

Pomona Valley  
Transportation  
Authority

A partnership of the cities of Claremont, La Verne, Pomona and San Dimas

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November 10, 2021

**AGENDA  
ITEM #2E**

**MEMORANDUM**

To: Pomona Valley Transportation Authority

From: George L. Sparks, PVT Administrator *RLS*

Subject: **PVTA FY 2021 Financial Audit**

**Recommendation:** *Approve FY 2020-21 Financial Audit*

**Background**

Pomona Valley Transportation Authority's FY 2020-21 annual financial audit has been completed. This single audit complies with the requirements of all PVT funding sources. PVT is also subject to an annual audit by the Los Angeles County Metropolitan Transportation Authority as well.

**Audit Findings**

The financial statements and single audit report were prepared by Pat Karis, CPA and is attached for your review and acceptance. The Single Audit was conducted in accordance with the Government Audit Standards issued by the Controller's General of the United States and OMB Circular A-133. The audit included a review of compliance with funding regulations as well as internal controls. Our financial statements were found to be in compliance with generally accepted accounting principles. There were no findings or questioned costs.

**Reserves**

The financial statements indicate that PVT has reserves of \$2,262,000. The FY 2022 budget programs \$400,000 in these reserves to reduce member city contributions to Get About and another \$300,000 to be transferred to the capital reserves in lieu of the cities making capital contributions in FY 2022. PVT has capital reserves of \$1,673,000. This will increase to approximately \$1,973,000 after the transfer of the \$300,000 from general reserves to the capital replacement fund. The current replacement cost of PVT's fleet is approximately \$2.5 million. However, the requirement to purchase zero emission vehicles that begins in 2026 will more than double the replacement cost of the fleet.

**POMONA VALLEY TRANSPORTATION AUTHORITY**

**FINANCIAL STATEMENTS  
AND SINGLE AUDIT REPORTS  
FOR THE YEAR ENDED  
JUNE 30, 2021**

**POMONA VALLEY TRANSPORTATION AUTHORITY  
FINANCIAL STATEMENTS  
AND SINGLE AUDIT REPORTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
 <u>FINANCIAL STATEMENTS</u>	
Balance Sheet	2
Statement of Support, Revenue, Expense and Changes in Retained Earnings	3
Combined Statement of Cash Flows	5
Notes to the Financial Statements	6
 <u>SINGLE AUDIT REPORTS</u>	
Report on the Schedule of Federal, State, and Local Government Financial Assistance	11
Schedule of Federal, State, and Local Government Financial Assistance	12
Notes to the Schedule of Federal, State, and Local Government Financial Assistance	13
Report on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.	14
Report on the Internal Control Structure in Accordance with Government Auditing Standards.	15

**POMONA VALLEY TRANSPORTATION AUTHORITY  
FINANCIAL STATEMENTS  
AND SINGLE AUDIT REPORTS  
FOR THE YEAR ENDED JUNE 30, 2021**

Report on the Internal Controls (Accounting and Administrative) - Based on a Study and Evaluation Made as Part of an Audit of the Financial Statements and Additional Tests Required by the Single Audit Act.	17
Report on Compliance with Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	20
Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs	21

Patrick Karis

Certified Public Accountant

Board of Directors  
Pomona Valley Transportation Authority  
La Verne, California

**Independent Auditors' Report**

We have audited the accompanying balance sheet of the Pomona Valley Transportation Authority (PVTA), for the year ended June 30, 2021, and the related statement of revenues, expenses and changes in retained earnings and combined statement of cash flows for the year then ended. These financial statements are the responsibility of the PVTA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Pomona Valley Transportation Authority as of June 30, 2021, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.



