,634,740	196,157,722	199,659,352	208,650,813	207,343,494
Net position, end of year	$ 211,305,201	$ 197,634,740	$ 196,157,722	$ 199,659,352	$ 208,650,813

Source: Finance Department

	2019	2018	2017	2016	2015
Operating revenues					
Passenger revenue	$ 13,168,821	$ 12,677,056	$ 12,956,556	$ 13,809,102	$ 15,015,499
Advertising	774,189	598,078	596,098	673,669	532,322
Miscellaneous	55,673	38,680	62,779	57,832	54,440
Total operating revenues	13,998,683	13,313,814	13,615,433	14,540,603	15,602,261
Operating expenses					
Depreciation and amortization	18,797,139	16,540,761	16,762,307	15,222,998	12,742,411
Other operating expenses	95,682,829	86,902,089	79,318,693	70,670,842	71,365,710
Total operating expenses	114,479,968	103,442,850	96,081,000	85,893,840	84,108,121
Non-operating revenues (expenses)					
Federal, state & local operating grants	84,857,421	69,716,169	63,623,628	68,179,717	55,090,857
Interest income	315,357	167,494	52,757	172,124	43,486
Interest expense	-	-	-	(927)	(2,426)
Pass-through to other agencies	(854,709)	(1,690,894)	(14,232,126)	(11,531,009)	(1,297,931)
Pass-through to CTSA community partners	(394,708)	-	-	-	-
Donation to other agency	(6,838,655)	-	(27,910)	-	(72,050,046)
Loss on disposal of capital assets	(1,910,005)	(650,981)	-	-	-
CNG fuel tax credit	-	1,434,406	-	-	-
Settlement expense	-	-	-	-	-
Other non-operating revenues (expenses)	21,422	352,633	922,850	1,107,516	1,032,590
Total non-operating revenues	75,196,123	69,328,827	50,339,199	57,927,421	(17,183,470)
Income before capital contribution	(25,285,162)	(20,800,209)	(32,126,368)	(13,425,816)	(85,689,330)
Capital contributions					
Capital assistance	8,760,536	29,021,713	35,816,686	34,402,150	37,167,461
Contributions from other agencies	846,500	-	-	-	-
Total capital contributions	9,607,036	29,021,713	35,816,686	34,402,150	37,167,461
Changes in net position	(15,678,126)	8,221,504	3,690,318	20,976,334	(48,521,869)
Special items					
Transfer of operations	973,084	-	-	-	-
Total special items	973,084	-	-	-	-
Net position, beginning of year	222,048,536	213,827,032	212,194,605	191,218,271	254,691,559
Prior period adjustment	-	-	(2,057,891)	-	(14,951,419)
Net Position, beginning of year, as restated	222,048,536	213,827,032	210,136,714	191,218,271	239,740,140
Net position, end of year	$ 207,343,494	$ 222,048,536	$ 213,827,032	$ 212,194,605	$ 191,218,271

Source: Finance Department

REVENUE CAPACITY

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	2024	2023	2022	2021	2020
Passenger fares - individuals					
F/R full fares - cash	$ 2,378,317	$ 1,993,456	$ 1,822,752	$ 1,736,809	$ 2,690,880
F/R senior/disable fare - cash	526,727	472,044	436,176	382,588	478,431
F/R 1-day & 7 day full fare - pass	1,247,971	1,100,339	1,020,016	1,016,907	1,776,965
F/R 1-day & 7 day S/D fare - pass	536,562	519,469	484,629	428,802	714,675
F/R 7-day youth pass	4,047	3,972	3,810	15,578	93,529
F/R 31-day full fare - pass (less: discount)	970,654	1,591,000	2,042,796	1,353,135	2,455,560
F/R 31-day youth fare - pass	7,689	9,900	40,365	74,880	379,471
F/R 31-day disability fare - pass	510,267	293,944	263,640	245,970	415,099
University passes*	908,365	829,351	799,170	598,017	905,180
VET - cash	13,655	11,887	10,820	11,016	12,775
VET 31-day pass	33,788	31,458	29,119	30,229	48,460
VET 7 day pass	3,575	2,437	2,160	2,106	7,486
VET 1 day pass	5,989	5,351	6,800	5,150	9,535
Metrolink transfer	104,385	86,960	57,598	46,834	90,080
Access base fare - cash	97,911	101,460	117,353	141,357	139,051
Access base fare (3 zones) - ticket	615,060	545,364	624,364	530,021	979,726
Access additional (1 zone) - ticket	2,763	641	1,904	3,718	6,985
Access monthly subscription zone - pass	-	-	-	-	-
Total passenger fares - individuals	7,967,725	7,599,033	7,763,472	6,623,117	11,203,888
Special transit fares - group					
F/R 1 - trip full fare - ticket	29,671	20,770	16,592	-	-
OmniLink (Yucaipa) - cash	-	-	-	-	-
OmniLink (Chino Hills) - cash	-	-	-	-	-
OmniRide	21,629	20,829	23,766	8,230	-
OmniLink S/D fare - ticket	-	-	-	-	-
OmniLink youth fare - ticket	-	-	-	-	-
OmniGo - fares**	-	-	-	7,762	23,324
Total special transit fares	51,300	41,599	40,358	15,992	23,324
Bus pass sales discounts	(119,639)	(113,518)	(77,089)	(65,947)	-
Net passenger fares	$ 7,899,386	$ 7,527,114	$ 7,726,741	$ 6,573,162	$ 11,227,212

* From 2014 - 2019 Omnitrans implemented GoSmart Student Pass Program.
** Starting 2018, OmniLink service was rebranded as OmniGo

Source: Finance Department

	2019	2018	2017	2016	2015
Passenger fares - individuals					
F/R full fares - cash	$ 3,250,699	$ 3,301,892	$ 3,473,311	$ 3,920,383	$ 4,414,989
F/R senior/disable fare - cash	569,175	588,484	548,603	577,375	557,592
F/R 1-day & 7 day full fare - pass	2,585,110	2,710,454	2,888,887	3,207,595	3,577,714
F/R 1-day & 7 day S/D fare - pass	806,385	836,285	849,267	861,302	893,643
F/R 7-day youth pass	124,634	129,652	126,818	137,774	208,442
F/R 31-day full fare - pass (less: discount)	2,313,010	1,294,738	1,260,680	1,354,705	1,574,959
F/R 31-day youth fare - pass	461,947	478,183	506,414	485,891	579,142
F/R 31-day disability fare - pass	522,033	571,081	599,932	650,869	622,658
University passes*	955,091	998,587	773,383	755,318	753,215
VET - cash	15,475	13,479	13,665	23,564	13,154
VET 31-day pass	60,935	67,441	70,819	61,588	41,824
VET 7 day pass	17,576	18,884	19,362	16,560	12,490
VET 1 day pass	10,158	8,266	9,714	6,310	4,394
Metrolink transfer	67,577	94,809	122,680	54,778	53,169
Access base fare - cash	171,457	170,373	172,695	172,367	193,297
Access base fare (3 zones) - ticket	1,161,937	1,330,100	1,448,556	1,466,273	1,452,471
Access additional (1 zone) - ticket	8,975	10,977	12,096	8,509	14,181
Access monthly subscription zone - pass	-	-	-	-	-
Total passenger fares - individuals	13,102,174	12,623,685	12,896,882	13,761,161	14,967,334
Special transit fares - group					
F/R 1 - trip full fare - ticket	-	-	-	-	-
OmniLink (Yucaipa) - cash	-	-	-	-	43,880
OmniLink (Chino Hills) - cash	-	-	-	-	2,821
OmniRide	-	-	-	-	-
OmniLink S/D fare - ticket	-	-	-	-	1,329
OmniLink youth fare - ticket	-	-	-	-	81
OmniGo - fares**	-	53,371	59,677	47,941	54
Total special transit fares	-	53,371	59,677	47,941	48,165
Bus pass sales discounts	-	-	-	-	-
Net passenger fares	$ 13,102,174	$ 12,677,056	$ 12,956,559	$ 13,809,102	$ 15,015,499

* From 2014 - 2019 Omnitrans implemented GoSmart Student Pass Program.
** Starting 2018, OmniLink service was rebranded as OmniGo

Source: Finance Department

DEBT CAPACITY

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Fiscal Year	Subscription Liability	Total	Percentage of Personal Income	Per Capita
2023	$ 325,878	$ 325,878	0.00%	$ 0.15
2024	235,206	235,206	0.00%	0.11

Source: Finance Department
Note: Detailed regarding Omnitrans' outstanding debt can be found in the notes to the financial statements.

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DEMOGRAPHICS AND ECONOMIC INFORMATION

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	Population (A)	Personal Income (thousands) (B)	Per Capita Personal Income (B/A)	Median Age	School Enrollment	Average Unemployment Rate
2015	2,112,619	$ 76,202,167	$ 36,070	31.0	410,696	6.80%
2016	2,156,651	78,139,779	36,232	31.2	408,948	6.30%
2017	2,166,777	80,367,925	37,091	31.0	431,473	5.30%
2018	2,171,603	84,230,000	38,787	32.9	403,137	4.70%
2019	2,180,085	86,386,500	39,625	33.8	406,069	4.30%
2020	2,190,000	86,400,000	39,452	33.8	407,268	14.30%
2021	2,206,750	92,778,390	42,043	33.3	399,356	6.60%
2022	2,210,942	100,279,485	45,356	33.6	398,648	3.90%
2023	2,193,656	108,570,616	49,493	33.6	397,426	5.00%
2024	2,196,314	112,438,090	51,194	33.9	396,860	5.30%

Source: U.S. Department of Labor, Bureau of Labor Statistics; Bureau of Economic Analysis; California Employment Development Department; California Basic Educational Data Systems (CBEDS); San Bernardino County Economic Forecast; California Department of Education.

Omnitrans
Principal Employers of San Bernardino County
Last Ten Fiscal Years

		% of Total	Ranking									
Employer	**Employees**	**Employment**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Amazon Fulfillment Centers	10,000 - 20,000	1.03%	1	1	1	-	-	-	-	-	-	-
County of San Bernardino	10,000 - 20,000	1.03%	2	2	4	3	3	3	3	3	3	1
Loma Linda University*	10,000 - 20,000	1.03%	3	3	5	6	1	1	1	1	1	3
San Bernardino City Unified School District	5,000 - 10,000	0.50%	4	4	6	4	9	9	9	9	9	5
Ontario International Airport, Ontario	5,000 - 10,000	0.50%	5	5	7	5	8	8	8	8	8	7
Kaiser Permanente	5,000 - 10,000	0.50%	6	6	8	7	5	5	5	5	5	9
Arrowhead Regional Medical Center	1,000 - 5,000	0.20%	7	7	2	1	-	-				
Fontana Unified School District	1,000 - 5,000	0.20%	8	8	9	8	-	-	-	-	-	-
Burlington Distribution Center	1,000 - 5,000	0.20%	9	9	-	-	-	-	-	-	-	-
San Manuel Band of Mission Indians	1,000 - 5,000	0.20%	10	10	10	9	-	-	-	-	-	-

*Includes: Loma Linda University, Loma Linda Medical Center, and VA Loma Linda Healthcare Systems
Source: *San Bernardino Area Chamber of Commerce, U.S. Census Bureau, CA Employment Development Department (EDD)*

TITLE	Jun-24	Jun-23	Jun-22	Jun-21	Jun-20
Civilian Labor Force	2,159,400	2,127,600	2,151,100	2,107,300	2,103,000
Civilian Employment	2,044,800	2,021,600	2,065,200	1,930,000	1,818,800
Civilian Unemployment	114,600	106,000	85,900	177,300	284,200
Civilian Unemployment Rate	5.30%	5.00%	4.00%	8.40%	13.50%
Total, All Industries	1,720,600	1,688,700	1,673,600	1,575,700	1,470,200
Total Farm	15,600	17,100	18,100	15,200	17,000
Total Nonfarm	1,705,000	1,671,600	1,655,500	1,560,500	1,453,200
Total Private	1,430,300	1,412,500	1,398,100	1,316,200	1,209,100
Goods Producing	216,400	217,100	212,800	206,800	200,600
Mining, Logging, and Construction	119,900	120,300	113,400	111,700	105,700
Mining and Logging	1,600	1,600	1,400	1,400	1,300
Construction	118,300	118,700	112,000	110,300	104,400
Construction of Buildings	18,300	18,100	17,200	17,200	16,200
Heavy & Civil Engineering Construction	15,400	14,400	12,700	12,800	12,800
Specialty Trade Contractors	84,600	86,200	82,100	80,300	75,400
Building Foundation & Exterior Contractors	26,800	26,700	24,900	24,200	22,900
Building Equipment Contractors	31,500	32,500	30,100	29,900	27,100
Building Finishing Contractors	17,500	18,200	17,200	17,600	17,000
Manufacturing	96,500	96,800	99,400	95,100	94,900
Durable Goods	59,000	57,900	61,900	59,000	60,300
Fabricated Metal Product Manufacturing	14,400	13,900	13,900	13,600	14,600
Nondurable Goods	37,500	38,900	37,500	36,100	34,600
Service Providing	1,488,600	1,454,500	1,442,700	1,353,700	1,252,600
Private Service Providing	1,213,900	1,195,400	1,185,300	1,109,400	1,008,500
Trade, Transportation & Utilities	452,400	449,600	467,200	431,000	393,300
Wholesale Trade	68,400	67,500	70,100	67,000	63,800
Merchant Wholesalers, Durable Goods	40,400	40,200	40,800	39,800	37,600
Merchant Wholesalers, Nondurable Goods	24,700	23,800	24,900	23,800	23,200
Retail Trade	180,300	179,500	181,800	174,600	161,500
Motor Vehicle & Parts Dealer	25,700	26,500	25,300	24,200	22,400
Automotive Parts, Accessories & Tire Stores	7,600	8,300	7,700	7,300	7,000
Building Material & Garden Equipment Stores	15,800	15,400	16,200	16,000	15,300
Food & Beverage Stores	39,900	37,700	36,800	35,500	35,600
Health & Personal Care Stores	39,300	39,200	12,100	11,600	9,600
Clothing & Clothing Accessories Stores	10,900	12,100	15,200	14,500	10,400
Clothing Stores	15,400	14,300	11,400	10,700	7,400
General Merchandise Stores	11,600	10,800	39,000	37,600	36,300
Transportation, Warehousing & Utilities	203,700	202,600	215,300	189,400	168,000
Utilities	5,700	5,800	5,000	5,100	5,000
Transportation & Warehousing	198,000	196,800	210,300	184,300	163,000
Truck Transportation	32,600	34,100	33,500	31,300	29,100
General Freight Trucking	23,900	25,800	25,400	23,800	22,200
Couriers & Messengers	22,500	18,200	21,800	21,400	19,000
Warehousing & Storage	120,400	126,300	135,400	114,600	99,400
Information	13,000	10,100	10,000	9,900	8,700
Publishing Industries (except Internet)	1,500	1,600	1,700	1,800	1,700
Telecommunications	4,600	4,500	4,300	4,600	4,800
Financial Activities	44,300	46,800	46,700	44,400	42,900
Finance & Insurance	22,000	23,900	23,900	24,100	24,200
Credit Intermediation & Related Activities	10,000	12,000	12,000	12,500	12,800
Depository Credit Intermediation	7,000	8,100	7,500	8,300	9,000
Nondepository Credit Intermediation	1,600	2,200	2,400	2,500	2,100
Insurance Carriers & Related	9,900	9,800	9,500	9,600	9,800
Insurance Carriers	3,400	2,500	2,600	2,700	2,700

(Continued)

TITLE	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15
Civilian Labor Force	2,055,300	2,037,900	1,999,600	1,972,100	1,943,400
Civilian Employment	1,966,900	1,944,000	1,890,800	1,845,500	1,808,600
Civilian Unemployment	88,400	93,900	108,800	126,600	134,800
Civilian Unemployment Rate	4.30%	4.60%	5.40%	6.40%	6.90%
Total, All Industries	1,565,400	1,520,700	1,466,000	1,409,800	1,361,400
Total Farm	19,600	17,900	18,900	19,000	18,400
Total Nonfarm	1,545,800	1,502,800	1,447,100	1,390,800	1,343,000
Total Private	1,281,100	1,241,000	1,193,800	1,146,600	1,108,600
Goods Producing	210,900	208,300	198,800	190,900	181,700
Mining, Logging, and Construction	109,500	108,100	100,200	93,000	86,500
Mining and Logging	1,200	1,200	900	900	1,400
Construction	108,300	106,900	99,300	92,100	85,100
Construction of Buildings	16,400	15,800	15,300	14,700	13,700
Heavy & Civil Engineering Construction	12,700	12,400	12,500	12,100	11,700
Specialty Trade Contractors	79,200	78,700	71,500	65,300	59,700
Building Foundation & Exterior Contractors	24,300	25,000	22,400	18,600	16,800
Building Equipment Contractors	28,400	27,000	24,700	23,000	20,000
Building Finishing Contractors	17,700	18,000	16,100	15,800	15,400
Manufacturing	101,400	100,200	98,600	97,900	95,200
Durable Goods	65,500	65,500	64,700	64,600	63,400
Fabricated Metal Product Manufacturing	15,300	15,100	14,300	14,500	14,700
Nondurable Goods	35,900	34,700	33,900	33,300	31,800
Service Providing	1,334,900	1,294,500	1,248,300	1,199,900	1,161,300
Private Service Providing	1,070,200	1,032,700	995,000	955,700	926,900
Trade, Transportation & Utilities	387,600	373,700	356,000	337,800	327,400
Wholesale Trade	68,100	66,300	62,900	62,100	60,800
Merchant Wholesalers, Durable Goods	40,300	39,300	36,800	36,900	37,200
Merchant Wholesalers, Nondurable Goods	24,500	24,000	23,100	22,100	20,900
Retail Trade	177,300	178,300	178,100	174,600	171,400
Motor Vehicle & Parts Dealer	25,300	25,900	25,800	24,600	23,600
Automotive Parts, Accessories & Tire Stores	7,400	7,500	7,600	7,400	7,400
Building Material & Garden Equipment Stores	14,500	14,800	14,500	14,200	13,700
Food & Beverage Stores	33,700	33,800	33,600	34,000	33,700
Health & Personal Care Stores	11,900	11,500	11,300	10,600	10,400
Clothing & Clothing Accessories Stores	17,900	18,800	19,300	18,900	19,500
Clothing Stores	13,000	13,900	14,300	14,100	14,900
General Merchandise Stores	36,100	35,900	36,200	36,700	34,900
Transportation, Warehousing & Utilities	142,200	129,100	115,000	101,100	95,200
Utilities	4,800	4,900	5,000	5,300	5,300
Transportation & Warehousing	137,400	124,200	110,000	95,800	89,900
Truck Transportation	28,100	26,900	26,200	25,600	25,000
General Freight Trucking	21,900	21,200	20,300	19,900	19,600
Couriers & Messengers	15,200	13,600	11,000	9,500	9,600
Warehousing & Storage	76,300	66,200	56,100	44,200	39,000
Information	11,600	11,500	11,500	12,000	11,500
Publishing Industries (except Internet)	1,700	1,600	1,400	1,500	1,600
Telecommunications	5,200	5,300	5,500	5,500	5,400
Financial Activities	44,700	44,600	44,600	44,900	43,800
Finance & Insurance	24,100	25,400	27,000	27,000	28,200
Credit Intermediation & Related Activities	12,800	13,500	14,400	14,700	15,400
Depository Credit Intermediation	9,100	9,000	9,500	9,500	9,700
Nondepository Credit Intermediation	2,200	2,900	3,100	2,800	3,100
Insurance Carriers & Related	10,000	10,100	10,100	10,700	9,900
Insurance Carriers	2,800	3,100	3,500	3,900	4,100

(Continued)

Omnitrans
Riverside San Bernardino Ontario MSA
(Riverside and San Bernardino Counties)
Industry Employment & Labor Force Benchmark (Unaudited) (Continued)
Last Ten Fiscal Years

TITLE	Jun-24	Jun-23	Jun-22	Jun-21	Jun-20
Real Estate & Rental & Leasing	22,300	22,900	22,800	20,300	18,700
Real Estate	16,100	16,600	16,200	14,800	13,600
Professional & Business Services	162,600	181,600	174,900	165,800	147,800
Professional, Scientific & Technical Services	45,900	52,200	48,400	44,200	41,100
Management of Companies & Enterprises	9,200	8,900	8,600	8,700	8,300
Administrative & Support & Waste Services	107,500	120,500	117,900	112,900	98,400
Administrative & Support Services	102,700	115,800	113,000	108,700	94,400
Employment Services	47,100	53,700	54,500	53,000	39,500
Investigation & Security Services	18,500	18,600	16,800	16,100	16,600
Services to Buildings & Dwellings	23,100	24,900	22,900	22,300	21,800
Educational & Health Services	306,600	277,400	262,300	252,000	242,600
Educational Services	22,000	19,900	18,100	16,700	16,400
Colleges, Universities & Professional Schools	5,700	5,200	5,700	4,900	5,200
Health Care & Social Assistance	284,600	257,500	244,200	235,300	226,200
Ambulatory Health Care Services	91,400	83,600	84,400	80,800	75,300
Offices of Physicians	26,500	25,000	24,200	23,400	22,500
Hospitals	47,300	44,400	43,000	42,100	41,400
Nursing & Residential Care Facilities	29,700	28,600	25,800	25,200	25,700
Leisure & Hospitality	185,800	179,900	179,700	162,400	135,200
Arts, Entertainment & Recreation	20,400	18,900	17,600	16,900	11,700
Accommodation & Food Services	165,400	161,000	162,100	145,500	123,500
Accommodation	17,100	15,800	15,400	13,400	11,500
Food Services & Drinking Places	148,300	145,200	146,700	132,100	112,000
Restaurants	143,100	141,100	143,100	128,600	109,800
Full-Service Restaurants	53,400	53,900	52,900	47,100	36,400
Limited-Service Eating Places	89,700	87,200	90,200	81,500	73,400
Other Services	49,200	50,000	44,500	43,900	38,000
Repair & Maintenance	20,100	20,700	18,800	17,600	16,000
Personal & Laundry Services	16,400	15,700	14,500	13,300	9,400
Government	274,700	259,100	257,400	244,300	244,100
Federal Government	21,500	21,200	20,800	21,200	21,700
Department of Defense	5,700	5,700	6,000	6,000	6,100
Federal Government excluding Department of Defense	15,800	15,500	14,800	15,200	15,600
State & Local Government	253,200	237,900	236,600	223,100	222,400
State Government	29,500	28,500	33,000	30,800	31,600
State Government Education	10,800	9,900	14,300	12,000	13,200
State Government Excluding Education	18,700	18,600	18,700	18,800	18,400
Local Government	223,700	209,400	203,600	192,300	190,800
Local Government Education	138,500	126,900	124,800	114,300	112,500
Local Government Excluding Education	85,200	82,500	78,800	78,000	78,300
County	31,400	31,400	32,300	34,000	35,600
City	18,000	16,600	15,500	14,400	14,000
Special Districts plus Indian Tribes	35,800	34,500	31,000	29,600	28,700

(Continued)

TITLE	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15
Real Estate & Rental & Leasing	20,100	19,300	18,400	17,900	17,000
Real Estate	14,000	13,300	12,800	12,300	12,000
Professional & Business Services	156,300	150,000	145,400	142,500	144,200
Professional, Scientific & Technical Services	43,500	41,700	39,400	38,600	38,200
Management of Companies & Enterprises	8,800	8,300	8,300	9,300	8,900
Administrative & Support & Waste Services	104,000	100,000	97,700	94,600	97,100
Administrative & Support Services	99,900	95,900	93,900	91,100	93,200
Employment Services	44,100	42,300	42,900	42,700	47,700
Investigation & Security Services	16,300	15,700	15,100	14,000	12,900
Services to Buildings & Dwellings	21,300	20,300	19,600	19,300	18,600
Educational & Health Services	248,000	236,900	224,500	213,800	204,100
Educational Services	18,600	18,400	17,500	17,700	16,500
Colleges, Universities & Professional Schools	5,400	5,600	5,300	5,700	5,900
Health Care & Social Assistance	229,400	218,500	207,000	196,100	187,600
Ambulatory Health Care Services	78,500	74,100	70,600	66,900	64,700
Offices of Physicians	23,000	22,900	22,500	22,400	21,100
Hospitals	41,400	39,900	38,700	38,700	37,200
Nursing & Residential Care Facilities	27,200	27,400	25,900	25,600	24,900
Leisure & Hospitality	175,500	169,800	167,000	159,900	151,600
Arts, Entertainment & Recreation	18,900	18,500	18,700	18,300	17,400
Accommodation & Food Services	156,600	151,300	148,300	141,600	134,200
Accommodation	18,400	18,300	18,800	17,400	16,700
Food Services & Drinking Places	138,200	133,000	129,500	124,200	117,500
Restaurants	133,600	128,800	125,600	120,400	114,000
Full-Service Restaurants	52,000	51,100	50,600	49,400	47,600
Limited-Service Eating Places	81,600	77,700	75,000	71,000	66,400
Other Services	46,500	46,200	46,000	44,800	44,300
Repair & Maintenance	17,600	17,400	17,300	17,000	16,400
Personal & Laundry Services	13,600	13,000	12,700	12,000	11,500
Government	264,700	261,800	253,300	244,200	234,400
Federal Government	21,000	20,700	20,600	20,500	20,300
Department of Defense	5,900	5,700	5,600	5,700	5,800
Federal Government excluding Department of Defense	15,100	15,000	15,000	14,800	14,500
State & Local Government	243,700	241,100	232,700	223,700	214,100
State Government	31,600	31,400	30,900	30,200	29,200
State Government Education	13,300	13,500	13,400	12,800	12,000
State Government Excluding Education	18,300	17,900	17,500	17,400	17,200
Local Government	212,100	209,700	201,800	193,500	184,900
Local Government Education	129,600	128,700	122,300	116,500	110,000
Local Government Excluding Education	82,500	81,000	79,500	77,000	74,900
County	34,500	34,200	34,600	33,700	32,500
City	15,600	15,400	15,300	15,300	15,200
Special Districts plus Indian Tribes	32,400	31,400	29,600	28,000	27,200

(Concluded)

Source: CA.Gov EDD Labor Market Info

Omnitrans is located in San Bernardino County, and the county is part of the area known as the Inland Empire (IE) which covers more than 27,000 square miles and has a population of approximately 4 million. Most of the area's population is in southwestern San Bernardino County and northwestern Riverside County.

According to the Southern California Association of Governments' Economic Roundtable, the region continues to see slow job growth. Warehousing and distribution, a major driver in the region, continue to be strong in the Inland Empire. The Inland Empire labor force growth has exceeded pre-pandemic peak employment levels.

The unemployment rate for the Inland Empire in the latest release of regional and statewide employment data from the California Employment Development Department (EDD) is 5.5 %. This is up from 5.3% from the same time last year. The region saw a minor rise in the unemployment rate, which is also higher than the state of California and the national averages of 5.4 and 4.1% respectively.

Overall, the local economy is still expected to rebound, however, economic growth has been much slower than the national economy.

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OPERATING INFORMATION

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	2024	2023	2022	2021	2020
Administration	3	3	3	3	3
Operation	389	336	346	352	345
Maintenance	91	87	92	99	93
Information Technology	10	9	9	8	7
Marketing	13	13	12	13	29
Strategic Development	8	7	7	7	-
Human Resources	9	8	9	6	10
Safety & Security	3	3	5 ******	10	5
Procurement	16	17	18	20	18
Finance	12	10	10	10	10
Integrated Project Mgmt. Oversight (IPMO)	-	-	-	-	-
Rail	-	-	-	-	2
Special Transportation Services	5	4	4	5	7
Total Operating Expenses	559	497 ****	515 ****	533 ****	529 ****

* Re-organization combined the Marketing Department and Planning Department.
** Re-organization separated the Project Management Oversight (IMPO) Employees from the Planning Department.
**** Employees of Valley Transportation Services (VTrans) joined OmniTrans in April 2016.*
**** Re-evaluated to Capital Projects Services Manager in Human Resources.
***** Includes active & inactive (LOA, SDI, Workers' Comp., etc.) employees.
****** Fleet Safety & Training moved from Safety & Security to Operations

Source: Human Resources Department

	2019	2018		2017	2016		2015
Administration	4	5		4	4		4
Operation	513	481		479	464		468
Maintenance	105	101		103	107		102
Information Technology	10	8		8	8		8
Marketing	32	32		30	30		29
Strategic Development	-	-		-	-		-
Human Resources	11	13		10	9		9
Safety & Security	3	3		4	4		3
Procurement	18	18		18	20		18
Finance	11	11		12	12		12
Integrated Project Mgmt. Oversight (IPMO)	-	-	****	1	3		4
Rail	2	2		2	-		-
Special Transportation Services	14	13		13	10	***	-
Total Operating Expenses	723	687		684	671		657

* Re-organization combined the Marketing Department and Planning Department.
** Re-organization separated the Project Management Oversight (IMPO) Employees from the Planning Department.
**** Employees of Valley Transportation Services (VTrans) joined OmniTrans in April 2016.*
**** Re-evaluated to Capital Projects Services Manager in Human Resources.
***** Includes active & inactive (LOA, SDI, Workers' Comp., etc.) employees.
****** Fleet Safety & Training moved from Safety & Security to Operations

Source: Human Resources Department

	2024	2023	2022	2021	2020
Personnel	$ 31,778,951	$ 28,414,233	$ 26,704,911	$ 25,941,626	$ 31,705,410
Materials & Supplies	7,947,020	7,332,823	5,746,130	4,570,791	6,222,215
Casualty & Liability	6,202,540	7,670,437	8,798,001	8,118,892	9,308,157
Purchased Transportation	10,531,327	10,091,996	9,155,625	8,457,688	10,173,138
Depreciation & Other	57,299,839	50,574,675	42,382,983	52,111,383	53,767,412
Total Operating Expenses	$ 113,759,677	$ 104,084,164	$ 92,787,650	$ 99,200,380	$ 111,176,332

Source: Finance Department

	2019	2018	2017	2016	2015
Personnel	$ 34,946,187	$ 33,842,292	$ 31,716,325	$ 28,621,780	$ 26,313,115
Materials & Supplies	7,585,990	5,584,044	7,663,731	7,288,414	9,191,072
Casualty & Liability	7,812,623	7,869,167	6,379,626	3,107,806	2,851,520
Purchased Transportation	10,764,903	8,947,264	8,803,691	9,041,314	9,261,048
Depreciation & Other	53,370,265	47,200,083	41,517,627	37,834,526	36,491,366
Total Operating Expenses	$ 114,479,968	$ 103,442,850	$ 96,081,000	$ 85,893,840	$ 84,108,121

Source: Finance Department

	2024	2023	2022	2021	2020
Transportation	$ 29,162,877	$ 26,139,762	$ 25,058,972	$ 24,121,692	$ 32,771,294
Maintenance	18,442,740	17,137,761	15,769,466	14,649,667	15,822,177
Risk Management *	6,202,540	7,670,437	6,278,255	9,308,157	9,308,157
Marketing	1,908,360	1,799,384	1,700,015	1,581,742	1,904,206
General Administration	23,368,790	17,852,825	12,318,912	19,572,242	20,901,379
Depreciation & Other **	34,674,370	33,483,995	31,662,030	29,966,880	30,469,119
Total Operating Expenses	$ 113,759,677	$ 104,084,164	$ 92,787,650	$ 99,200,380	$ 111,176,332

* Risk Management consist of casualty and liability costs.
** Depreciation & Other cost consist of depreciation, purchased transportation, capital purchases, and miscellaneous.

Source: Finance Department

	2019	2018	2017	2016	2015
Transportation	$ 36,377,440	$ 35,768,134	$ 34,901,970	$ 34,444,699	$ 31,337,405
Maintenance	16,931,367	13,788,752	15,895,286	14,588,796	16,223,257
Risk Management *	7,812,623	7,869,167	6,379,626	3,107,806	2,851,520
Marketing	3,381,213	3,282,207	3,208,490	3,126,790	2,925,275
General Administration	11,354,192	13,341,246	9,315,612	6,615,304	8,147,166
Depreciation & Other **	38,623,133	29,393,344	26,380,016	24,010,445	22,623,498
Total Operating Expenses	$ 114,479,968	$ 103,442,850	$ 96,081,000	$ 85,893,840	$ 84,108,121

* Risk Management consists of casualty and liability costs.
** Depreciation & Other costs consist of depreciation, purchased transportation, capital purchases, and miscellaneous.

Source: Finance Department

	2024	2023	2022	2021	2020
Fixed Route:					
Buses	154	169	169	173	189
Paratransit:					
Paratransit buses	74	74	74	105	119
Paratransit vans	-	-	-	-	-
Support vehicles:					
Vans, cars & trucks	66	66	66	66	76

Source: Finance Department

	2019	2018	2017	2016	2015
Fixed Route:					
Buses	190	208	188	199	191
Paratransit:					
Paratransit buses	137	137	109	144	122
Paratransit vans	-	-	-	6	9
Support vehicles:					
Vans, cars & trucks	93	88	68	43	40

Source: Finance Department

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Omnitrans
Single Audit Report
Year Ended June 30, 2024
With Independent Auditor's Report

VASQUEZ
+ COMPANY LLP

Omnitrans
Single Audit Report
Year Ended June 30, 2024
with Independent Auditor's Report

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Omnitrans

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Omnitrans as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements and have issued our report thereon dated January 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Omnitrans' 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 Omnitrans' internal control. Accordingly, we do not express an opinion on the effectiveness of Omnitrans' 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 Omnitrans' basic 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 Omnitrans' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Omnitrans' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
January 27, 2025

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Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Omnitrans

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Omnitrans' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Omnitrans' major federal programs for the year ended June 30, 2024. Omnitrans' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Omnitrans complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (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 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Omnitrans 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 Omnitrans' 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 Omnitrans' 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 Omnitrans' 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 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 Omnitrans' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Omnitrans' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Omnitrans' 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 Omnitrans' 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 Omnitrans as of and for the year ended June 30, 2024, and have issued our report thereon dated January 27, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements as a whole.

Vasquez & Company LLP

Glendale, California
January 27, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Contract Number	Provided to Subrecipients	Total Federal Expenditures
MAJOR PROGRAM				
U.S. Department of Transportation				
Federal Transit Cluster				
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2019-169	$ -	$ 850,977
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2017-032	-	1,054,664
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2018-040	739,692	739,692
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2021-004	-	744,051
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2020-130	-	279,783
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2023-143	-	4,557,746
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2022-086	-	4,337,173
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2024-053	-	13,938,069
West Valley Connector Corridor Project - Land Proceeds	20.507	N/A	13,756,094	15,598,466
		Total ALN 20.507	14,495,786	42,100,621
Federal Transit—Capital Investment Grants Fixed Guideway Capital Investment Grants)	20.500	CA-2023-025	25,904,663	30,093,485
Federal Transit—Capital Investment Grants Fixed Guideway Capital Investment Grants)	20.500	CA-2023-048	14,594,606	16,955,117
		Total ALN 20.500	40,499,269	47,048,602
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-2023-151	-	4,712,826
		Total ALN 20.506	-	4,712,826
		Total Federal Transit Cluster	54,995,055	93,862,049
		Total Major Program	54,995,055	93,862,049
NON-MAJOR PROGRAM				
U.S. Department of Transportation				
Kansas City Validators	20.530	N/A	-	251,100
CNG 40-Foot Bus Buy Fiscal Year 2019 - CMAQ	20.205	CA-2019-148	-	2,567
U.S. Department of Homeland Security				
Federal Emergency Management Agency	97.075	EMW-20220RA-0024	-	62,461
			-	316,128
TOTAL FEDERAL EXPENDITURES			$ 54,995,055	$ 94,178,177

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal financial assistance programs of Omnitrans for the year ended June 30, 2024. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the California Department of Transportation, is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of Omnitrans.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Omnitrans utilizes the accrual method of accounting to prepare its basic financial statements. The accompanying 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). Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the presentation of the Omnitrans basic financial statements.

Omnitrans elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

Omnitrans provided $54,995,055 in federal awards to a subrecipient for the year ended June 30, 2024.

NOTE 4 RELATIONSHIP OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS

Consistent with management’s policy, revenues from both federal and non-federal governmental awards are collectively reported as government grants and contracts revenue in Omnitrans’ financial statements. As a result, the amount of total federal awards expended on the Schedule does not agree to total government grants and contracts revenue on the Statement of Activities as presented in Omnitrans’ financial statements as of and for the year ended June 30, 2024.

Total federal expenditures reported include those funded by proceeds from the sale of land acquired with federal funding. These proceeds were used for the West Valley Connector Corridor Project.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance with respect to major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	No

Identification of Major Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
20.507 / 20.526 / 20.500	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$2,825,345
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

There were no financial statement findings noted for the year ended June 30, 2024.

Section III – Federal Award Findings

There were no federal award findings noted for the year ended June 30, 2024.

There were no federal award findings reported for the fiscal year ended June 30, 2023.

Omnitrans
Compliance Report
Year Ended June 30, 2024
With Independent Auditor's Reports

VASQUEZ
+ COMPANY LLP

Omnitrans
Compliance Report
Year Ended June 30, 2024
with Independent Auditor's Reports

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Omnitrans

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Omnitrans as of and for the year ended June 30, 2024, and the related notes to the financial statements and have issued our report thereon dated January 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Omnitrans' 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Omnitrans' internal control. Accordingly, we do not express an opinion on the effectiveness of Omnitrans' 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 or significant deficiencies. 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 Omnitrans' 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 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.

Vasquez & Company LLP

Glendale, California
January 27, 2025

COMPLIANCE SECTION

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VASQUEZ
+ COMPANY LLP

Independent Auditor's Report on State Compliance

The Board of Directors
Omnitrans

Report on Compliance with Transportation Development Act Requirements

Opinion

We have audited Omnitrans' compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by Omnitrans were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the San Bernardino County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations for the year ended June 30, 2024.

In our opinion, Omnitrans complied, in all material respects, with the compliance requirements referred to above that are applicable to Omnitrans for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with the 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 requirement of the TDA regulations. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Omnitrans 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 TDA compliance requirements. Our audit does not provide a legal determination of Omnitrans' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for Omnitrans' compliance with the TDA regulations and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, provisions of contracts or agreements applicable to the TDA regulations.

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 Omnitrans' 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 TDA regulations 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 Omnitrans' compliance with the requirements of the TDA regulations as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the TDA regulations, 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 Omnitrans' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Omnitrans' 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 TDA regulations, but not for the purpose of expressing an opinion on the effectiveness of Omnitrans' 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 TDA regulations 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 TDA regulations 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 TDA regulations 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 TDA regulations. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
January 27, 2025

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
1. Claimant was an entity eligible to receive the funds allocated to it.	X				
2. Claimant maintains its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99243.	X				
3. Funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000.	X				
4. Funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions	X				
5. Interest earned on funds received by the claimant pursuant to the TDA were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6.	X				

Compliance Requirements	**In Compliance**			**Questioned Costs**	**If no, provide details and management response.**
	Yes	**No**	**N/A**		
6. The amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2, is verified.	X				
7. The amount of the claimant's actual fare revenues for the fiscal year is verified.	X				
8. The amount of the claimant's actual local support for the fiscal year is verified.	X				
9. The amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649 is verified.	X				
10. The amount of the operator's expenditure limitation in accordance with Section 6633.1 is verified.	X				
11. The operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273	X				
12. The operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251	X				
13. The operator's State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7 is verified.	X				

Compliance Requirements	**In Compliance**			**Questioned Costs**	**If no, provide details and management response.**
	Yes	**No**	**N/A**		
14. The claimant for community transit services is in compliance with Public Utilities Code Sections 99155 and 99155.5.	X				

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Omnitrans
Independent Auditor's Report
On Proposition 1B Schedule of
Unspent Funds and Cash Disbursements
Year Ended June 30, 2024

VASQUEZ
+ COMPANY LLP

Omnitrans
Independent Auditor's Report
On Proposition 1B Schedule of
Unspent Funds and Cash Disbursements
Year Ended June 30, 2024

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Independent Auditor's Report on Proposition 1B
Schedule of Unspent Funds and Cash Disbursements

To the Board of Directors of Omnitrans
San Bernadino, California

We have audited the financial statements of Omnitrans, which comprise the statement of net position as of June 30, 2024 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements, and have issued our report thereon dated January 27, 2025, which contained an unqualified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Proposition 1B Schedule of Unspent Funds and Cash Disbursements is presented for purposes of additional analysis to satisfy the requirements of Section 6667 of Title 21 of the California Code of Regulations, the California Government Code §8879.50, and the California State Senate Bill 88 (2007), et seq. 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended for the information and use of management, the board of directors, others within the Agency, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vasquez & Company LLP

Glendale, California
January 27, 2025

		PTMISEA[1]
Unspent Proposition 1B funds at the beginning of the year	$	1,861,493
Proposition 1B expenses incurred during the year		(800,426)
Interest revenue earned on unspent Proposition 1B funds during the year		12,048
Unspent Proposition 1B funds at the end of the year	$	1,073,115

[1]Public Transportation, Modernization, Improvement, and Service Enhancement Account.