La Verne, California  
September 14, 2021

POMONA VALLEY TRANSPORTATION AUTHORITY  
BALANCE SHEET  
JUNE 30, 2021

ASSETS	General Admin	Claremont DAR	PVTA Get About	San Dimas DAC	Pomona Group Svcs	Mobility Manager	2021 Total	2020 Total
Cash	\$ 2,550,578	\$ 37,733	\$ 962,174	\$ 22,877	\$ 21,565	\$ (32,064)	\$ 3,562,863	\$ 3,255,111
Accounts Receivable	2,893						\$ 2,893	11,763
Due from CSS	13,584		1,391				\$ 14,975	14,975
Due from Other			890,663	68,703	12,491	32,065	\$ 1,003,922	650,454
Prepaid Expense	8,553						\$ 8,553	7,445
Total Current Assets	<u>2,575,608</u>	<u>37,733</u>	<u>1,854,228</u>	<u>91,580</u>	<u>34,056</u>	<u>1</u>	<u>4,593,206</u>	<u>3,939,748</u>
Equipment	2,334,570						2,334,570	2,121,325
Less: Accumulated Depreciation	(1,727,021)						(1,727,021)	(1,492,836)
Net Fixed Assets	<u>607,549</u>						<u>607,549</u>	<u>628,489</u>
TOTAL ASSETS	<u>\$ 3,183,157</u>	<u>\$ 37,733</u>	<u>\$ 1,854,228</u>	<u>\$ 91,580</u>	<u>\$ 34,056</u>	<u>\$ 1</u>	<u>\$ 5,200,755</u>	<u>\$ 4,568,237</u>
LIABILITIES:								
Accounts Payable	\$ 4,491	\$ 27,920	\$ 384,959	\$ 22,748	\$ 3,604		\$ 443,722	\$ 195,146
Accrued Liabilities	105,577					6,138	\$ 111,715	111,895
Due to Other Governments		10,594			10,743		\$ 21,337	93,292
Due to Other Programs				68,835			\$ 68,835	54,120
General Capital Reserve	1,673,272						1,673,272	1,415,665
TOTAL LIABILITIES	<u>1,783,340</u>	<u>38,514</u>	<u>384,959</u>	<u>91,583</u>	<u>14,347</u>	<u>6,138</u>	<u>2,318,881</u>	<u>1,870,118</u>
EQUITY:								
Contributed Capital:								
Capital Grants	2,334,570						2,334,570	2,121,325
Less: Accumulated Depreciation	(1,727,021)						(1,727,021)	(1,492,836)
NET CONTRIBUTED CAPITAL	<u>607,549</u>						<u>607,549</u>	<u>628,489</u>
RETAINED EARNINGS	792,268	(781)	1,469,269	(3)	19,709	(6,137)	2,274,325	2,069,630
TOTAL EQUITY	<u>1,399,817</u>	<u>(781)</u>	<u>1,469,269</u>	<u>(3)</u>	<u>19,709</u>	<u>(6,137)</u>	<u>2,881,874</u>	<u>2,698,119</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 3,183,157</u>	<u>\$ 37,733</u>	<u>\$ 1,854,228</u>	<u>\$ 91,580</u>	<u>\$ 34,056</u>	<u>\$ 1</u>	<u>\$ 5,200,755</u>	<u>\$ 4,568,237</u>

POMONA VALLEY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
For the Year Ended June 30, 2021

	General Admin	Claremont DAR	PVTA Get About	San Dimas DAC	Pomona Group Svcs	Mobility Manager	2021 Totals	2020 Totals
<b>OPERATING REVENUE</b>								
Passenger Fares	\$	11	\$ 35,962	\$ 14,788	\$ -		\$ 50,761	\$ 175,882
Other							0	0
<b>Total Operating Income</b>	0	11	35,962	14,788	0	0	50,761	175,882
<b>OPERATING EXPENSES</b>								
Purchased Transportation	0	155,149	2,151,071	149,795	30,346		2,486,364	3,134,211
Purchased Services							0	0
<b>Total Operations</b>	0	155,149	2,151,071	149,795	30,346	0	2,486,364	3,134,211
<b>ADMINISTRATION</b>								
Staff Salaries	284,390					127,033	411,423	393,915
Fringe Benefits	126,860					25,234	152,094	140,207
Administrative Charge	14,936	35,849	450,856	45,362	4,857		551,860	562,514
Consulting	21,296						21,296	43,041
Rent & Utilities	43,299						43,299	41,116
Office Expense	6,768						6,768	18,576
Legal & Professional	6,125						6,125	8,320
Equipment Maintenance	2,118						2,118	6,501
Travel & Conference	4,010						4,010	10,922
Telephone	4,450						4,450	2,972
Publicity & Advertising		384	2,500				9,453	15,770
Insurance	6,569						14,030	11,426
Training	14,030						0	0
Software	1,659						1,659	1,021
Miscellaneous	413	535					948	1,362
<b>TOTAL ADMINISTRATION</b>	536,923	36,768	453,356	45,362	4,857	152,267	1,229,533	1,257,663
<b>TOTAL OPERATING EXPENSES</b>	536,923	191,917	2,604,427	195,157	35,203	152,267	3,715,897	4,391,874
<b>OPERATING INCOME (LOSS)</b>	(536,923)	(191,906)	(2,568,465)	(180,369)	(35,203)	(152,267)	(3,665,136)	(4,215,992)