CITY OF ONTARIO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF ONTARIO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Ontario, California (City), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the City, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023 or the changes in its financial position for the years 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 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.

(Continued)

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of the City's internal control over financial reporting of the TDA Fund 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2024

CITY OF ONTARIO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Cash and investments	$ -	$ -
Total assets	$ -	$ -
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other City funds	$ -	$ 85,484
Fund balance (deficit)		
Unassigned	-	(85,484)
Total liabilities and fund balance	$ -	$ -

See notes to financial statements.

CITY OF ONTARIO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Years Ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA allocation	$ -	$ -
Expenditures		
TDA expenditures	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-
Other financing sources (uses):		
Transfers from other City funds	85,484	-
Net change in fund balance	85,484	-
Fund balance (deficit), beginning of year	(85,484)	(85,484)
Fund balance (deficit), end of year	$ -	$ (85,484)

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Ontario, California (City), as of June 30, 2024, and changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3: The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. No expenditures were incurred for the fund in the current year.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The Article 3 TDA Fund is accounted for within the City's special revenue fund (Transportation Development Act).

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the TDA activities in separate general ledger accounts within its Article 3 special revenue fund. Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes

Measurement Focus and Basis of Accounting: The capital projects funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance: Fund balance is reported according to the following classifications: non-spendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned fund balance represents the excess and residual deficit amounts in TDA Article 3 fund. When expenditures incurred for specific purposes exceed he amounts restricted, it is necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONTARIO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Years ended June 30, 2024 and 2023

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
June 30, 2024				
Revenues				
TDA allocation	$ -	$ -	$ -	$ -
Other financing sources (uses):				
Transfers from other City funds	-	-	85,484	$ 85,484
Net change in fund balance	-	-	85,484	85,484
Fund balance (deficit), beginning of year	(85,484)	(85,484)	(85,484)	-
Fund balance (deficit), end of year	$ (85,484)	$ (85,484)	$ -	$ 85,484
June 30, 2023				
Revenues				
TDA allocation	$ -	$ -	$ -	$ -
Net change in fund balance	-	-	-	-
Fund balance (deficit), beginning of year	(85,484)	(85,484)	(85,484)	-
Fund balance (deficit), end of year	$ (85,484)	$ (85,484)	$ (85,484)	$ -

See Note to Required Supplementary Information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

ADDITIONAL INFORMATION

CITY OF ONTARIO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Bus Stop Pad Installation Project	2021-22	$ 67,050	$ 67,050	$ -	$ 67,050

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
San Bernardino County Transportation Authority
San Bernardino, 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 consolidated financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Ontario, California (City), as of June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA) 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2024

CITY OF RANCHO CUCAMONGA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF RANCHO CUCAMONGA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Rancho Cucamonga, California (City), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the City, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023 or 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of the City's internal control over financial reporting of the TDA Fund 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance, as it relates to the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 11, 2024

CITY OF RANCHO CUCAMONGA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Accounts receivable	$ 47,910	$ 11,555
Total assets	$ 47,910	$ 11,555
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payables	$ 465	$ 506
Accrued liabilities	-	520
Due to other City funds	47,445	10,529
Total liabilities	47,910	11,555
Deferred inflows of resources		
Unavailable revenue	47,910	11,555
Fund balance (deficit)		
Unassigned	(47,910)	(11,555)
Total liabilities, deferred inflows of resources, and fund balance	$ 47,910	$ 11,555

See notes to financial statements.

CITY OF RANCHO CUCAMONGA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Years ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA allocation	$ -	$ -
Expenditures		
Capital		
TDA expenditures	36,355	11,555
Revenues over/(under) expenditures	36,355	11,555
Other financing sources (uses)		
Transfers from other City funds	-	9,237
Net change in fund balance	(36,355)	(2,318)
Fund balance (deficit), beginning of year	(11,555)	(9,237)
Fund balance (deficit), end of year	$ (47,910)	$ (11,555)

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

Reporting Entity: The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Rancho Cucamonga, California (City) only and do not purport to, and do not, present fairly the financial position of the City and the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Article 3: The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide local matching funds.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The TDA Article 3 expenditures are accounted for as a separate capital improvement project within the City's Pedestrian Grant Fund, which is a special revenue fund.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the TDA activities in separate general ledger accounts within its Article 3 special revenue fund. Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

(Continued)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds, including the TDA Fund, based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall. As of June 30, 2024 and 2023, the cash balance of the TDA Fund is $0.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Inflows of Resources: Deferred inflows of resources-unavailable revenues represents an acquisition of net assets that applies to a future period. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned fund balance represents the excess and residual deficit amounts in the TDA Article 3 fund. When expenditures incurred for specific purposes exceed the amounts restricted, it is necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

NOTE 3 – DUE TO OTHER CITY FUNDS

Due to other City funds of $47,445 and $10,529 represents the amounts paid by the City on behalf of the TDA Fund as of June 30, 2024 and 2023, respectively. The balance will be repaid to the City’s General Fund as the TDA allocations are received.

NOTE 4 – DEFICIT FUND BALANCE

The TDA Fund ended the year with a fund deficit of $47,910 and $11,555 in 2024 and 2023, respectively. Article 3 revenues are received on a reimbursement basis. The timing difference between the expenditures and receipt of Article 3 revenues has created the deficit fund balance, which will be reduced by future Article 3 revenues received from SBCTA.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RANCHO CUCAMONGA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2024

	Budget			Variance From Final Budget Postitive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ 618,620	$ 786,080	$ -	$ (786,080)
Expenditures				
Capital				
TDA expenditures	618,620	564,500	36,355	528,145
Net change in fund balance	-	221,580	(36,355)	(257,935)
Fund balance, beginning of year	(11,555)	(11,555)	(11,555)	-
Fund balance, end of year	$ (11,555)	$ 210,025	$ (47,910)	$ (257,935)

See note to required supplementary information.

CITY OF RANCHO CUCAMONGA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2023

	Budget			Variance From Final Budget Postitive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ 403,000	$ 72,000	$ -	$ (72,000)
Expenditures				
Capital				
TDA expenditures	403,000	72,000	11,555	60,445
Other financing sources (uses)				
Transfers in from other City funds	-	9,240	9,237	(3)
Net change in fund balance	-	9,240	(2,318)	(11,558)
Fund balance, beginning of year	(9,237)	(9,237)	(9,237)	-
Fund balance, end of year	$ (9,237)	$ 3	$ (11,555)	$ (11,558)

See note to required supplementary information.

NOTE 1 – BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control for the City is the Fund.

ADDITIONAL INFORMATION

CITY OF RANCHO CUCAMONGA, CALIFONIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Day Creek Channel Bike Trail	2023-24	$ 510,250	$ -	$ -	$ 510,250
		2021-22	84,415	84,415	26,995	57,420
Article 3	Cucamonga Creek Channel Maintenance	2023-24	162,415	-	-	162,415
		2021-22	227,192	227,192	2,889	224,303
Article 3	Haven Sidewalk Improvement	2021-22	403,000	391,445	6,471	384,974
			$ 1,387,272	$ 703,052	$ 36,355	$ 1,339,362

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Rancho Cucamonga, California (City), as of June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA) 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, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 11, 2024

CITY OF REDLANDS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF REDLANDS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act Article 3 Fund (TDA Fund) of the City of Redlands, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Fund of the City, as of June 30, 2024, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 the City, 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.

Other Matter

The financial statements of the TDA Fund of the City for the year ended June 30, 2023, were audited by other auditors, who expressed an unmodified opinion on those statements on December 13, 2023.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 or 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of the City’s internal control over financial reporting of the TDA Fund 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 the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 11, 2024

CITY OF REDLANDS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Due from other governments	$ 9,256	$ 680,838
Total assets	$ 9,256	$ 680,838
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Accounts payable	$ -	$ 39,120
Due to other City funds	9,164	641,625
Total liabilities	9,164	680,745
Deferred inflows of resources		
Unavailable revenue	9,256	680,838
Fund balance (deficit) - restricted		
Unassigned	(9,164)	(680,745)
Total liabilities and fund balance	$ 9,256	$ 680,838

See notes to financial statements.

CITY OF REDLANDS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA allocation	$ 671,581	$ -
Total revenues	671,581	-
Expenditures		
TDA expenditures	-	666,979
Total expenditures	-	666,979
Net change in fund balance	671,581	(666,979)
Fund balance (deficit) at beginning of year	(680,745)	(13,766)
Fund balance (deficit) at end of year	$ (9,164)	$ (680,745)

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Redlands, California (City), as of June 30, 2024 and 2023, and changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3

The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (“Code”). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency’s resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency on a reimbursement basis. In accordance with the agreement, the City is required to provide local matching funds.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 3 funds in its TDA Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting: Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition: Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Deferred Inflows of Resources: Deferred inflows of resources-unavailable revenues represents revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

Cash and Investments: The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund’s cash and investments as of June 30, 2024 and 2023 is $0.

The TDA Fund’s cash is deposited in the City’s internal investment pool which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Fund are those of the City and are included in the City’s basic financial statements. See the City’s basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk, and concentration risk.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

(Continued)

NOTE 3 – DUE TO OTHER CITY FUNDS

Due to the City of Redlands General Fund of $9,164 and $641,625 represents the amounts paid by the City on behalf of the TDA Fund for expenditures incurred for which reimbursements had not yet been received as of June 30, 2024 and June 30, 2023, respectively.

NOTE 4 – UNAVAILABLE REVENUE

The City of Redlands did not receive the TDA Article 3 reimbursement for the expenditures for the Orange Blossom Trail Project and East Valley Corridor Bike Route Project totaling $680,838 within the City's period of availability for the fiscal year ended June 30, 2023. Of this amount, $9,256 remained outstanding as of June 30, 2024.

NOTE 5 – DEFICIT FUND BALANCE

The TDA Fund reported a deficit fund balance of $9,164 and $680,745 as of June 30, 2024 and 2023, respectively. Article 3 revenues are spent on projects and reimbursed after completion. As such, the timing difference between the expenditures and receipt of Article 3 revenues created a deficit fund balance. The obligation of the negative unassigned fund balance will be paid by future Article 3 revenues from SBTCA.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REDLANDS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2024

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ -	$ 1,972,631	$ 671,581	$ (1,301,050)
Total revenues	-	1,972,631	671,581	(1,301,050)
Expenditures				
TDA expenditures	-	1,291,794	-	1,291,794
Total expenditures	-	1,291,794	-	1,291,794
Net change in fund balance	-	680,837	671,581	(9,256)
Fund balance (deficit) at beginning of year	(680,745)	(680,745)	(680,745)	-
Fund balance (deficit) at end of year	$ (680,745)	$ 92	$ (9,164)	$ (9,256)

(Continued)

CITY OF REDLANDS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2023

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ -	$ 1,180,448	$ -	$ (1,180,448)
Total revenues	-	1,180,448	-	(1,180,448)
Expenditures				
TDA expenditures	-	1,166,589	666,979	499,610
Total expenditures	-	1,166,589	666,979	499,610
Net change in fund balance	-	13,859	(666,979)	(680,838)
Fund balance (deficit) at beginning of year	(13,766)	(13,766)	(13,766)	-
Fund balance (deficit) at end of year	$ (13,766)	$ 93	$ (680,745)	$ (680,838)

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City adopts a biennial budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

ADDITIONAL INFORMATION

CITY OF REDLANDS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND ACTIVITY
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Funds Rescinded	Unspent Allocations at June 30, 2024
Article 3	Orange Blossom Trail Project	2013-14	$ 918,722	$ 139,582	$ -	$ 139,582	$ -
Article 3	East Valley Corridor Bike Route	2017-18	264,401	155,754	-	-	155,754
Article 3	Transit Stop Access Program	2021-22	46,340	46,340	-	-	46,340
Article 3	Orange Blossom Trail (OBT) Project Phase IV	2023-24	1,089,700	-	-	-	1,089,700
			$ 2,319,163	$ 341,676	$ -	$ 139,582	$ 1,291,794

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Redlands, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 11, 2024

CITY OF RIALTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF RIALTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Rialto, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Fund of the City, as of June 30, 2024, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 the City, 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.

Other Matter

The financial statements of the TDA Fund of the City for the year ended June 30, 2023, were audited by other auditors, who expressed an unmodified opinion on those statements on March 6, 2024.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023, the changes in its financial position, or, where applicable, its cashflows 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinions on the financial statements do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of the City’s internal control over financial reporting of the TDA Fund 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 the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
March 19, 2025

CITY OF RIALTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023
ASSETS		
Cash and investments	$ -	$ 20,960
Due from other governments	181,137	-
Total assets	$ 181,137	$ 20,960
LIABILITIES AND FUND BALANCE		
Accounts payable	$ 72,199	$ -
Due to other City funds	28,617	-
Total liabilities	$ 100,816	$ -
Fund balance		
Restricted for transportation	80,321	20,960
Total liabilities and fund balance	$ 181,137	$ 20,960

See notes to financial statements.

CITY OF RIALTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 3	
	2024	2023
Revenues		
TDA Article 3 Funds	$ 181,137	$ 226,000
Investment income	575	212
Total revenues	181,712	226,212
Expenditures		
Construction, maintenance, and engineering	122,351	-
Total expenditures	122,351	-
Excess (deficiency) of revenues over (under) expenditures	59,361	226,212
Other financing sources (uses):		
Transfers to other City funds - administrative expenses	-	(60)
Total other financing sources (uses)	-	(60)
Net change in fund balance	59,361	226,152
Fund balance (deficit) at beginning of year	20,960	(205,192)
Fund balance at end of year	$ 80,321	$ 20,960

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Rialto, California (City), as of June 30, 2024 and 2023, and changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3: San Bernardino County Transportation Authority ("SBCTA") has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code ("Code"). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide local matching funds.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the TDA Activity of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

Fund Accounting: The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the activity of the Article 3 TDA Fund in its Transportation Development Act Fund, which is a special revenue fund. Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

Measurement Focus and Basis of Accounting: Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: Recognition of revenues arising from nonexchange transactions, which include revenues from taxes, certain grants, and contributions, is based on the primary characteristic from which the revenues are received by the City. For the City, funds received under TDA Article 3 possess the characteristic of a voluntary nonexchange transaction similar to a grant. Revenues under TDA Article 3 are recognized in the period when all eligibility requirements have been met.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The TDA Fund's cash and investments as of June 30, 2024 and 2023 was $0 and $20,960, respectively.

The TDA Fund's cash is deposited in the City's internal investment pool which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Fund are those of the City and are included in the City's basic financial statements.

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk, and concentration risk.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Due from other governments of $181,137 as of June 30, 2024 represents the TDA allocations which had not been received from SBCTA for reimbursement of eligible expenditures. There were no due from other governments as of June 30, 2023.

NOTE 5 – DUE TO OTHER CITY FUNDS

Due to other City funds of $28,617 and $0 as of June 30, 2024 and 2023, respectively, represents the amounts paid by the City general fund on behalf of the TDA Fund. The balance will be repaid as the TDA allocations are received. There were no due to other city funds as of June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIALTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2024

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA Article 3 Funds	$ -	$ -	$ 181,137	$ 181,137
Investment income	-	-	575	575
Total revenues	-	-	181,712	181,712
Expenditures				
Construction, maintenance, and engineering	-	-	122,351	(122,351)
Total expenditures	-	-	122,351	(122,351)
Net change in fund balance	-	-	59,361	59,361
Fund (deficit) balance at beginning of year	20,960	20,960	20,960	-
Fund (deficit) balance at end of year	$ 20,960	$ 20,960	$ 80,321	$ 59,361

See note to required supplementary information.

CITY OF RIALTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA Article 3 Funds	$ 265,460	$ 1,433,948	$ 226,000	$ (1,207,948)
Investment income	200	200	212	12
Total revenues	265,660	1,434,148	226,212	(1,207,936)
Expenditures				
Construction, maintenance, and engineering	-	1,182,950	-	(1,182,950)
Total expenditures	-	1,182,950	-	(1,182,950)
Excess (deficiency) of revenues over (under) expenditures	265,660	251,198	226,212	(24,986)
Other financing sources (uses):				
Transfers to other City funds - administrative expenses	(60)	(60)	(60)	-
Total other financing sources (uses)	(60)	(60)	(60)	-
Net change in fund balance	265,600	251,138	226,152	(24,986)
Fund (deficit) balance at beginning of year	(205,192)	(205,192)	(205,192)	-
Fund (deficit) balance at end of year	$ 60,408	$ 45,946	$ 20,960	$ (24,986)

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City did not adopt a budget for the TDA Article 3 Fund in 2024. The level of budgetary control is at the fund level.

ADDITIONAL INFORMATION

CITY OF RIALTO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Cedar Avenue Railroad Crossing Pedestrian Improvements	2018	$ 250,000	$ 250,000	$ -	$ 250,000
Article 3	Merrill Safe Routes to School	2021	639,405	525,589	-	525,589
Article 3	Sycamore Safe Routes to School	2021	457,616	390,294	122,351	267,943
Article 3	Bemis Elementary Safe Routes to School	2024	716,745	716,745	-	716,745
Article 3	Frisbie Middle School Safe Routes to School	2024	1,095,091	1,095,091	-	1,095,091
			$ 3,158,857	$ 2,977,719	$ 122,351	$ 2,855,368

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Rialto, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated March 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
March 19, 2025

CITY OF SAN BERNARDINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024

CITY OF SAN BERNARDINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS

June 30, 2024

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CROWE LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Fund (TDA Fund Activity) of the City of San Bernardino, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Fund Activity of the City as of June 30, 2024, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 the City, 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

As discussed in Note 1, the financial statements present only the TDA Fund Activity, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024, or 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 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.

(Continued)

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

(Continued)

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025, on our consideration of the City's internal control over financial reporting of the TDA Fund Activity 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance, as it relates to the TDA Fund Activity.

Crowe LLP

Crowe LLP

Los Angeles, California
February 18, 2025

CITY OF SAN BERNARDINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEET
June 30, 2024

	Article 3
ASSETS	
Cash and investments	$ 26,936
Total assets	$ 26,936
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to other City funds	$ 26,936
Fund balance	
Restricted for transportation	-
Total liabilities and fund balance	$ 26,936

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2024

	Article 3
Revenues	
TDA allocation	$ 26,936
Expenditures	
TDA expenditures	26,936
Net change in fund balance	-
Fund balance, beginning of year	-
Fund balance, end of year	$ -

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 Fund Activity only and do not purport to, and do not, present fairly the financial position of the City of San Bernardino, California (City), and the changes in financial position thereof in accordance with accounting principles generally accepted in the United States of America.

Article 3: The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller/Treasurer/Tax Collector. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide local matching funds.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The City accounts for the activity of the Article 3 TDA Fund in its Transportation Operations Fund, which is a special revenue fund. The TDA Article 3 funds activity are also recorded in the City's general fund.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the TDA Fund activity in separate general ledger accounts within the City's Transportation special revenue fund and the general fund.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

The TDA Fund cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund deposits and withdrawals in the City's Investment Pool are made on the basis of $1 and not fair value. Accordingly, the TDA Fund's investment in the City's Investment Pool is measured based on inputs not defined as Level 1, Level 2, or Level 3 inputs.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN BERNARDINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3
Year ended June 30, 2024

	Budget Original	Budget Final	Actual	Variance From Final Budget Positive (Negative)
Revenues				
TDA allocation	$ 96,000	$ 96,000	$ 26,936	$ (69,064)
Expenditures				
TDA expenditures	96,000	96,000	26,936	69,064
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control for the City is the Fund.

ADDITIONAL INFORMATION

CITY OF SAN BERNARDINO, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Bus Stop Sidewalk Improvements	2023-24	$ 96,000	$ -	$ -	$ 96,000
Article 3	Citywide Bus Stops Improvements	2019-20	26,936	26,936	26,936	-
			$ 122,936	$ 26,936	$ 26,936	$ 96,000

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of the Transportation Development Act Article 3 Fund Activity (TDA Fund) of the City of San Bernardino, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements, and have issued our report thereon dated February 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund Activity of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino City Transportation Authority (SBCTA) 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 audits, 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
February 18, 2025

SAN BERNARDINO COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS ACTIVITY

FINANCIAL STATEMENTS
June 30, 2024 and 2023

SAN BERNARDINO COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS ACTIVITY
FINANCIAL STATEMENTS

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act Article 3 and Article 8 Funds Activity (TDA Funds Activity) of San Bernardino County, California (County), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Funds Activity of the County as of June 30, 2024 and 2023, and the changes in its financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the County, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Funds Activity, and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2024 and 2023, or the changes in its financial position for the years 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.

(Continued)

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.

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 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 financial statements.

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 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 the County'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the County's internal control over financial reporting of the TDA Funds Activity 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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance, as it relates to the TDA Funds Activity.

Crowe LLP

Crowe LLP

Los Angeles, California
December 19, 2024

SAN BERNARDINO COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS ACTIVITY
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3 2024	Article 8 2024
ASSETS		
Due from other governments	$ -	$ -
Total assets	$ -	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Due to other County funds	$ -	$ -
Deferred inflows of resources		
Unavailable revenues	-	-
Fund balance		
Restricted for transportation	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ -	$ -

	Article 3 2023	Article 8 2023
ASSETS		
Due from other governments	$ -	$ 263,550
Total assets	$ -	$ 263,550
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Due to other County funds	$ -	$ 263,550
Deferred inflows of resources		
Unavailable revenues	-	-
Fund balance		
Restricted for transportation	-	-
Total liabilities, deferred inflows of resources, and fund balance	$ -	$ 263,550

See notes to financial statements.

SAN BERNARDINO COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS ACTIVITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Years Ended June 30, 2024 and 2023

	Article 3 2024	Article 8 2024
Revenues		
TDA allocation	$ 75,597	$ -
Expenditures		
TDA expenditures	75,597	-
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	$ -	$ -

	Article 3 2023	Article 8 2023
Revenues		
TDA allocation	$ -	$ 263,550
Expenditures		
TDA expenditures	-	263,550
Net change in fund balance	-	-
Fund balance, beginning of year	-	-
Fund balance, end of year	$ -	$ -

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 3 and Article 8 Funds Activity (TDA Funds) only and do not purport to, and do not, present fairly the financial position of San Bernardino County, California (County), and the changes in financial position thereof in accordance with accounting principles generally accepted in the United States of America.

Article 3: The San Bernardino County Transportation Authority (SBCTA) has awarded TDA Article 3 funding to the County to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code (Code). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency’s resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller/Treasurer/Tax Collector. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the County is required to provide local matching funds.

Article 8: SBCTA receives and passes through Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the County or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, and construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8, Subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8 funds to any entity that provides public transportation services under contract with the local county, County, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The County accounts for the activity of the Article 3 and Article 8 TDA Funds in its Transportation Operations Fund, which is a special revenue fund. The TDA Article 3 funds are also recorded in the County's general fund.

The accounts of the County are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The County accounts for the TDA Funds activity in separate general ledger accounts within the County's Transportation special revenue fund and the general fund.

Measurement Focus and Basis of Accounting: The special revenue funds of the County are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 270 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Cash and Investments: Cash and investments are pooled by the County to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Funds based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Funds, are those of the County and are disclosed in the County's basic financial statements. The County's basic financial statements can be obtained at the Auditor – Controller/Treasurer/Tax Collector's office or website.

The TDA Funds cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Funds deposits and withdrawals in the County's Investment Pool are made on the basis of $1 and not fair value. Accordingly, the TDA Funds investment in the County's Investment Pool is measured based on inputs not defined as Level 1, Level 2, or Level 3 inputs.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first.

REQUIRED SUPPLEMENTARY INFORMATION

SAN BERNARDINO COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3
Years ended June 30, 2024 and 2023

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
June 30, 2024				
Revenues				
TDA allocation	$ 75,597	$ 75,597	$ 75,597	$ -
Expenditures				
TDA expenditures	75,597	75,597	75,597	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
June 30, 2023				
Revenues				
TDA allocation	$ -	$ -	$ -	$ -
Expenditures				
TDA expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

See note to required supplementary information.

	Budget Original	Budget Final	Actual	Variance From Final Budget Positive (Negative)
June 30, 2024				
Revenues				
TDA allocation	$ -	$ -	$ -	$ -
Expenditures				
TDA expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

	Budget Original	Budget Final	Actual	Variance From Final Budget Positive (Negative)
June 30, 2023				
Revenues				
TDA allocation	$ 263,550	$ 263,550	$ 263,550	$ -
Expenditures				
TDA expenditures	263,550	263,550	263,550	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The County adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The County's TDA Article 8 activity is recorded in the County's main transportation fund. As such, the legally adopted budget is for the Transportation Operations Fund, of which TDA Article 8 activity is included. The County's TDA Article 3 activity is recorded within the County's general fund and the main transportation fund described above. The legal level of budgetary control is at the Fund level.

ADDITIONAL INFORMATION

SAN BERNARDINO COUNTY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUNDS ACTIVITY
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Pacific Ave	2023-24	$ 90,000	$ 90,000	$ -	$ 90,000
Article 3	Bloomington Area Schools Project Pedestrian Improvements	2021-22	85,500	85,500	75,597	9,903
Article 3	Third Street and Other Roads Bus Stop Improvements	2021-22	69,300	69,300	-	69,300
Article 3	Santa Ana River Trail - Waterman to Alabama	2000-01	559,940	306,639	-	306,639
			$ 804,740	$ 551,439	$ 75,597	$ 475,842
Article 8	None	N/A	$ -	$ -	$ -	$ -

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of the Transportation Development Act Article 3 and Article 8 Funds Activity (TDA Funds Activity) of San Bernardino County, California (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Funds Activity's basic financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting of the TDA Funds Activity (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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Funds Activity of the County are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA) 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 audits, 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the County'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 19, 2024

2023-001 REVENUE RECOGNITION – (Material Weakness)

The County reported $263,550 in expenditures within the TDA Article 8 Funds activity during 2023, and received the associated reimbursement from SBCTA in October 2023, which is within the County's availability period. Accordingly, $263,550 in TDA Article 8 revenues were improperly excluded from the June 30, 2023 financial statements.

Status: The finding has been remedied for the year ended June 30, 2024. No repeat findings.

CITY OF TWENTYNINE PALMS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF TWENTYNINE PALMS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Twentynine Palms, California (City), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the City, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023 or the changes in its financial position for the years 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.

(Continued)

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.

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 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 financial statements.

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 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 the City'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of the City’s internal control over financial reporting of the TDA Fund 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 the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
November 12, 2024

CITY OF TWENTYNINE PALMS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 8	
	2024	2023
ASSETS		
Cash and investments	$ -	$ 22,951
Interest receivable	-	989
Other receivable	-	158
Total assets	$ -	$ 24,098
FUND BALANCE		
Fund balance		
Restricted for transportation	$ -	$ 24,098
Total fund balance	$ -	$ 24,098

See notes to financial statements.

CITY OF TWENTYNINE PALMS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 8	
	2024	2023
Revenue		
Interest income (loss)	$ 730	$ 5,635
Total revenues	730	5,635
Expenditures		
Capital		
TDA expenditures	24,828	171,142
Revenues over/(under) expenditures	(24,098)	(165,507)
Net change in fund balance	(24,098)	(165,507)
Fund balance, beginning of year	24,098	189,605
Fund balance, end of year	$ -	$ 24,098

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

Reporting Entity: The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Twentynine Palms, California (City) only and do not purport to, and do not, present fairly the financial position of the City and the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Article 8: San Bernardino County Transportation Authority (SBCTA) receives and passes through Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, and construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8, Subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8 to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The City accounts for the activity of the Article 8 TDA Fund in its Article 8 Fund, which is a special revenue fund.

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the TDA activities in separate general ledger accounts within its Article 8 special revenue fund. Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

Measurement Focus and Basis of Accounting: The special revenue funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days, and within 6 months for grants, of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the City and are disclosed in the City's basic financial statements. The City’s basic financial statements can be obtained at City Hall. As of June 30, 2024 and 2023, cash balance was $0 and $22,951, respectively.

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund’s deposits and withdrawals in the City’s investment pool are made on the basis of $1 and not fair value. Accordingly, the TDA Fund’s investment in the City’s investment pool is measured with inputs that are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TWENTYNINE PALMS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
Year ended June 30, 2024

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Interest income (loss)	$ -	$ 500	$ 730	$ 230
Total revenues	-	500	730	230
Expenditures				
Capital				
TDA expenditures	21,000	28,000	24,828	3,172
Revenues over/(under) expenditures	(21,000)	(27,500)	(24,098)	3,402
Net change in fund balance	(21,000)	(27,500)	(24,098)	3,402
Fund balance, beginning of year	24,098	24,098	24,098	-
Fund balance, end of year	$ 3,098	$ (3,402)	$ -	$ 3,402

See Note to Required Supplementary Information.

CITY OF TWENTYNINE PALMS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
Year ended June 30, 2023

	Budget			Variance From Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
TDA allocation	$ -	$ -	$ -	$ -
Interest income (loss)	-	-	5,635	5,635
Total revenues	-	-	5,635	5,635
Expenditures				
Capital				
TDA expenditures	156,699	176,699	171,142	5,557
Revenues over/(under) expenditures	(156,699)	(176,699)	(165,507)	11,192
Net change in fund balance	(156,699)	(176,699)	(165,507)	11,192
Fund balance, beginning of year	189,605	189,605	189,605	-
Fund balance, end of year	$ 32,906	$ 12,906	$ 24,098	$ 11,192

See Note to Required Supplementary Information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control for the City is the Fund.

ADDITIONAL INFORMATION

CITY OF TWENTYNINE PALMS, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 8	Street maintenance	2020-21	$ 75,585	$ -	$ -	$ -
Article 8	Streets & road maintenance	2019-20	205,842	-	-	-
			$ 281,427	$ -	$ -	$ -
				Use of earned interest	24,828	
				Total expenditures	$ 24,828	

NOTE 1 – USE OF EARNED INTEREST

The use of earned interest in the amount of $24,828 was spent on Article 8 street maintenance project during the fiscal year 2024.

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the City of Twentynine Palms, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements, and have issued our report thereon dated November 12, 2024.

Report on Internal Control Over Financial Reporting

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

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
November 12, 2024

VICTOR VALLEY TRANSIT

Victor Valley Transit Authority
A Joint Powers Authority
Basic Financial Statements
As of and for the Year Ended June 30, 2024
with Independent Auditor's Report

VASQUEZ
+ COMPANY LLP

Victor Valley Transit Authority
A Joint Powers Authority
Basic Financial Statements
As of and for the Year Ended June 30, 2024
with Independent Auditor's Report

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Independent Auditor's Report

The Board of Directors
Victor Valley Transit Authority
Hesperia, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Victor Valley Transit Authority (VVTA) as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise VVTA's basic financial statements as listed in the table of contents.

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

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 (*Government Auditing Standards*). 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 VVTA 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.

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 VVTA's ability to continue as a going concern for twelve months beyond the financial statements 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 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 financial statements.

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 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 VVTA'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 VVTA'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 on pages 4 through 11 and the Schedule of VVTA's Proportionate Share of the Net Pension Liability on page 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board (GASB), 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 GAAS, 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 December 30, 2024, on our consideration of VVTA'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 VVTA'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 VVTA's internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
December 30, 2024

This discussion and analysis of the Victor Valley Transit Authority's (VVTA or the Authority) financial performance for the year ended June 30, 2024, provides a financial summary of the Authority's current year results in comparison to the prior year. It should be read in conjunction with the accompanying financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD&A) section of the Authority's annual financial report provides condensed comparative data and briefly discusses the financial activities during the year ended June 30, 2024. It is a separate but integral part of the financial statements and notes that follow. The purpose of this MD&A is to promote an understanding of the Authority's financial statements.

The financial statements of the Authority supply information using accounting methods similar to those used by private sector companies. These statements offer short and long-term information about its activities.

The Statement of Net Position includes all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides the basis for evaluating the capital structure, liquidity, and overall financial integrity of the Authority.

The Statement of Revenues, Expenses, and Changes in Net Position displays the revenues, expenses, and changes in net position for the Authority and measures the success of operations over the past year.

It can be used to determine creditworthiness and whether revenue sources matched, exceeded, or failed to meet expenses.

The final financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It accounts for the cash and cash equivalents balance available at the beginning of the year and at year end. It displays cash received, cash expended, and the net change in the amount of cash and cash equivalents.

Highlights

- Net Position: Overall net position for fiscal year (FY) 23/24 is $99,905,367 and was largely impacted by an increase in net investment in capital assets of $3,469,310, as well as an increase in unrestricted net position of $12,003,038. These changes are explained in detail in this analysis.

- The value of the Authority's capital assets (net of deletions, depreciation, and amortization) increased by $2,464,681 or 2.9%. This increase was caused by investment in new assets of $9,396,557, offset by depreciation, amortization, and asset retirement costs totaling $6,931,876.

- The Authority's overall operations statistics were impacted this year by the annual increase in the operations and maintenance contractor rate. This increase is consistent with the transit service required by the Authority to provide the highest quality transportation services and reflects the need for private contractors to pay bus operators a living wage. Plus the expansion of the new Micro-Link program; this new program provides on-demand services for the riders to reach the Fixed Route Bus stops.

- FY 23/24 continued to show significant increases in fuel expenses due to the increase in fuel market prices countrywide. Additionally, there have been increases in supplies and service prices due to the rising inflation rate and transportation costs.

- Total revenues increased by 29.5% from $47,544,391 in FY 22/23 to $61,593,313 in FY 23/24, largely due to increase in Federal, State and local grants in both Operating and Capital Revenues.

- Total expenses, including depreciation and interest, for the fiscal year totaled $45,965,178, representing an increase of $2,550,710 or 5.9% compared to the prior fiscal year. This was impacted by the increase in operating expenses by 7.1% or $2,165,128 due to the increase of the operations and maintenance contract annual rate, plus the implementation and growth of the new Micro-Link program, the increase of the fuel market prices as mentioned above, and the contract with the Sherriff department that support the safety and security to the riders. This was in addition to the increase in the inflation rate that impacted the costs of all supplies and services. Furthermore, there was an increase in general and administrative costs of 4%, or $194,309, compared to the prior year. The increase is due to several factors, including the Authority hiring three new positions for the Procurement and Fleet and Facilities departments that the Board of Directors (Board) approved in FY 23/24 Budget. Additionally, there was a significant increase in the market insurance and health insurance rates. Marketing expenses also increased due to the implementation of the new Micro-Link program.

- Cash and equivalents at the end of the year were $41,275,422. Of this amount, $30,348,035 is available for operations, with the balance restricted by grant agreements or governing body policy to be used on specific capital projects, including purchasing rolling stock, capital improvements, repairs, and equipment for the Authority's facilities.

  Included in this cash position is $3,120,918 that is restricted by a debt agreement in connection with the 2016 Certificates of Participation (COP), which funded the construction of the Authority's Hesperia facility, and the 2018 COP for the construction of the Barstow Facility. $398,267 is in Proposition 1B funds, $2,782,043 is in Low Carbon Transit Operations Program (LCTOP) funds, and $1,272,454 is in State of Good Repair (SGR) funds. These funds are restricted by grant agreements for certain capital projects, as well as $5,829,346 reserved by the Authority's Governing Board for specific capital projects.

- In FY14/15, VVTA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, which had implications on costs and the net position of the Authority. Statement No. 68 was issued by GASB in June 2012, requiring public employers who participate in a defined benefit pension plan administered as a trust or similar arrangement (such as the California Public Employees Retirement System (CalPERS)) to comply with new accounting and financial reporting standards. These standards required, amongst other things, that risk-pooled employers like VVTA would have to report their proportionate share of the collective net pension liability (NPL), pension expense, and deferred inflows/outflows of resources from CalPERS managed funds. Prior to GASB Statement No. 68, VVTA reported only amounts contributed by VVTA to the CalPERS retirement plan on behalf of eligible participating staff members, as an expense without indication of a shared liability for future potential pension expenses. In the FY 23/24 financial statements, VVTA has reported its proportionate share of the collective net pension liability (NPL), pension expense, and deferred inflows/outflows of resources. These requirements had a very minor impact on VVTA's overall financial statements. Ending proportionate share of NPL for VVTA in FY 23/24 was $582,879 or 0.1% of total liabilities.

Additional information pertaining to the specific impact of these statements and the treatment of the Authority's financial statements are detailed in the "notes to the basic financial statements" and in the "required supplementary information" section following the notes.

Financial Analysis of Victor Valley Transit Authority

One of the most important questions asked is, "Is the Authority better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the Authority's activities to help answer that question. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or weakening. The Authority accounts for all transactions in an enterprise fund, which uses the full accrual basis of accounting. The activity shown in Table A-1 represents all activity through that fund.

Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources

A summary of the Authority's Statement of Net Position is presented in Table A-1.

Table A-1
Condensed Statement of Net Position

	June 30, 2024	June 30, 2023	Dollar Change	Percentage Change
ASSETS				
Capital assets, net	**$ 87,872,935**	$ 85,408,254	$ 2,464,681	2.9%
All other assets	**51,344,460**	41,538,452	9,806,008	23.6%
Total assets	**139,217,395**	126,946,706	12,270,689	9.7%
Deferred outflows of resources				
Pension	**499,579**	859,624	(360,045)	-41.9%
Refunding	**755,400**	813,508	(58,108)	-7.1%
Total deferred outflows of resources	**1,254,979**	1,673,132	(418,153)	-25.0%
Total assets and deferred outflows of resources	**$ 140,472,374**	$ 128,619,838	$ 11,852,536	9.2%
LIABILITIES				
Current liabilities	**$ 12,356,798**	$ 15,178,875	$ (2,822,077)	-18.6%
Noncurrent liabilities	**28,151,515**	29,081,393	(929,878)	-3.2%
Total liabilities	**40,508,313**	44,260,268	(3,751,955)	-8.5%
Deferred inflows of resources				
Pension	**9,094**	5,497	3,597	65.4%
Leases	**49,600**	76,841	(27,241)	-35.5%
Total deferred inflows of resources	**58,694**	82,338	(23,644)	-28.7%
NET POSITION				
Net investment in capital assets	**59,032,495**	55,563,185	3,469,310	6.2%
Restricted for debt service	**3,120,918**	2,965,131	155,787	5.3%
Unrestricted	**37,751,954**	25,748,916	12,003,038	46.6%
Total net position	**99,905,367**	84,277,232	15,628,135	18.5%
Total liabilities, deferred inflows of resources, and net position	**$ 140,472,374**	$ 128,619,838	$ 11,852,536	9.2%

Table A-1 shows the Authority's total net position increased from $84,277,232 in FY 22/23 to $99,905,367 in FY 23/24 or 18.5% because of the current year's activities, as explained further in this report.

- All other assets increased by $9,806,008 or 23.6%. The change is mainly due to the increase in cash and cash equivalents due to the increase in the Federal and State operating funds that funded the increase in operating expenses.

- Total capital assets (net of depreciation) increased by $2,464,681. This change reflects the net activity in the capital asset accounts, including additions and retirements of assets and accumulated depreciation expense charges. This increase indicates that the Authority's investment activity in capital assets was more than its charges and increased by 2.9% compared to the prior year.

	June 30, 2024	June 30, 2023	Dollar Change	Percentage Change
Land	**$ 3,262,834**	$ 3,262,834	-	0.0%
Construction in progress	**824,050**	557,066	$ 266,984	47.9%
Total non-depreciable	**4,086,884**	3,819,900	266,984	7.0%
Capital assets, net	**83,479,087**	81,467,895	2,011,192	2.5%
Right-to-use leased assets, net	**81,109**	120,459	(39,350)	-32.7%
SBITA asset, net	**225,855**	-	225,855	0.0%
Total depreciable and amortizable	**83,786,051**	81,588,354	2,197,697	2.7%
Total capital assets, net	**$ 87,872,935**	$ 85,408,254	2,464,681	2.9%

The ending balance of $824,050 in the construction in progress account is for the new transfer center in Hesperia and the Hydrogen Fuel Station, plus the five-year Comprehensive Operation Analysis (COA) and the upgrade of the CNG station in Barstow.

- A total of $9,396,556 in property and equipment capital assets was invested in acquiring capital assets encompassing a variety of items. These assets comprise eight (9) Eldorado Axes buses specifically designated for Fixed Route operations. Additionally, five (5) new service vehicles were procured to offer driver relief and supervisory support to the transit system, and three (3) BraunAbility Voyager vehicles were obtained for our Micro-Link program service.

Facility improvements were also undertaken, including painting the Hesperia facility and renovating the epoxy flooring of the maintenance building. The investment further facilitated improvements of bus shelters. Additionally, facility improvements encompassed maintenance and computer equipment implemented to support the transit facilities in Hesperia and Barstow.

- Total liabilities decreased by $3,751,955 compared to FY 22/23, mainly due to decreased unearned revenues and accrued expenses.

- Net position – net investment in capital assets increase to $59,032,495. This was a result of the net activity in capital asset and liability accounts, including additions and retirements of capital assets as well as accumulated depreciation expense charges and increases or decreases in capital-related debt, as explained earlier in this discussion.

- Net position in the amount of $3,120,918 is restricted for debt service on a long-term lease arrangement maturing in 2037. These funds are reserved as required by the finance lease documents of the 2016 COP and 2018 COP to provide security to the lessor for future lease payment obligations by the Authority. These funds will remain in this restricted status until the lease agreements mature in 2037.

- Net position in the amount of $37,751,954 is unrestricted. Unrestricted net position is the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Revenues, Expenses, and Changes in Net Position

While the Statement of Net Position shows the change in the financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

Table A-2
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2024	June 30, 2023	Dollar Change	Percentage Change
Revenues				
Program revenues (operating)				
Charges for services (fares)	$ **2,532,537**	$ 1,930,444	$ 602,093	31.2%
Federal grants - operating	**9,231,329**	5,707,870	3,523,459	61.7%
State and local grants - operating	**35,285,375**	27,667,259	7,618,116	27.5%
Other revenues	**3,539,263**	2,942,195	597,068	20.3%
Capital revenues (operating)				
Federal grants	**7,319,172**	4,517,203	2,801,969	62.0%
State and local grants	**3,685,637**	4,779,420	(1,093,783)	-22.9%
Total revenues	**61,593,313**	47,544,391	14,048,922	29.5%
Expenses				
Program expenses				
Operations	**32,680,941**	30,515,813	2,165,128	7.1%
General and administration	**5,005,564**	4,811,255	194,309	4.0%
Depreciation and amortization	**7,151,176**	6,934,421	216,755	3.1%
Capital expenses:				
Capital interest expense	**1,127,497**	1,152,979	(25,482)	-2.2%
Total expenses	**45,965,178**	43,414,468	2,550,710	5.9%
Change in net position	**15,628,135**	4,129,923	11,498,212	278.4%
Net position - beginning of year	**84,277,232**	80,147,309	4,129,923	5.2%
Net position - end of year	$ **99,905,367**	$ 84,277,232	$ 15,628,135	18.5%

As shown in Table A-2, fare revenues increased by $ 602,093 or 31.2% in FY 23/24. This increase is due to the $750,000 provided by SBCTA from STA Funds to support the free ride for Kinder Gardens, plus the full operation service for the full year; last year, the full service was only for nine months.

Program revenues to support operations received from Federal grants increased by $3,523,459 or 61.7% compared to the prior year. The Federal operating grants increased due to the increase in Federal Operating Assistance grant 5307 to support the increase in operating expenses.

Other program revenues for FY 23/24 totaled $3,539,263, increased by $597,068 compared to the prior year. This is due to the increase in interest income and Fuel Gas Stations sales of the RINS Credit Revenue earned in FY 23/24.

Capital revenues contributed by Federal, State, and local agencies totaled $11,004,809, an increase of $1,708,186. Capital revenues from these sources were provided by grants to support specific capital purchases. Capital purchases vary greatly from year to year, depending on the needs and objectives of the Authority. The funds received were enough to meet the agency's capital needs for FY 23/24, which are detailed in this report's discussion of "net position."

Total revenues increased by $14,048,922 or 29.5% from $47,544,391 in FY 22/23 to $61,593,313 in FY 23/24, mainly due to the increase of the Federal and State operating funds to meet the increase of the operating expenses for the reasons mentioned above.

Program expenses show an increase in operating expenses of $2,165,128 or 7.1% due to the annual increase of the operations and maintenance contractor rates, plus the increase of the fuel market prices as mentioned above and the high increase in inflation, which impacted and increased all supplies and services market prices, as well as the expansion of the new Micro-Link program the Sherriff Agreement that was implemented in FY23 to provide safety and security to the riders. As mentioned above, the general and administration expenses increased by $194,309 or 4%. Depreciation expense increased by $216,755 or 3.1% due to the increase in the investment in capital assets, as mentioned above.

Financial Condition

Overall, the Authority's financial condition remained strong and stable as a result of various planned program activity growth along with continued capital investment. The Authority continues to enjoy strong financial support from a variety of sources, including Federal, State, and local funding sources, as well as continuing an aggressive program of growing other projects, such as the Hydrogen fueling station infrastructure, to support the plan for transitioning rolling stock to Hydrogen Fueled Battery Electric. Additionally, the Federal government has pledged increased and stable support for transit overall, from which the Authority will continue to benefit. This strong financial condition is evidenced in Table A-1, which shows the Authority's total ending net position of $99,905,367, more than last year by $15,628,135.

Some specific activities that have led to the Authority's financial condition as of June 30, 2024, include:

- This fiscal year, the Authority invested $9.4 million in new capital asset acquisitions, including vehicles and equipment. This robust investment demonstrates that the Authority's access to capital funding through Federal, State, and local sources remains strong. The Authority's investment strategy is based on the need for expansion, innovation, technology upgrades, and maintenance of its existing services. Capital asset investment in FY 23/24 is forecasted to remain strong from investment in new rolling stock, including Hydrogen Electric Buses, to comply with the Zero Emission Bus Transition ZEB and continued capital investments in its facilities.

- In October 2023 Micro-Link micro transit service became a permanent service after a successful 1-year pilot program. Micro-Link zones are operated in areas of the cities of Hesperia and Victorville. Since it was made a permanent service, Micro-Link ridership has increased by approximately 44%. The success of this service led to the implementation of a third Micro-Link zone in Apple Valley on October 28, 2024.

- The Authority continued its extensive program to increase the number of buses, bus shelters, benches, solar lights, and other passenger amenities. Also continuing into the next fiscal year is the infrastructure needed to support the ZEB hydrogen fuel stations, plus the new transfer hub in Hesperia.

- In June 2015, the Authority was designated as a Consolidated Transportation Services Agency (CTSA) for the High and North Desert regions of San Bernardino County. This represented an expanding role and commitment to the Authority's already established Mobility Management department and increased the Authority service area from 425 to 950 square miles. Through the CTSA designation, the Authority has locked in Federal and local funding and increased other funding opportunities through local non-profit partnerships. Throughout FY 23/24, the Authority continued to maintain and support these programs and expanded these services.

- The Authority continued to invest in its Vanpool Program, which is operated under the management of its Operation Department and the direction of the Director of Operation. This program provides support for residents of the Authority's service area who must commute out of the service area for work and those commuting into our service area for employment. These vanpools serve to reduce traffic congestion and improve the environment through the lowering of carbon emissions. Additionally, the Authority reports the passenger miles produced by these vanpools, which continue to generate additional Federal apportionment funding. These additional Federal funds are used for capital and operating support, and expansion of the Authority's other transportation services. The Authority has continued and maintained its commitment to the Vanpool Program in FY 23/24 with further plans to market and grow the program.

- FY 23/24 VVTA continued its agreement with Trillium CNG, which replaced the BP agreement effective October 1, 2020. This natural gas is used to create Compressed Natural Gas (CNG) fuel for the Authority's fleet of vehicles. The contract with Trillium CNG to provide the Authority with a source of renewable natural gas (RNG) has resulted in substantial reductions in greenhouse emissions. Additionally, the Authority generated $633,436 received from the RINS credits as a direct result of the RNG sourcing. The Authority will continue to source this valuable and environmentally friendly fuel in FY 23/24.

- In July 2023, VVTA successfully implemented and launched a new enterprise Oracle software system. This comprehensive solution integrates multiple functionalities, including Purchase Order creation and approval workflows, an advanced Accounting system with payment workflow approvals, Fixed Asset management, Human Resources (HR), timesheet tracking, and Payroll processing. Additionally, the system ensures the retention of all supporting documents for every transaction. By replacing four legacy software systems, the Oracle platform streamlines operations, enhances efficiency, and centralizes critical business processes.

The overall financial outlook for the Authority's programs and services remains strong, with a continued commitment to investment in capital assets, technologies, and services coupled with fiscally responsible management that protects the investments of the Authority, its member jurisdictions, and investors while providing the highest quality public transportation services to the communities it serves.

Contacting the Authority

This financial report is designed to provide our citizens and customers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions regarding this report or require additional financial information, please contact Mr. Maged Azer, Chief Financial Officer (CFO) at Victor Valley Transit Authority, 17150 Smoke Tree St., Hesperia, California, 92345.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets		
Cash and cash equivalents	$	32,765,226
Cash and investments with fiscal agent - restricted		3,120,918
Cash and investments - Board reserved		5,389,278
Receivables		
Federal, State, and other local grants		9,183,944
Other		327,719
Leases, current portion		31,180
Prepaid expenses		468,784
Fuel inventory		31,415
Total current assets		51,318,464
Noncurrent assets		
Lease receivables, long-term portion		25,996
Capital assets, not being depreciated		4,086,884
Capital assets, net of accumulated depreciation		83,479,087
Right-to-use leased assets, net of accumulated amortization		81,109
SBITA asset, net of accumulated amortization		225,855
Total noncurrent assets		87,898,931
Total assets		139,217,395
Deferred outflows of resources		
Deferred pension		499,579
Deferred debt refunding cost		755,400
Total deferred outflows of resources		1,254,979
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	140,472,374

(Continued)

See accompanying notes to the basic financial statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current liabilities		
Accounts payable and accrued liabilities	$	4,261,065
Unearned revenues		6,642,040
Compensated absences		181,889
Lease liability, current portion		38,136
Certificates of participation, current portion		1,181,329
SBITA liability, current portion		52,339
Total current liabilities		12,356,798
Noncurrent liabilities		
Lease liability, long-term portion		40,993
Certificates of participation, long-term portion		27,399,922
Net pension liability		582,879
SBITA liability, long-term portion		127,721
Total noncurrent liabilities		28,151,515
Total liabilities		40,508,313
Deferred inflows of resources		
Deferred pension		9,094
Deferred leases		49,600
Total deferred inflows of resources		58,694
NET POSITION		
Net investment in capital assets		59,032,495
Restricted for debt service		3,120,918
Unrestricted		37,751,954
Total net position		99,905,367
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	140,472,374

(Concluded)

See accompanying notes to the basic financial statements.

Operating revenues	
Fares	$ 2,418,067
Special transit fares	114,470
Total operating revenues	2,532,537
Operating expenses	
Operations	32,680,941
General and administration	5,005,564
Depreciation and amortization	7,151,176
Total operating expenses	44,837,681
Operating loss	(42,305,144)
Nonoperating revenues (expenses)	
Operating assistance	
Federal Transit Administration - Section 5307, operating	7,500,000
Federal Transit Administration - Section 5311	1,725,629
Federal Transit Administration - Section 5316	5,700
Local Transportation Fund, operating	33,273,850
Measure I	1,741,449
AB 2766	250,000
State - LCTOP	20,076
Gain on disposal of assets	106,707
Interest income	1,547,933
Miscellaneous	1,884,623
Interest expense	(1,127,497)
Total nonoperating revenues (expenses)	46,928,470
Income before capital contributions	4,623,326
Capital contributions	
Federal Transit Administration - Section 5307, capital	4,656,569
Local Transportation Fund, capital	2,515,056
State Transit Assistance Fund	499,628
State of Good Repair	670,953
CMAQ	2,662,603
Total capital contributions	11,004,809
Change in net position	15,628,135
Net position, beginning of year	84,277,232
Net position, end of year	$ 99,905,367

See accompanying notes to the basic financial statements.

Cash flows from operating activities		
Cash received from fares	$	2,509,293
Cash payments to employees		(3,399,466)
Cash payments to vendors for services		(34,250,716)
Net cash used by operating activities		(35,140,889)
Cash flows from noncapital financing activities		
Operating grants received		28,415,603
Other noncapital financing		1,852,304
Net cash provided by noncapital financing activities		30,267,907
Cash flows from capital and related financing activities		
Capital grants received		17,493,280
Purchase of capital assets		(9,391,478)
Proceeds from disposal of capital assets		106,707
Principal payments on capital debt		(975,000)
Interest paid		(1,210,200)
Payment of SBITA liabilities - principal portion		(49,802)
Payment of SBITA liabilities - interest portion		(9,824)
Payment of lease liabilities - principal portion		(38,383)
Payment of lease liabilities - interest portion		(1,333)
Cash received as lessor - principal portion		29,124
Cash received as lessor - interest portion		3,232
Net cash provided by capital and related financing activities		5,956,323
Cash flows from investing activities		
Interest received		1,544,701
Net cash provided by investing activities		1,544,701
Net increase in cash and cash equivalents		2,628,042
Cash and cash equivalents		
Beginning balance		38,647,380
Ending balance	$	41,275,422
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents	$	32,765,226
Cash and investments with fiscal agent - restricted		3,120,918
Cash and investments - Board reserved		5,389,278
Total cash, cash equivalents, and investments	$	41,275,422

See accompanying notes to the basic financial statements.

Reconciliation of operating loss to net cash used by operating activities		
Operating loss	$	(42,305,144)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization expense		7,151,176
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:		
Increase in other receivables		(23,244)
Decrease in prepaid expenses		32,120
Decrease in inventory		18,192
Decrease in accounts payable and accrued liabilities		(583,628)
Increase in compensated absences		31,834
Increase in net pension liability		174,163
Increase in deferred pension		363,642
Total adjustments		7,164,255
Net cash used by operating activities	$	(35,140,889)
Schedule of non-cash investing, capital, and financing activities		
Amortization of premiums on certificates of participation	$	103,221
Lease revenue recognized	$	27,241

(Concluded)

See accompanying notes to the basic financial statements.

NOTE 1 ORGANIZATION

Victor Valley Transit Authority (VVTA or the Authority) is a joint powers authority whose members are the cities of Adelanto, Barstow, Hesperia, and Victorville; the Town of Apple Valley; and the County of San Bernardino (the County) First and Third district. VVTA provides bus services to these cities, as well as the communities of Lucerne Valley, Phelan, Pinon Hills, Wrightwood, Helendale, Oro Grande, Fort Irwin, Hinkley, Newberry Springs, and Yermo, as a means of meeting the transit needs of various transit-dependent groups within its 950-square mile geographic service area. The bus services VVTA provides include fixed route services, deviated route services, County deviated routes, Americans with Disabilities Act (ADA) para-transit routes, and commuter services. Additionally, VVTA is designated as a Consolidated Transportation Services Agency (CTSA) for the High Desert and North Desert regions of the County and provides a variety of services to support transit-dependent groups that are unable to access its standard transit services. Through direct contracts with vendor providers as well as cooperative agreements with various non-profit organizations, VVTA's CTSA supports a Vanpool Program, Car Share Program, and Travel Reimbursement Incentive Program (TRIP), and directly provides Travel Training services. CTSA services are provided for rural areas of the North Desert and the communities of Trona and Big River in addition to the communities listed above. VVTA is governed by a Board of Directors (the Board) comprised of seven (7) representatives. Five Board members are elected council members each appointed by the cities they represent as well as the County Supervisors representing the First and Third County districts.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

VVTA meets the criteria as a stand-alone government, and accordingly, is accounted for and reported as though it were a primary government.

B. Measurement Focus and Basis of Accounting

VVTA's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement 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 recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of related cash flows.

C. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and amounts in savings and certificates of deposit. For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term deposits with original maturities of three months or less from the date of acquisition.

D. Cash and investments - Board reserved

Certain VVTA accounts are reserved to fund board designated projects and programs. At June 30, 2024, cash and investments reserved through board resolutions were $5,389,278.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments with Fiscal Agent - Restricted

Certain VVTA accounts are restricted by debt agreements to fund specified debt service requirements. At June 30, 2024 the balance held with fiscal agent pursuant to this agreement was $3,120,918.

F. Fair Value Measurements

Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. Investments are measured at fair value on a recurring basis.

GASB Statement No. 72, *Fair Value Measurement and Application*, defined fair value, established a framework for measuring fair value and established disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1: Inputs are unadjusted, quoted prices for identical assets and liabilities inactive markets at the measurement date.

Level 2: Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3: Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

G. Grants, Grants Receivable and Unearned Revenue

Grants for operating assistance and capital acquisitions are included in revenue in the period in which the grant was earned. Federal capital grant funds claimed on a reimbursement basis have receivables for grant funds recorded as the related obligations are incurred. Capital grant funds advanced but not yet earned are treated as unearned revenues. Also, operating funds advanced from San Bernardino County Transportation Authority (SBCTA) for working capital are treated as unearned revenues until earned. Operating assistance grants are included in nonoperating revenues in the year in which the grant is applicable, and the related expenses are incurred. Revenues earned under capital grants are recorded as capital contributions.

H. Prepaid Expenses

Prepaid expenses include inventories and costs for certain payments to vendors that reflect costs applicable to future accounting periods. The costs of prepaid items are recorded as expenses when consumed rather than when paid.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fuel Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel for VVTA vehicles. The costs of such inventories are recorded as expenses when consumed rather than purchased. The value of fuel held at the transit facility on June 30, 2024, was $31,415.

J. Capital Assets

Capital assets are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 to 40 years
Operations equipment	3 to 12 years
Furniture and office equipment	3 to 10 years

VVTA's capitalization threshold is $2,500. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized.

Right-to-use leased assets are recognized at the lease commencement date and represent VVTA's right-to-use underlying assets for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the lease term using the straight-line method.

K. Subscription-Based Information Technology Arrangements ("SBITAs")

VVTA has recorded a Subscription-Based Information Technology Arrangements ("SBITA") asset as a result of implementing GASB Statement No. 96, SBITAs, as of and for the year ended June 30, 2024. The SBITA asset is initially measured at an amount equal to the related SBITA liability plus payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, if applicable, and capitalizable initial implementation costs less any SBITA vendor incentives received from SBITA vendor at the commencement of subscription term.

An SBITA asset is amortized using the straight-line method over the subscription term. The amortization of the SBITA asset is reported as an outflow of resources (for example, amortization expense), which may be combined with depreciation expense related to other capital assets for financial reporting purposes. Amortization begins at the commencement of the subscription term.

The right-to-use SBITA asset is reported along with other capital assets and the SBITA liability is reported on the statement of net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Operating and Nonoperating Revenue and Unearned Revenue

VVTA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from directly providing services in connection with VVTA's principal operation of bus transit services. These revenues are primarily passenger fares. Nonoperating revenues consist of Federal, State, and local operating grants, fuel tax credits, and investment income.

M. Operating and Nonoperating Expenses

Operating expenses include the cost of services, administrative expenses, and depreciation or amortization of capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

N. Capital Contributions

Capital contributions consist of grants that are legally restricted for capital expenses by Federal, State, or local law that established those charges.

O. Net Position

The net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources and is categorized and reported under the following classifications:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position indicates the value of the restricted assets on hand in excess of the related and recognized liabilities. It is expected that future liabilities will be recognized to match the restricted assets on hand. These monies are reserved by Federal and State legislation or third-party agreements for particular use within their particular categories.

Unrestricted Net Position consists of the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred for which both restricted and unrestricted net position is available, VVTA shall first apply restricted resources, and then unrestricted resources. When restricted resources are depleted, only then shall unrestricted resources be considered for use.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Lease Receivables

Lease receivables are recorded by VVTA at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received is discounted based on the interest rate VVTA charges the lessee.

Q. 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 VVTA's participation in the California Public Employees Retirement System (CalPERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported to 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.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses) until then. VVTA reports a deferred outflow of resources related to pensions. VVTA also reports a deferred outflow of resources amount related to debt refunding which represents the remaining unamortized balance of the difference between the carrying value of the refunded debt and the reacquisition price.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. VVTA reports deferred inflows of resources related to pensions and leases where VVTA is the lessor. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on a straight-line basis over the term of the lease.

S. Long-Term Obligations

In the Statement of Net Position, long-term debt and other long-term obligations are reported under noncurrent liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Lease liabilities represent VVTA's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on an incremental borrowing rate determined by VVTA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

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

U. New Accounting Pronouncements

During the fiscal year ended June 30, 2024, VVTA implemented the following GASB Standard:

GASB Statement No. 99

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and 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 Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of this statement did not have a significant impact on VVTA's financial statements.

GASB Statement No. 100, Accounting Changes and Error Corrections

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of this statement did not have a significant impact on VVTA's financial statements.

GASB has released the following statements which will be implemented in future financial statements, if applicable:

GASB Statement No. 101 – Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (i) leave that has not been used and (ii) leave that has been used but not yet paid in cash or settled through noncash means. Also, this statement requires that liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. New Accounting Pronouncements (Continued)

GASB Statement No. 102 – Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact. Also, it requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely that not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103 – Financial Reporting Model Improvements. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 – Disclosures of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Also, it requires additional disclosure for capital assets held for sale. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

NOTE 3 CNG TAX CREDITS

VVTA has accumulated unspent Compressed Natural Gas (CNG) tax credits totaling $1,338,737. The Board has approved the allocation of these credits to establish a Capital Reserve for the Battery Electric Bus (BEB) Infrastructure project. This reserve balance is tracked separately and is reported as part of the unrestricted net position in the Statement of Net Position. During the year ended June 30, 2024, in line with the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Public Law 116-260) enacted as part of the Consolidated Appropriations Act 2021, which extended the fuel tax credits through December 31, 2024, VVTA received additional CNG tax credits. These credits were received pursuant to VVTA’s usage of CNG for its bus fleet. The total CNG tax credit amount earned for the year ended June 30, 2024, was $0. These funds are intended to support VVTA’s commitment to a clean energy fleet and are included in the unrestricted net position on the Statement of Net Position.

SBCTA has agreed that these funds are available to be retained and expended based upon the direction provided by VVTA’s Board in accordance with existing Board resolutions.

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS

Federal Assistance
Under the provisions of the Federal Transit Administration (FTA), funds are available to VVTA for operating assistance, security, and various capital costs. Total FTA assistance provided during the year ended June 30, 2024, was $13,887,898.

Transportation Development Act
VVTA is subject to the provisions pursuant to Section 6634 of the California Code of Regulations and Sections 99268.4 and 99313.3 of the Public Utilities Code (PUC). VVTA receives allocations of local transportation funds pursuant to the Transportation Development Act of 1971. These funds are generated within the County and are distributed based on annual claims filed by VVTA and approved by SBCTA.

A. *Section 6634*
Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant’s costs less the sum of fares received, local support required to meet the fare ratio, Federal operating assistance, and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)

Transportation Development Act (Continued)

A. *Section 6634 (Continued)*

The computation of unearned revenue as of June 30, 2024, is as follows:

	Operating Funds	Capital Funds	Total
Beginning balance, July 1, 2023	$ 5,408,516	$ 3,602,019	$ 9,010,535
Gross receipts			
Local Transportation Fund			
Article 4	20,496,548	3,263,588	23,760,136
Federal Transit Administration			
Section 5307	5,261,165	6,890,419	12,151,584
Section 5311	740,100	-	740,100
Section 5316	1,561	4,139	5,700
CMAQ	-	2,653,409	2,653,409
State Transit Assistance Fund - Article 6.5	-	150,691	150,691
State Transportation Fund, Fare Media - K12	562,500	-	562,500
Measure I	755,919	-	755,919
AB2766	250,000	-	250,000
LCTOP	-	1,332,802	1,332,802
Proposition 1B (PTMISEA/CTAF)	-	15,357	15,357
State of Good Repair	-	800,091	800,091
Fares	1,782,537	-	1,782,537
RINS credits	-	663,313	663,313
Others	106,707	-	106,707
Total gross receipts	29,957,037	15,773,809	45,730,846
Operating expenses, less depreciation and amortization	(38,814,003)	-	(38,814,003)
Capital acquisitions	-	(9,285,338)	(9,285,338)
Receipts over/(under) expenses in current period	(8,856,966)	6,488,471	(2,368,495)
Amount unearned at June 30, 2024	$ (3,448,450)	$ 10,090,490	$ 6,642,040

B. *Sections 99268.4 and 99405*

Section 99268.4 indicates that in the case of an operator that is providing services using vehicles for the exclusive use of elderly and handicapped persons, the operator shall be eligible for the Local Transportation Funds commencing with claims for the 1980-81 fiscal year if it maintains, for the fiscal year, a ratio of fare revenue to operating costs at least equal to 10-percent for the elderly and handicapped service or a ratio of fare revenue to combined operating costs at least equal to 18-percent.

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)

Transportation Development Act (Continued)

B. *Sections 99268.4 and 99405 (Continued)*

Section 99405(c) indicates that the 50-percent limitation shall not apply to the allocation to a city, county, or transit district for services under contract pursuant to subdivision (c) or (d) of Section 99400. The city, county, or transit district shall be subject to Sections 99268.3, 99268.4, 99268.5, or 99268.9, as the case may be, and shall be deemed an operator for purposes of those sections, or shall be subject to regional, countywide, or county subarea purposes of those sections, or shall be subject to regional, countywide, or county subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the transportation planning agency or the county transportation commission for those services.

Pursuant to Section 99405, VVTA was granted a fare ratio requirement of 18-percent by SBCTA in September 2017; however, these requirements have been waived as a result of the ongoing COVID-19 pandemic. This waiver, in line with Section 99268.9 of the Public Utilities Code, will remain in effect until the end of the 2023-24 fiscal year, with the provisions set to become inoperative on January 1, 2025.

The fare ratio as of June 30, 2024, is calculated as follows:

	Motor Bus Routes	Handicapped Demand Response	Total
Operating expenses including interest expenses	$ 39,910,635	$ 6,054,543	$ 45,965,178
Less: depreciation and amortization	(6,602,892)	(548,284)	(7,151,176)
Less: exemptions	(4,290,285)	-	(4,290,285)
Adjusted operating expenses	$ 29,017,458	$ 5,506,259	$ 34,523,717
Fare revenue	$ 2,102,829	$ 429,708	$ 2,532,537
Fare ratio	7.2%	7.8%	7.3%
Local funds used by the operator to supplement fare box revenues to satisfy the 10% fare ratio as permitted by Section 99268.19:			-
Measure I	1,306,087	435,362	1,741,449
CNG stations sales	1,213,413	-	1,213,413
RINS credits	605,263	-	605,263
Interest income	1,547,933	-	1,547,933
Adjusted fare revenue	$ 6,775,525	$ 865,070	$ 7,640,595
Adjusted fare ratio	23%	16%	22%
Total fare ratio requirements pursuant to PUC Sections 99405(c) and 99268.4	18%	10%	18%

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)

Transportation Development Act (Continued)

B. Sections 99268.4 and 99405 (Continued)

Proposition 1B

The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Fund and the California Transit Assistance Fund (CTAF) are a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of $19.9 billion was deposited into the Proposition 1B fund, $3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety, security, disaster response, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

Proposition 1B activity during the year ended June 30, 2024, was as follows:

		PTMISEA
Unspent Proposition 1B funds as of July 1, 2023	$	382,910
Proposition 1B funds interest earned		15,357
Proposition 1B expenses incurred		-
Unearned balance, June 30, 2024	$	398,267

Low Carbon Transit Operations Program

The Low Carbon Transit Operations Program (LCTOP) provides funds for approved projects to support new or expanded bus or rail services and expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance, and other costs to operate those services or facilities with each project reducing greenhouse gas emissions. LCTOP activity during the year ended June 30, 2024, was as follows:

		LCTOP
Unspent LCTOP as of July 1, 2023	$	1,469,317
LCTOP funds received		1,243,888
LCTOP funds interest earned		88,914
LCTOP expenses incurred		(20,076)
Unearned balance, June 30, 2024	$	2,782,043

NOTE 4 FEDERAL, STATE, AND LOCAL GRANTS (CONTINUED)

Transportation Development Act (Continued)

B. Sections 99268.4 and 99405 (Continued)

State of Good Repair

The State of Good Repair (SGR) program is a part of the Road Repair and Accountability Act of 2017, Senate Bill (SB) 1, signed by the Governor on April 28, 2017, in order to provide additional revenues for transit infrastructure repair and services improvements.

These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects. SGR activities during the year ended June 30, 2024, were as follows:

		SGR
Unspent SGR funds as of July 1, 2023	$	1,143,315
SGR funds received		753,998
SGR funds interest earned		46,093
SGR expenses incurred		(670,953)
Unearned balance, June 30, 2024	$	1,272,453

NOTE 5 CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Cash and cash equivalents*	$	32,765,226
Cash and investments with fiscal agent - restricted		3,120,918
Cash and investments - Board reserved		5,389,278
Total	$	41,275,422

*Cash balance includes $398,268 of unspent Proposition 1B grant funds which are restricted for specific capital projects and are not available for operating expenses or liabilities related to operating costs.

Cash and investments consist of the following:

Deposits with financial institutions	$	38,154,504
Cash and cash equivalents held with fiscal agent		3,120,918
Total	$	41,275,422

NOTE 5 CASH AND INVESTMENTS (CONTINUED)

Policies and Practices
VVTA is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations as specified in Section 53600. VVTA does not have a formal policy for investments that is more restrictive than the noted Government Code.

Investments of cash within the new facility projects and accompanying funds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. VVTA does not have a formal policy related to its investments interest rate risk.

Information about the sensitivity of the fair value of VVTA's investments to market interest rate fluctuations is provided in the following table that shows the distribution of VVTA's investment by maturity as of June 30, 2024.

Investment Type	Total	Remaining Maturity (in Months) 12 Month or Less
Money market fund	$ 3,120,918	$ 3,120,918
Total	$ 3,120,918	$ 3,120,918

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Holdings held by the trustee are insured by the trust agreement. VVTA's investments are in money market funds, which are typically diversified and carry lower credit risk compared to individual securities. These funds are not separately rated but are managed to maintain a high credit quality. VVTA does not have a formal policy related to its investments credit risk.

NOTE 5 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, VVTA 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. VVTA does not have a policy of custodial credit risk for deposits. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by State or local government 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Fair Value Hierarchy

VVTA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America.

VVTA has the following recurring fair value measurements as of June 30, 2024:

		Fair Value Measurements at Reporting Date Using:		
June 30, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund	$ 3,120,918	$ 3,120,918	$ -	$ -
Total	$ 3,120,918	$ 3,120,918	$ -	$ -

NOTE 6 CAPITAL ASSETS

A summary of capital asset activity for the year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Transfers	Additions	Retirements/ Adjustments	Balance June 30, 2024
Capital assets, not being depreciated					
Land - Hesperia facility	$ 1,500,000	$ -	$ -	$ -	$ 1,500,000
Land - Barstow facility	193,350	-	-	-	193,350
Land - Parking and office	237,400	-	-	-	237,400
Land - Hydrogen station	172,030	-	-	-	172,030
Land - 10 acres - Hesperia	1,160,054	-	-	-	1,160,054
Construction in progress	557,066	(420,062)	687,046	-	824,050
Total capital assets, not being depreciated	3,819,900	(420,062)	687,046	-	4,086,884
Capital assets, being depreciated					
Facilities	66,105,800	308,843	1,095,280	(3,000)	67,506,923
Operations equipment	62,030,188	-	7,543,762	(2,581,813)	66,992,137
Furniture and office equipment	2,269,054	-	70,468	(26,803)	2,312,719
Total capital assets being depreciated	130,405,042	308,843	8,709,510	(2,611,616)	136,811,779
Less accumulated depreciation					
Facilities	(14,888,436)	-	(1,855,045)	3,000	(16,740,481)
Operations equipment	(30,550,093)	-	(4,967,283)	2,581,813	(32,935,563)
Furniture and office equipment	(3,498,618)	-	(184,833)	26,803	(3,656,648)
Total accumulated depreciation	(48,937,147)	-	(7,007,161)	2,611,616	(53,332,692)
Net depreciable assets	81,467,895	308,843	1,702,349	-	83,479,087
Right-to-use leased assets being amortized					
Right-to-use leased assets	185,321	-	(5,079)	-	180,242
Total right-to-use leased asset being amortized	185,321	-	(5,079)	-	180,242
Less accumulated amortization for					
Right-to-use leased asset	(64,862)	-	(34,271)		(99,133)
Total accumulated amortization	(64,862)	-	(34,271)	-	(99,133)
Net right-to-use leased assets	120,459	-	(39,350)	-	81,109
Right-to-use IT assets being amortized					
SBITA asset	-	111,219	219,301	-	330,520
Total right-to-use IT asset being amortized	-	111,219	219,301	-	330,520
Less accumulated amortization for					
SBITA asset	-	-	(104,665)	-	(104,665)
Total accumulated amortization	-	-	(104,665)	-	(104,665)
Net SBITA asset	-	111,219	114,636	-	225,855
Total capital assets, net	$ 85,408,254	$ -	$ 2,464,681	$ -	$ 87,872,935

Depreciation and amortization for the year ended June 30, 2024, was $7,151,176.

NOTE 7 RISK MANAGEMENT

VVTA is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-two participating member agencies: twenty-two cities, four transit agencies, and six special districts. VVTA participates in the general liability, property, and business auto physical damage programs of PERMA.

The liability program provides coverage up to $50 million per occurrence for personal injury, bodily injury, property damage, and public officials' errors and omissions. VVTA participates in risk sharing pools for losses of up to $1 million followed by PERMA's membership in Public Risk Innovation, Solutions, and Management (PRISM) for $49 million excess liability coverage.

The property insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment, and business interruption. Commercial property coverage is written on a replacement cost basis, eliminating the traditional commercial "named peril" policy.

Additionally, VVTA benefits from a range of specialized insurance programs. These include an Employment Practices Liability Program with a coverage limit of $1,000,000 and a member retention of $25,000, and a Business Auto Physical Damage Program with coverage up to $10,000,000 and a member deductible of $5,000. The Crime Coverage Program, managed by National Union Fire Insurance Company, safeguards against various risks such as employee theft and fraud up to $1,000,000, subject to a deductible of $2,500 per occurrence. Cybersecurity risks are addressed through a Cyber Liability Program, providing up to $12,000,000 in coverage with a deductible of $2,500 per claim. Lastly, the Alliant Deadly Weapon Response Program offers a coverage limit of $500,000 with a $10,000 deductible per event.

Over the previous three years, VVTA has not encountered any settlements exceeding these coverage limits, and there have been no significant changes in either the insurance policies or the coverage amounts during this period.

NOTE 8 COMMITMENTS

VVTA has entered into a 5-year contract with Keolis Transit Services for operational services, which encompass Fixed Routes, Demand Response, commuter routes for Fort Irwin, and County connector routes. This contract is scheduled to expire on September 30, 2025. For the fiscal year ended June 30, 2024, the total expenses recognized under this contract amounted to $23,135,952.

The following schedule outlines the future expenses VVTA has committed to under this agreement:

Year Ending June 30		Amount
2025	$	28,023,600
2026		7,052,630
Total	$	35,076,230

VVTA currently contracts through ADA Ride for its ADA eligibility certification process. This contract provides ADA certifications for all disabled transit riders seeking transportation services within ADA guidelines. The current contract was established in 2008 and was renewed on July 20, 2015, for a three-year period plus two one-year extension periods that are added by mutual agreement of the parties.

The contract was renewed from August 1, 2023, to July 30, 2025, with two 1-year options for extension. The maximum cost under this agreement is $400,000 during the contract term, based on services provided each year.

During the year ended June 30, 2024, VVTA paid $43,950 under this contract.

NOTE 9 LONG-TERM LIABILITIES

The following is a summary of the changes in the balance of long-term liabilities for the year ended June 30, 2024.

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year	Due Beyond One Year
Governmental activities						
2016 Refunding Certificates of Participation	$ 17,575,000	$ -	$ (750,000)	$ 16,825,000	$ 785,000	$ 16,040,000
Premium on 2016 Certificates of Participation	2,204,889	-	(146,993)	2,057,896	146,993	1,910,903
2018 Certificates of Participation	9,565,000	-	(225,000)	9,340,000	235,000	9,105,000
Premium on 2018 Certificates of Participation	372,691	-	(14,336)	358,355	14,336	344,019
Leases	127,489	-	(48,360)	79,129	38,136	40,993
Compensated absences	150,055	31,834	-	181,889	181,889	-
Net pension liability (asset)	408,716	174,163	-	582,879	-	582,879
SBITA liability	-	229,862	(49,802)	180,060	52,339	127,721
Total long-term liabilities	$ 30,403,840	$ 435,859	$ (1,234,491)	$ 29,605,208	$ 1,453,693	$ 28,151,515

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation – 2016

In July 2016, VVTA issued Certificates of Participation, series 2016, valued at $23,300,000, to refund the 2007 Lease/Trust Agreement Certificates of Participation with an outstanding principal of $31,375,000. The funds raised from this issuance were used to continue financing the construction of a transit facility in Hesperia, California, and to cover the delivery costs of the certificates. As a result of this advance refunding, a deferred outflow of resources of $1,278,370 was recognized, to be amortized over the life of the new debt. The refinancing transaction resulted in substantial economic benefits, yielding a present value of savings from the cash flow calculated at $10,479,681. After adjusting for prior funds on hand of $9,267,645, the economic gain was $1,212,036. The terms for the repayment of the principal and interest on these certificates are set on a semi-annual basis, beginning from July 1, 2016, with the interest rates ranging from 2.00% to 5.00%. Principal payments are scheduled annually every July 1, in varying amounts ranging from $675,000 to $4,335,000, with the final principal payment set for July 1, 2037.

To secure this issuance, VVTA has pledged its farebox revenues as collateral against the debt. The farebox revenues, pledged in the approximate amount equivalent to the remaining debt service, will be dedicated to servicing this debt through its maturity in 2037. For the fiscal year 2024, VVTA generated $2,532,537 in farebox revenues. Of this revenue, VVTA allocated a total of $1,542,050 to service the certificates' debt, with $750,000 covering principal repayments and $792,050 applied to interest payments. This allocation represents approximately 60.9% of the annual farebox revenue being directed towards debt service for the year.

The debt service payments were arranged to be fulfilled using all legally available revenues, including farebox revenues, Federal Transit Assistance Funds, Local Transportation Funds, and State Transit Assistance Funds.

The future debt service payment requirements are as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 785,000	$ 754,550	$ 1,539,550
2026	825,000	715,300	1,540,300
2027	865,000	674,050	1,539,050
2028	910,000	630,800	1,540,800
2029-2033	5,265,000	2,426,250	7,691,250
2034-2037	8,175,000	910,450	9,085,450
Total	$ 16,825,000	$ 6,111,400	$ 22,936,400

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation – 2018

In 2018, VVTA sold Certificates of Participation in the par amount of $10,475,000 to finance the construction of a new Bus Maintenance Facility on its property in Barstow, California. The debt payment schedule is set for thirty (30) years ending in 2048 with an average annual debt service payment of $640,000. The total amount of debt payments will be $18,163,050. In accordance with GASB Statement No. 48, VVTA has pledged its farebox revenues as collateral against the debt. The farebox revenues, pledged in the approximate amount equivalent to the remaining debt service, will be dedicated to servicing this debt through its maturity in 2048. For the fiscal year 2024, VVTA generated $2,532,537 in farebox revenues. Of this revenue, VVTA allocated a total of $643,150 to service the certificates' debt, with $225,000 covering principal repayments and $418,150 applied to interest payments. This allocation represents approximately 25.4% of the annual farebox revenue being directed towards debt service for the year. In the event of default by VVTA under the Lease/Trust agreement, BNY Mellon (the Trustee) has the right to exercise any remedy available under law or equity, including declaring all principal components of the unpaid lease payments, together with accrued interest at the rate or rates specified in the respective outstanding certificates from the immediately preceding certificate payment date on which payment was made, to be immediately due and payable.

Certificates began maturing on July 1, 2019, with semi-annual interest payments due January 1 and July 1 at various interest rates from 4.00 to 5.00 percent. Principal payments are due annually, on July 1, at various amounts from $200,000 to $615,000. The final principal payment of the certificates is scheduled for July 1, 2048.

The future debt service payment requirements are as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 235,000	$ 406,900	$ 641,900
2026	245,000	395,150	640,150
2027	260,000	382,900	642,900
2028	270,000	369,900	639,900
2029-2033	1,575,000	1,632,000	3,207,000
2034-2038	1,560,000	1,226,250	2,786,250
2039-2043	2,345,000	858,400	3,203,400
2044-2048	2,850,000	350,800	3,200,800
Total	$ 9,340,000	$ 5,622,300	$ 14,962,300

NOTE 10 LEASES

Lessor Activities

VVTA has two leasing arrangements as a lessor, including a sub-lease with Greyhound Line, Inc., for office space at the Victor Valley Transportation Center, and with Vegan Vato for a restaurant space. The lease terms are 48 to 60 months, including the noncancelable period of the lease and extensions VVTA is reasonably certain to exercise. The lease payments vary, ranging from $700 to $1,500 per month, depending on the specific agreement and period within the lease term. The remaining receivable for these leases was $57,176 for the year ended June 30, 2024. Deferred inflows of resources related to these leases were $49,600 as of June 30, 2024. Interest revenue recognized on these leases was $3,232 for the year ended June 30, 2024. Principal receipts of $29,124 were recognized during the year. The interest rate on the leases was 5.15%. The final receipt is expected in fiscal year 2027.

The remaining principal and interest payments on leases are as follows:

Year Ending June 30	Principal	Interest
2025	$ 31,180	$ 2,093
2026	20,851	664
2027	5,145	33
Total	$ 57,176	$ 2,790

Lessee Activities

VVTA as a lessee, has entered into a land lease agreement initiated in October 2021, spanning a 60-month term. The lease commenced with a monthly payment of $3,365, with an annual increment of 2.0% slated for each subsequent anniversary of the lease commencement date, extending through to September 2026. A 5.0% discount is applied on the applicable monthly rent upon prepayment of the year’s rent.

Reflective of the terms and conditions of the lease, the liability was assessed using VVTA’s incremental borrowing rate of 5.15%. As of June 30, 2024, with 27 months remaining on the lease term, VVTA’s monthly lease payments are $3,500 per month.

At June 30, 2024, the lease liability of VVTA related to this agreement amounted to $79,129. During the year, VVTA recorded $36,048 in amortization expense and $1,333 in interest expense for the right-to-use the land.

The remaining obligations associated with these leases are as follows:

Year Ending June 30	Principal	Interest
2025	$ 38,136	$ 2,573
2026	40,993	530
Total	$ 79,129	$ 3,103

NOTE 11 SBITA LIABILITY

During the fiscal year ended June 30, 2024 VVTA entered into IT software subscription agreements with Oracle America, Inc. with a three-year fixed term, with the option to renew for one year twice. Subscription payable is measured at the present value of the subscription payments expected to be made during the subscription term. The annual interest rate used is equivalent to VVTA's incremental borrowing rate of 5% for fiscal year 2024. VVTA reported a total payment of $150,460 on IT software subscriptions for the fiscal year ended June 30, 2024. The SBITA liability as of June 30, 2024, amounts to $180,060.

	Balance July 1, 2024	Additions	Payments	Balance June 30, 2024
SBITA liability				
Oracle America, Inc.	$ -	$ 229,862	$ (49,802)	$ 180,060
Less current	-	-	-	(52,339)
Total non current	$ -	$ 229,862	$ (49,802)	$ 127,721

The future minimum subscription obligations as of June 30, 2024, are as follows:

Year Ending June 30	Principal	Interest	Total
2025	$ 52,339	$ 7,286	$ 59,625
2026	55,006	4,620	59,626
2027	57,808	1,818	59,626
2028	14,907	-	14,907
Total	$ 180,060	$ 13,724	$ 193,784

NOTE 12 COMPENSATED ABSENCES

Accumulated unpaid personal leave, consisting of vacation pay, has been accrued at June 30, 2024, in the amount of $181,889. VVTA's liability for compensated absences is typically liquidated within one year. Compensated absences at the beginning of the year were $150,055, with $31,834 accrued by employees during the year. VVTA reports the entire balance within current liabilities, as it expects employees to use it annually.

NOTE 13 EMPLOYEE'S RETIREMENT PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the CalPERS. The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools.

Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. VVTA sponsors two tiers within the miscellaneous plans. Benefit provisions under the Plan are established by State statute and local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at www.calpers.ca.gov. 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 service. Members with five years of total service are eligible to retire at age 55, or 62 if in the PEPRA Miscellaneous Plan, with statutorily reduced 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:

	Miscellaneous	
	Classic	**New Member**
Hire date	**Prior to January 1, 2013**	**On or after January 1, 2013**
Benefit formula	2.7%@55	2%@62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a percentage of annual salary	2.70%	2%
Required employee contribution rates	8%	7.75%
Required employer contribution rates	15.17%	7.68%

NOTE 13 EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

Employees Covered
At June 30, 2024, the following employees were covered by the benefit terms of the Plan:

	2024
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees	33
Total	37

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 July 1 following the notice of change in 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. VVTA is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2024, VVTA recognized contributions as part of pension expense for the Plan as follows:

	2024
Miscellaneous Classic	$ 79,443
Miscellaneous PEPRA	154,088
	$ 233,531

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
As of June 30, 2024, VVTA reported a liability of $582,879 for its proportionate share of the collective net pension liability.

VVTA's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. VVTA's net pension liability for the Plan was measured as the total pension liability, less the pension plan's fiduciary net position.

NOTE 13 EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

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

VVTA's proportionate share of the net pension liability, measured as of June 30, 2023 and 2022, is as follows:

Proportion - June 30, 2022	0.00873%
Proportion - June 30, 2023	0.01166%
Change - Increase/(Decrease)	0.00293%

For the year ended June 30, 2024, VVTA recognized pension expense of $771,336. At June 30, 2024, VVTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 35,191	$ -
Differences between expected and actual experience	29,777	4,619
Net differences between projected and actual earnings on pension plan investments	94,373	-
Difference between VVTA's contributions and proportionate share of contributions	39,436	-
Change in employer's proportion	67,271	4,475
Contributions subsequent to the measurement date	233,531	-
Total	$ 499,579	$ 9,094

The amount of $233,531 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Amount
2025	$ 85,753
2026	69,006
2027	99,458
2028	2,707
Total	$ 256,924

Payable to the Pension Plan

At June 30, 2024, VVTA reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

NOTE 13 EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

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

Actuarial Assumptions
The June 30, 2022 actuarial valuation was rolled forward to determine the June 30, 2023 total pension liability, based on the following actuarial methods and assumptions:

Reporting date	June 30, 2024	
Measurement date	June 30, 2023	
Valuation date	June 30, 2022	
Actuarial cost method	Entry Age Normal	
Actuarial assumptions:		
Discount rate	6.90%	
Inflation	2.30%	
Projected salary increase	Varies by entry age and service	(1)
Investment rate of return	6.90%	(2)
Mortality	Derived using CalPERS' membership data	(3)
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter	

(1) Depending on age, service, and type of employment.
(2) Net of pension plan investment and administrative expenses, including inflation.
(3) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Preretirement and post retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-Term Expected Rate of Return
In determining the expected long-term rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

NOTE 13 EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

Asset Class[a]	Target Allocation	Real Rate of Return Years 1 - 10 [b]
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

[a] An expected inflation of 2.30% used for this period.
[b] Figures are based on the 2021 Asset Liability Management Study.

Discount Rate
The discount rate used to measure the total pension liability was 6.90 percent. 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 VVTA's contributions will be made at rates equal to the difference between actuarially determined contribution rates and employee rates. Based on those assumptions, each pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 13 EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents VVTA's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what VVTA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
VVTA's proportionate share of the net pension liability (asset):			
Agent Multiple-Employer Plan	$ 1,219,733	$ 582,879	$ 58,694

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

NOTE 14 DEFERRED COMPENSATION PLAN

VVTA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all non-represented VVTA employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

VVTA has adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. Management believes that VVTA has no fiduciary role under the plan, and plan funds are not available to VVTA's general creditors. Accordingly, VVTA has not reported plan assets in the accompanying financial statements.

NOTE 15 SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 30, 2024, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Measurement Date **Reporting Date**	**June 30, 2023** **June 30, 2024**	**June 30, 2022** **June 30, 2023**	**June 30, 2021** **June 30, 2022**	**June 30, 2020** **June 30, 2021**	**June 30, 2019** **June 30, 2020**
Proportion of the collective net pension liability (asset)	0.01166%	0.00873%	-0.00265%	0.00244%	0.00204%
Proportionate share of the collective net pension liability (asset)	$ 582,879	$ 408,716	$ (143,469)	$ 265,609	$ 208,643
Covered payroll	$ 2,511,111	$ 1,910,495	$ 1,854,850	$ 1,800,825	$ 1,800,825
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	23.21%	21.39%	-7.73%	14.75%	11.59%
Plan fiduciary net position as a percentage of the total pension liability	87.62%	78.19%	90.49%	77.71%	77.73%

Measurement Date **Reporting Date**	**June 30, 2018** **June 30, 2019**	**June 30, 2017** **June 30, 2018**	**June 30, 2016** **June 30, 2017**	**June 30, 2015** **June 30, 2016**	**June 30, 2014** **June 30, 2015**
Proportion of the collective net pension liability (asset)	0.00169%	0.00181%	0.00159%	0.01770%	0.00244%
Proportionate share of the collective net pension liability (asset)	$ 162,489	$ 179,958	$ 137,916	$ 121,552	$ 151,936
Covered payroll	$ 1,517,121	$ 1,253,046	$ 1,039,065	$ 902,643	$ 902,643
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	10.71%	14.36%	13.27%	13.47%	16.83%
Plan fiduciary net position as a percentage of the total pension liability	77.69%	73.31%	74.06%	78.40%	79.82%

Changes of Assumptions
The discount rate changed from 7.5 percent used for the June 30, 2014 measurement date to 7.65 percent used for the June 30, 2015 measurement date.

The discount rate changed from 7.65 percent used for the June 30, 2016 measurement date to 7.15 percent used for the June 30, 2017 measurement date.

The discount rate changed from 7.15 percent used for the June 30, 2017 measurement date to 6.90 percent used for the June 30, 2022 measurement date.

Reporting Date	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**
Actuarially determined contributions	$ 233,531	$ 214,213	$ 231,346	$ 213,449	$ 156,614
Contributions in relation to the actuarially determined contributions	(233,531)	(214,213)	(231,346)	(213,449)	(156,614)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,491,435	$ 2,511,111	$ 1,910,495	$ 1,854,850	$ 1,800,825
Contributions as a percentage of covered payroll	9.37%	8.53%	12%	11.51%	8.70%

Reporting Date	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**	**June 30, 2015**
Actuarially determined contributions	$ 166,440	$ 137,899	$ 118,569	$ 97,561	$ 142,248
Contributions in relation to the actuarially determined contributions	(166,440)	(137,899)	(118,569)	(97,561)	(142,248)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,800,825	$ 1,517,121	$ 1,253,046	$ 1,039,065	$ 902,643
Contributions as a percentage of covered payroll	9.24%	9.09%	9.46%	9.39%	15.76%

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Victory Valley 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 financial statements of Victor Valley Transit Authority (VVTA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VVTA'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of VVTA's internal control. Accordingly, we do not express an opinion on the effectiveness of VVTA'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 VVTA'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 VVTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VVTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
December 30, 2024

COMPLIANCE SECTION

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Independent Auditor's Report on State Compliance

The Board of Directors
Victor Valley Transit Authority

Report on Compliance with Transportation Development Act Requirements

Opinion

We have audited the Victor Valley Authority's (VVTA) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by VVTA were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the San Bernardino County Association of Governments as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations for the year ended June 30, 2024.

In our opinion, VVTA complied, in all material respects, with the compliance requirements referred to above that are applicable to VVTA for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with the 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 requirement of the TDA regulations. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of VVTA 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 TDA compliance requirements. Our audit does not provide a legal determination of VVTA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for VVTA's compliance with the TDA and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, provisions of contracts or agreements applicable to the TDA.

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 VVTA'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 VVTA's compliance with the requirements of the TDA regulations as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the TDA regulations, 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 VVTA'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 VVTA'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 TDA regulations, but not for the purpose of expressing an opinion on the effectiveness of VVTA'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 TDA regulations 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 TDA regulations 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 TDA regulations 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 TDA regulations. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
December 30, 2024

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
1. Claimant was an entity eligible to receive the funds allocated to it.	X				
2. Claimant maintains its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99243.	X				
3. Funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000.	X				
4. Funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions.	X				
5. Interest earned on funds received by the claimant pursuant to the TDA were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6.	X				

See independent auditor's report on state compliance.

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
6. The amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2, is verified.	X				
7. The amount of the claimant's actual fare revenues for the fiscal year is verified.	X				
8. The amount of the claimant's actual local support for the fiscal year is verified.	X				
9. The amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649 is verified.			X		
10. The amount of the operator's expenditure limitation in accordance with Section 6633.1 is verified.	X				
11. The operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273	X				
12. The operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251	X				
13. The operator's State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7 is verified.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
14. The claimant for community transit services is in compliance with Public Utilities Code Sections 99155 and 99155.5.			X		

See independent auditor's report on state compliance.

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Victor Valley Transit Authority
A Joint Powers Authority
Single Audit Report
Year Ended June 30, 2024
With Independent Auditor's Report

Victor Valley Transit Authority
A Joint Powers Authority
Single Audit Report
Year Ended June 30, 2024
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+ COMPANY LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Victor Valley Transit 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 financial statements of Victor Valley Transit Authority (VVTA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VVTA'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of VVTA's internal control. Accordingly, we do not express an opinion on the effectiveness of VVTA'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 VVTA'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 VVTA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VVTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
December 30, 2024

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Independent Auditor's Report on Compliance for Each Major Federal Program; on Internal Control Over Compliance; and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Victor Valley Transit Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Victor Valley Transit Authority's (VVTA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of VVTA's major federal programs for the year ended June 30, 2024. VVTA'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, VVTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the 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 (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 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 VVTA 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 VVTA'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 VVTA'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 VVTA'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 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 VVTA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 VVTA'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 VVTA'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 VVTA'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 VVTA as of and for the year ended June 30, 2024, and have issued our report thereon dated December 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Vasquez & Company LLP

Glendale, California
December 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Contract Number	Provided to Subrecipients	Total Federal Expenditures
MAJOR PROGRAM				
U.S. Department of Transportation				
Federal Transit Cluster				
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2022-049, CA-2023-028, CA-2024-062	$ -	$ 12,156,569
Federal Transit—Formula Grants (Urbanized Area Formula Program)	20.507	CA-2022-017, CA-2023-145-01	-	2,662,603
Total Federal Transit Cluster		Total ALN 20.507	-	14,819,172
U.S. Department of Transportation				
Federal Transit Administration				
Passed through from State of California				
Formula Grants for Rural Areas and Tribal Transit Program				
Operating Assistance Section 5311 - ARPA	20.509	SA#64TO21-01890	-	740,100
Operating Assistance Section 5311	20.509		-	985,529
		Total ALN 20.509	-	1,725,629
		Total Major Program	-	16,544,801
NON-MAJOR PROGRAM				
U.S. Department of Transportation				
Federal Transit Administration				
Transit Services Programs Cluster				
Job Access ad Reverse Communite Program	20.516	CA-37-X178	-	5,700
Total Services Programs Cluster		Total ALN 20.516	-	5,700
TOTAL FEDERAL EXPENDITURES			$ -	$ 16,550,501

See accompanying notes to schedule of expenditures of federal awards

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Victor Valley Transit Authority (VVTA) under programs of the federal government for the year ended June 30, 2024. The information 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 operation of VVTA, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of VVTA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported on the accrual basis of accounting. 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.

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

NOTE 3 SUBRECIPIENTS

VVTA provided no federal awards to subrecipients for the year ended June 30, 2024.

NOTE 4 RELATIONSHIP OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS

Consistent with management's policy, revenues from both federal and non-federal governmental awards are collectively reported as government grants and contracts revenue in VVTA's financial statements. As a result, the amount of total federal awards expended on the Schedule does not agree to total government grants and contracts revenue on the Statement of Activities as presented in VVTA's financial statements as of and for the year ended June 30, 2024.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Major weakness(es) identified	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	None

Identification of Major Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
20.507	Federal Transit Cluster
20.509	Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2024

Section III – Federal Award Findings

There were no federal award findings noted for the year ended June 30, 2024.

There were no federal award findings reported for the fiscal year ended June 30, 2023.

CITY OF VICTORVILLE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ACTIVITY

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF VICTORVILLE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ACTIVITY
FINANCIAL STATEMENTS
June 30, 2024 and 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Transportation Development Act (TDA) Article 3 Activity and Article 8 Activity (TDA Activity) as reported in the Transportation Tax Fund of the City of Victorville, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Activity of the City, as of June 30, 2024, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (*Government Auditing Standards*). 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 the City, 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 opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Activity of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

(Continued)

Other Matters

The financial statements of the TDA Activity of the City for the year ended June 30, 2023, were audited by other auditors, who expressed an unmodified opinion on those statements on December 21, 2023. The other auditors reported on the financial statements before the restatement adjustment as discussed in Note 6 to the financial statements.

As part of our audit of the 2024 financial statements, we also audited the adjustments described in Note 6 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the TDA Activity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

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.

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 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 financial statements.

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 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 the City'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.

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.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed 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.

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinions on the financial statements do not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025, on our consideration of the City's internal control over financial reporting of the TDA Activity 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance of the TDA Activity.

Crowe LLP

Crowe LLP

Los Angeles, California
February 27, 2025

CITY OF VICTORVILLE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ACTIVITY
BALANCE SHEETS
June 30, 2024 and 2023

	2024		2023, as restated	
	TDA 3	TDA 8	TDA 3	TDA 8
ASSETS				
Cash and investments	$ -	$ 666,312	$ -	$ 1,222,129
Accounts receivable	-	1,450	244,000	4,389
Total assets	$ -	$ 667,762	$ 244,000	$ 1,226,518
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Accounts payable	$ -	$ 3,283	$ -	$ 16,933
Retention payable	482	-	12,682	-
Due to other City funds	391,255	25	623,055	-
Deposit trust	-	5,828	-	7,554
Total liabilities	391,737	9,136	635,737	24,487
Deferred inflows of resources				
Unavailable revenue	-	-	244,000	-
Fund (deficit) balance				
Restricted	-	658,626	-	1,202,031
Unassigned	(391,737)	-	(635,737)	-
Total liabilities and fund balance	$ -	$ 667,762	$ 244,000	$ 1,226,518

See notes to financial statements.

CITY OF VICTORVILLE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ACTIVITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	2024		2023	
	TDA 3	TDA 8	TDA 3	TDA 8
Revenues				
TDA allocation	$ 244,000	$ -	$ 312,558	$ 1,135,102
Other income	-	64,439	-	61,606
Total revenues	244,000	64,439	312,558	1,196,708
Expenditures				
TDA expenditures	-	607,844	244,598	668,424
Total expenditures	-	607,844	244,598	668,424
Excess (deficiency) of revenues over (under) expenditures	244,000	(543,405)	67,960	528,284
Fund (deficit) balance at beginning of year, as previously stated	(635,737)	1,202,031	(1,198,088)	1,168,138
Error correction (Note 6)	-	-	494,391	(494,391)
Fund (deficit) balance at beginning of year, as restated	(635,737)	1,202,031	(703,697)	673,747
Fund (deficit) balance at end of year	$ (391,737)	$ 658,626	$ (635,737)	$ 1,202,031

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act ("TDA") Article 3 Activity and Article 8 Activity ("TDA Activity") as reported in the Transportation Tax Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Victorville, California ("City"), as of June 30, 2024 and 2023, and changes in financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3

San Bernardino County Transportation Authority ("SBCTA") has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code ("Code"). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Activity may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Activity. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency. In accordance with the agreement, the City is required to provide matching funds equal to 50% of the project costs. The City satisfied the 50% match in the fiscal year by utilizing City funding for 50% of the total project costs incurred.

Article 8

SBCTA receives and passes through TDA Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8 Subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8 to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the TDA Activity of the City conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies:

Fund Accounting: The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 3 and Article 8 in its Transportation Tax Fund which is a Special Revenue Fund. Special Revenue Funds are used to account for and report on a particular source of revenue.

Measurement Focus and Basis of Accounting: Special Revenue Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred.

Deferred Inflows of Resources: Deferred inflows of resources-unavailable revenues represents revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected with a timeframe to finance current year expenditures.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Unassigned Fund Balance includes any deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments: The City has pooled its cash and investments in order to achieve a higher return on investments while facilitating management of cash. The balance in the pool account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms. The Article 3 Activity's cash and investments as of June 30, 2024 and 2023 were $0. The Article 8 Activity's cash and investments as of June 30, 2024 and 2023 were $666,312 and $1,222,129, respectively.

The TDA Activity's cash is deposited in the City's internal investment pool which is reported at fair value. Interest income is allocated on the basis of average cash balances. Investment policies and associated risk factors applicable to the TDA Activity are those of the City and are included in the City's basic financial statements.

See the City's basic financial statements for disclosures related to cash and investments including those disclosures relating to interest rate risk, credit rate risk, custodial credit risk, and concentration risk.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable of $244,000 for Article 3 as of June 30, 2023 represents revenues which had not been received from SBCTA as of June 30, 2023. There were no receivables for Article 3 as of June 30, 2024.

The City recorded accounts receivable of $1,450 and $4,389 for Article 8 as of June 30, 2024 and 2023, respectively. The $1,450 represents multiple invoices and credit memos from multiple vendors and other City funds. The $4,389 represents $1,000 for bus shelter advertising and $3,389 of notes receivable stemming from an accident that took place on June 28, 2018.

NOTE 4 – DUE TO OTHER CITY FUNDS

Due to other City funds of $391,255 and $623,055 for Article 3 and $25 and $0 for Article 8 represent the amounts paid by other City funds on behalf of the TDA Activity for expenditures incurred for which reimbursements had not yet been received as of June 30, 2024 and 2023, respectively. The amounts will be repaid by the TDA Activity as reimbursements are received from SBCTA.

NOTE 5 – DEFICIT FUND BALANCE

The Article 3 Activity reported a deficit fund balance of $391,737 and $635,737 as of June 30, 2024 and 2023, respectively. The deficit at June 30, 2023 was due in part to the timing difference between spending Article 3 funding and recognizing the related revenue. The remaining deficit at June 30, 2024, represents expenditures that exceeded the amounts received for TDA Article 3, on completed projects. The City plans to record additional funding from other City funds for the equivalent amount in the next fiscal year, to eliminate the deficit.

(Continued)

NOTE 6 – RESTATEMENT OF PRIOR YEAR BALANCES

The City restated the Article 3 and Article 8 fund balances as of July 1, 2022 as a result of the following:

- The City recorded an entry to correct a previous adjusting entry wherein Article 3 expenditures were recorded twice to the Article 3 fund.
- The City recorded an entry to correct a previous adjusting entry wherein the Article 8 fund was incorrectly credited.

The following table describes the effects of the restatement on the July 1, 2022 fund balance:

TDA 3	**July 1, 2022**	**Error Correction**	**July 1, 2022 as restated**
Due to other City funds	1,066,238	(494,391)	571,847
Fund balance	(1,198,088)	494,391	(703,697)

TDA 8	**July 1, 2022**	**Error Correction**	**July 1, 2022 as restated**
Cash and investments	1,184,859	(494,391)	690,468
Fund balance	1,168,138	(494,391)	673,747

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VICTORVILLE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3
Years ended June 30, 2024 and 2023

Fiscal Year Ended June 30, 2024	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ -	$ -	$ 244,000	$ 244,000
Total revenues	-	-	244,000	244,000
Expenditures				
TDA Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	244,000	244,000
Fund (deficit) balance at beginning of year	(635,737)	(635,737)	(635,737)	-
Fund (deficit) balance at end of year	$ (635,737)	$ (635,737)	$ (391,737)	$ 244,000

Fiscal Year Ended June 30, 2023	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ 493,640	$ 493,640	$ 312,558	$ (181,082)
Total revenues	493,640	493,640	312,558	(181,082)
Expenditures				
TDA Expenditures	-	493,640	244,598	249,042
Total expenditures	-	493,640	244,598	249,042
Net change in fund balance	493,640	-	67,960	67,960
Fund balance (deficit) at beginning of year, as restated	(1,198,088)	(1,198,088)	(703,697)	-
Fund (deficit) balance at end of year	$ (704,448)	$ (1,198,088)	$ (635,737)	$ 562,351

See note to required supplementary information.

CITY OF VICTORVILLE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 8
Years ended June 30, 2024 and 2023

Fiscal Year Ended June 30, 2024	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ -	$ 250,000	$ -	$ (250,000)
Other income	20,000	20,000	64,439	44,439
Total revenues	20,000	270,000	64,439	(205,561)
Expenditures				
TDA Expenditures	951,174	1,201,284	607,844	593,440
Total expenditures	951,174	1,201,284	607,844	593,440
Net change in fund balance	(931,174)	(931,284)	(543,405)	387,879
Fund (deficit) balance at beginning of year	1,202,031	1,202,031	1,202,031	-
Fund (deficit) balance at end of year	$ 270,857	$ 270,747	$ 658,626	$ 387,879

Fiscal Year Ended June 30, 2023	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ -	$ 1,135,102	$ 1,135,102	$ -
Other income	24,995	24,995	61,606	36,611
Total revenues	24,995	1,160,097	1,196,708	36,611
Expenditures				
TDA Expenditures	979,272	1,006,227	668,424	337,803
Total expenditures	979,272	1,006,227	668,424	337,803
Net change in fund balance	(954,277)	153,870	528,284	374,414
Fund balance (deficit) at beginning of year, as restated	1,168,138	1,168,138	673,747	-
Fund (deficit) balance at end of year	$ 213,861	$ 1,322,008	$ 1,202,031	$ (119,977)

See note to required supplementary information.

NOTE 1 - BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The level of budgetary control for the City is the fund level.

ADDITIONAL INFORMATION

CITY OF VICTORVILLE, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT ACTIVITY
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Old Town Sidewalk Connectivity Ph 2	2020-21	249,640	249,640	-	249,640
Article 3	Village Drive Sidewalk	2022-23	250,000	250,000	-	250,000
	Total current year article 3 allocations		$ 499,640	$ 499,640	$ -	$ 499,640
Article 8	Streets & Road Maintenance	2021-22	$ 1,135,102	$ 1,266,470	$ 607,844	$ 658,626
	Total current year article 8 allocations		$ 1,135,102	$ 1,266,470	$ 607,844	$ 658,626

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Activity and Article 8 Activity (TDA Activity) as reported in the Transportation Tax Fund of the City of Victorville, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Activity's basic financial statements and have issued our report thereon dated February 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Activity (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-02 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-01 to be a significant deficiency.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Activity of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
February 27, 2025

2024-01 – Bank Reconciliations (Significant Deficiency)

Criteria: Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Bank reconciliations should be performed monthly, reviewed and approved in a timely manner.

Condition: During procedures over cash and investments, we noted the City's bank reconciliation for June 2024 was not completed until October 2024.

Cause: The City did not perform a timely bank reconciliation due to turnover within the finance department.

Context: Crowe identified the issue during our review of the City's June 2024 bank reconciliation.

Effect: The bank reconciliation was not reviewed and approved until October 2024.

Recommendation: We recommend that the City review the timing of its reconciliation procedures.

View of Responsible Officials: The City is working towards streamlining the Bank Reconciliation process by implementing new methods of reconciling the different funding sources and cross-training Finance Technicians and Accountant on the accounting process. With additional help and with streamlining our reports and process, the City believes it will achieve a timely Bank Reconciliation.

(Continued)

2024-02 – Fund Balance Restatement (Material Weakness)

Criteria: The City is required to adhere to generally accepted accounting principles (GAAP), which mandate the accurate classification and recording of transactions in the correct funds.

Condition: The City's internal control environment over financial reporting did not allow for the proper reconciliation of the fund balance. In previous fiscal years, the City recorded $494,391 of TDA Article 3 expenditures to the TDA Article 8 activity. As a result, the City's beginning fund balance as of July 1, 2022 for the Article 3 and Article 8 activity were materially misstated by $494,391. An audit adjustment to increase Article 3 fund balance and decrease Article 8 the beginning of year fund balance July 1, 2022 was proposed by Crowe and posted by management.

Cause: The errors occurred due to a lack of sufficient controls over the monitoring and review of previous entries.

Context: Crowe identified the issue during our review of the beginning fund balance reconciliation.

Effect: The error resulted in the restatement of fiscal year 2023 financial information, as documented in Note 6 of the financial statements.

Recommendation: The City should implement stronger internal controls over the monitoring and review of previous entries to ensure that expenditures are posted to the appropriate fund.

View of Responsible Officials: The City of Victorville has engaged an internal auditor to evaluate the effectiveness of its internal control systems. The City acknowledges the observation and will implement enhanced reconciliation procedures for the general ledger accounts. These reconciliations will be performed at least semi-annually, with any discrepancies promptly identified and addressed in a timely manner to ensure the accuracy and integrity of financial reporting.

2023-01 – Payroll Expenditures Not Supported (Material Weakness)

The distribution of salaries and wages charged to the TDA Activity were not appropriately supported by personnel activity reports, detailed timesheets, or equivalent documentation.

Status: Finding has been rectified for the year ended June 30, 2024.

2023-02 – Bank Reconciliations (Significant Deficiency)

The City's bank reconciliation for June 2023 was not completed until November 2023.

Status: Repeated as finding 2024-01 for the year ended June 30, 2024.

CITY OF YUCAIPA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

CITY OF YUCAIPA, CALIFORNIA

TRANSPORTATION DEVELOPMENT ACT FUND
FINANCIAL STATEMENTS
June 30, 2024 and 2023

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act Article 3 Fund (TDA Fund) of the City of Yucaipa, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TDA Fund of the City, as of June 30, 2024, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 the City, 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

As discussed in Note 1, the financial statements present only the TDA Fund, a governmental fund of the City, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024 or 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.

Other Matter

The financial statements of the TDA Fund of the City for the year ended June 30, 2023, were audited by other auditors, whose report dated December 19, 2023, expressed an unmodified opinion on those statements. The other auditors reported on the financial statements before the restatement adjustment as discussed in Note 5 to the financial statements.

(Continued)

As part of our audit of the 2024 financial statements, we also audited the adjustments described in Note 5 that were applied to restate the 2023 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the TDA Fund other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

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.

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 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 financial statements.

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 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 the City'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.

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.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed 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.

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the “additional information”), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the City’s internal control over financial reporting of the TDA Fund 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 the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance of the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 20, 2024

CITY OF YUCAIPA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 3	
	2024	2023, as restated
ASSETS		
Due from other governments	$ 80,099	$ 140,230
Total assets	$ 80,099	$ 140,230
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Due to other City funds	$ 80,099	$ 140,230
Deferred inflows of resources		
Unavailable revenue	-	89,728
Fund (deficit) balance		
Unassigned	-	(89,728)
Total liabilities, deferred inflows of resources, and fund balance	$ 80,099	$ 140,230

See notes to financial statements.

CITY OF YUCAIPA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 3	
	2024	2023, as restated
Revenues		
TDA allocation	$ 80,099	$ 50,502
Expenditures		
TDA expenditures	-	50,502
Revenues over expenditures	80,099	-
Other financing sources (uses)		
Transfers in from other City funds	9,629	-
Net change in fund balance	89,728	-
Fund (deficit) balance at beginning of year	(89,728)	(89,728)
Fund (deficit) balance at end of year	$ -	$ (89,728)

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act ("TDA") Article 3 Fund only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City of Yucaipa, California ("City"), as of June 30, 2024 and 2023, and changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Article 3

San Bernardino County Transportation Authority ("SBCTA") has awarded TDA Article 3 funding for the City to enhance bicycle and pedestrian facilities in accordance with Section 99234 of the California Public Utilities Code ("Code"). According to the Code, TDA Article 3 monies may only be used for facilities provided for the exclusive use of pedestrians and bicycles, including the construction and related engineering expenditures of those facilities, the maintenance of bicycle trails (that are closed to motorized traffic) and bicycle safety education programs. TDA Article 3 Funds may also be used for transportation-related projects that enhance quality of life through the design of pedestrian walkways and bicycle facilities. TDA Article 3 projects may be stand-alone projects, such as projects that serve the needs of commuting bicyclists, including, but not limited to, new trails serving major transportation corridors, secure bicycle parking at employment centers, park and ride lots and transit terminals where other funds are available. TDA Article 3 projects may also be add-ons to normal transportation projects, such as additional sidewalk and bike lanes on a bridge, enhanced pedestrian lighting, and median refuge islands for pedestrians.

When an approved project is ready for construction, as evidenced by a contract award or commitment of the participating agency's resources, the participating agency submits a claim to SBCTA for disbursement of TDA Funds. The participating agency may submit the claim, either prior or subsequent to, incurring project expenditures. After review and approval of the claim, SBCTA issues the allocation disbursement instructions to the County Auditor-Controller. Following instruction from SBCTA, funds are disbursed from the County Local Transportation Fund to the participating agency.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The accounts of the City are organized on the basis of funds and account groups. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves, and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City accounts for the activity of the Article 3 funds in its TDA Fund which is a Capital Project Fund. Capital project funds are used for tracking the financial resources used to acquire or construct major capital assets.

Measurement Focus and Basis of Accounting: The Capital Project Funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 120 days of the end of the fiscal period. Expenditures are generally recorded when a liability is incurred.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources: Deferred inflows of resources-unavailable revenues represents revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available. Deferred inflows of resources in the financial statements represent amounts due from other governments at year-end, and not collected within a timeframe to finance current year expenditures.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments: Cash and investments are pooled by the City to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the City's investment pool are made on the basis of $1 and not fair value. Accordingly, the TDA Fund's investment in the City's investment pool is measured with inputs that are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only in accordance with constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

Due from other governments for years ended June 30, 2024 and 2023 were $80,099 and $140,230, respectively. These amounts represents amounts that have been incurred by the City and expected to be reimbursed from SBCTA in the subsequent year. Of this amount, at June 30, 2023, $89,728 was also included in unavailable revenues as it was not received within the City's period of availability.

NOTE 4 – DUE TO OTHER CITY FUNDS

Due to other City funds of $80,099 and $140,230 represents the amounts paid by other City funds on behalf of the TDA Fund for expenditures incurred for which reimbursements had not yet been received as of June 30, 2024 and June 30, 2023, respectively.

(Continued)

NOTE 5 – RESTATEMENT OF PRIOR YEAR BALANCES

The 2023 balances were restated to reflect the recognition of revenue received within the availability period that was recorded as unavailable revenue in the June 30, 2023 financial statements. Following is a summary of the changes:

	June 30, 2023 As Previously Reported	Adjustment	June 30, 2023 As restated
Deferred inflows of resources - unavailable revenue	$ 140,230	$ (50,502)	$ 89,728
Fund (deficit) balance - unassigned	(140,230)	50,502	(89,728)
Revenues - TDA allocation	-	50,502	50,502

The effect of the error correction on the 2023 change in fund balance was an increase of $50,502.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YUCAIPA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2024

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ -	$ -	$ 80,099	$ 80,099
Expenditures				
TDA expenditures	-	-	-	-
Revenues over expenditures	-	-	80,099	80,099
Other financing sources (uses)				
Transfers in from other City funds	-	-	9,629	9,629
Net change in fund balance	-	-	89,728	89,728
Fund (deficit) balance at beginning of year	(140,230)	(89,728)	(89,728)	-
Fund (deficit) balance at end of year	$ (140,230)	$ (89,728)	$ -	$ 89,728

(Continued)

CITY OF YUCAIPA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – TDA ARTICLE 3 FUND
Year ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance
Revenues				
TDA allocation	$ -	$ -	$ 50,502	$ 50,502
Expenditures				
TDA expenditures	-	-	50,502	50,502
Net change in fund balance	-	-	-	-
Fund (deficit) balance at beginning of year	(140,230)	(140,230)	(89,728)	50,502
Fund (deficit) balance at end of year	$ (140,230)	$ (140,230)	$ (89,728)	$ 50,502

See note to required supplementary information.

NOTE 1 – BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control for the City is the Fund.

ADDITIONAL INFORMATION

CITY OF YUCAIPA, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 3	Yucaipa City Wide Bus Stop Enhancements	2021-2022	$ 13,200	$ 13,200	$ -	$ 13,200

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
San Bernardino County Transportation Authority
San Bernardino, 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 financial statements of Transportation Development Act (TDA) Article 3 Fund (TDA Fund) of the City of Yucaipa, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund's basic financial statements and have issued our report thereon dated December 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting of the TDA Fund (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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA), 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response

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 the City'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 20, 2024

FINANCIAL STATEMENT FINDINGS

2024-001 - REVENUE RECOGNITION – (Material Weakness)

Criteria:
Special revenue funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City's accounting policy notes that grant revenues are available if they are collected within 120 days of the end of the fiscal period. The City should have internal controls in place to ensure proper revenue recognition

Condition/Context:
During the current year audit, we identified that the 2023 financial statements were misstated. Revenues were understated by $50,502 and unavailable revenues were overstated by the same amount due to inappropriate application of the City's period of availability. The amount was inappropriately included in 2024 revenues.

Cause:
The City did not have sufficient control precision and lacked timely review related to revenue recognition for amounts deemed significant to the audit of the TDA Fund.

Effect:
The error resulted in the restatement of comparative fiscal year 2023 financial information, as documented in Note 5 of the financial statements.

Recommendation:
We recommend that management enhance the precision of their revenue recognition controls to review revenue transactions for completeness for any significant activity within the City's period of availability that would necessitate adjustment related to the TDA Fund.

Views of responsible officials and planned corrective actions:
Management concurs with the auditor's finding. The City will enhance administrative procedures to review the timing of collection of revenues related to TDA to ensure proper revenue recognition.

TOWN OF YUCCA VALLEY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

TOWN OF YUCCA VALLEY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND

FINANCIAL STATEMENTS
June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the Town of Yucca Valley, California (Town), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). 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 the Town, 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund, governmental funds, and do not purport to, and do not, present fairly the financial position of the Town as of June 30, 2024 and 2023, 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.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 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 financial statements.

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 consolidated 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 consolidated 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 the Town'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.

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 budgetary comparison information as listed 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.

(Continued)

Additional Information

Management is responsible for the accompanying schedule of allocations received and expended, by project year (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the Town's internal control over financial reporting of the TDA Fund 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 the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance, as it relates to the TDA Fund.

Crowe LLP

Crowe LLP

Los Angeles, California
December 18, 2024

TOWN OF YUCCA VALLEY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
BALANCE SHEETS
June 30, 2024 and 2023

	Article 8	
	2024	2023
ASSETS		
Cash and investments	$ 254,476	$ 253,225
FUND BALANCE		
Restricted for transportation	$ 254,476	$ 253,225

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2024 and 2023

	Article 8	
	2024	2023
Revenues		
Interest income	$ 1,251	$ 893
Net change in fund balance	1,251	893
Fund balance, beginning of year	253,225	252,332
Fund balance, end of year	$ 254,476	$ 253,225

See notes to financial statements.

NOTE 1 – GENERAL INFORMATION

The financial statements are intended to reflect the financial position and changes in financial position of the Transportation Development Act (TDA) Article 8 Fund (TDA Fund). Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the Town of Yucca Valley, California (Town) as of June 30, 2024 and 2023, and changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Article 8: SBCTA receives and passes through Article 8 funding to the local claimants for the purposes of local streets and roads in accordance with Section 99400 of the California Public Utilities Code, which may include those purposes necessary and convenient to the development, construction, and maintenance of the city or county's streets and highways network, which further includes planning and contributions to the transportation planning process, acquisition of real property, and construction of facilities and buildings. The fund may also be used for passenger rail service operations and capital improvements.

Article 8, Subdivision C further allows payments to counties, cities, and transit districts for their administrative and planning cost with respect to transportation services. A claimant may also receive payments for capital expenditures to acquire vehicles and related equipment, bus shelters, bus benches, and communication equipment for the transportation services.

Payment of Article 8 to any entity that provides public transportation services under contract with the local county, city, or transit district for any group with special transportation assistance needs must be determined by SBCTA.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting: The Town accounts for the activity of the Article 8 TDA Fund in its Article 8 Fund, which is a special revenue fund.

The accounts of the Town are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The Town accounts for the TDA activities in separate general ledger accounts within its Article 8 special revenue fund.

Special revenue funds are used to account for the proceeds derived from specific revenue sources which are restricted or committed to expenditures for specified purposes.

Measurement Focus and Basis of Accounting: The special revenue funds of the Town are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Cash and Investments: Cash and investments are pooled by the Town to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the TDA Fund based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the TDA Fund, are those of the Town and are disclosed in the Town's basic financial statements. The Town's basic financial statements can be obtained at Town Hall.

(Continued)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The TDA Fund's cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TDA Fund's deposits and withdrawals in the Town's investment pool are made on the basis of $1 and not fair value. Accordingly, the TDA Fund's investment in the Town's investment pool is measured based on inputs that are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Use of Estimates: The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance: Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – TDA ARTICLE 8 FUND
Years ended June 30, 2024 and 2023

	Budget Original	Budget Final	Actual	Variance from Final Budget Positive (Negative)
June 30, 2024				
Revenues				
Interest income	$ 450	$ 450	$ 1,251	$ 801
Expenditures				
TDA expenditures	25,000	86,430	-	86,430
Net change in fund balance	(24,550)	(85,980)	1,251	87,231
Fund balance, beginning of year	253,225	253,225	253,225	-
Fund balance, end of year	$ 228,675	$ 167,245	$ 254,476	$ 87,231

	Budget Original	Budget Final	Actual	Variance from Final Budget Positive (Negative)
June 30, 2023				
Revenues				
Interest income	$ 405	$ 405	$ 893	$ 488
Expenditures				
TDA expenditures	25,000	86,430	-	86,430
Net change in fund balance	(24,595)	(86,025)	893	86,918
Fund balance, beginning of year	252,332	252,332	252,332	-
Fund balance, end of year	$ 227,737	$ 166,307	$ 253,225	$ 86,918

See note to required supplementary information.

NOTE 1 – BUDGETARY DATA

The Town adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

ADDITIONAL INFORMATION

TOWN OF YUCCA VALLEY, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT FUND
SCHEDULE OF ALLOCATIONS RECEIVED AND EXPENDED, BY PROJECT YEAR
Year ended June 30, 2024

Article	Project/Use	Year Allocated	Allocation Amount	Unspent Allocations at June 30, 2023	Expenditures	Unspent Allocations at June 30, 2024
Article 8	Street & Roadside Maintenance	2019-20	$ 152,352	$ 137,319	$ -	$ 137,319

Crowe LLP
Independent Member Crowe Global

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
San Bernardino County Transportation Authority
San Bernardino, 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 consolidated financial statements of Transportation Development Act (TDA) Article 8 Fund (TDA Fund) of the Town of Yucca Valley, California (Town), as of and for the years ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

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

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Fund of the Town are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the San Bernardino County Transportation Authority (SBCTA) 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the SBCTA.

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 the Town'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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 18, 2024