POMONA VALLEY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
For the Year Ended June 30, 2021

	General Admin	Claremont DAR	PVTA Get About	San Dimas DAC	Pomona Group Svcs	Mobility Manager	2021 Totals	2020 Totals
<b>NON-OPERATING REVENUE</b>								
Local grants & shared revenue:								
Local Cities Prop A Subsidy		191,906	1,744,990	88,165	17,257		2,042,318	2,937,065
Prop A Discretionary			1,181,928	92,204	17,956		1,292,088	814,154
New Freedom			80,600			134,428	215,028	244,772
Administrative Services	536,923					14,936	551,859	562,514
Interest & Miscellaneous	18,535						18,535	64,008
<b>TOTAL NON-OPERATING REVENUE</b>	<b>555,458</b>	<b>191,906</b>	<b>3,007,518</b>	<b>180,369</b>	<b>35,213</b>	<b>149,364</b>	<b>4,119,828</b>	<b>4,622,513</b>
<b>NET INCOME</b>	<b>18,535</b>	<b>0</b>	<b>439,053</b>	<b>0</b>	<b>10</b>	<b>(2,903)</b>	<b>454,692</b>	<b>406,521</b>
<b>RETAINED EARNINGS , BEGINNING</b>	<b>773,733</b>	<b>(781)</b>	<b>1,030,216</b>	<b>(3)</b>	<b>19,699</b>	<b>(3,234)</b>	<b>2,069,626</b>	<b>1,663,105</b>
<b>RETAINED EARNINGS, ENDING</b>	<b>\$ 792,268</b>	<b>\$ (781)</b>	<b>\$ 1,469,269</b>	<b>\$ (3)</b>	<b>\$ 19,709</b>	<b>\$ (6,137)</b>	<b>\$ 2,524,318</b>	<b>\$ 2,069,626</b>



POMONA VALLEY TRANSPORTATION AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS  
 For the Year Ended June 30, 2021

Cash Flows From Operating Activities

Net Income (Loss)		\$ 454,692
Adjustments to reconcile net income		
(loss) to net cash provided by operating activities:		
Depreciation	\$ 234,185	
Changes in Assets & Liabilities:		
Accounts Receivable	8,870	
Due from Other Governments	-	
Due from Other	(353,468)	
Prepaid Expenses	(1,108)	
Accounts Payable	248,576	
Accrued Liabilities	(180)	
Due to other Governments	(64,345)	
Due to Other Programs	14,715	
		<u>87,245</u>

Cash Flows Provided by Operating Activities

541,937

Cash Flows From Investing Activities

Net Increase in Purchased Equipment	(213,245)
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Cash Flows From Capital  
and Related Financing Activities

Net Increase in Contributed Capital	(20,940)
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Net Increase (Decrease) in Cash	<u>307,752</u>
Cash, June 30, 2020	<u>3,255,111</u>

Cash June 30, 2021	<u>\$ 3,562,863</u>
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**POMONA VALLEY TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity**

The Pomona Valley Transportation Authority (PVTa) is a Joint Powers Authority (JPA) formed in 1977, pursuant to the provisions of Article I, Chapter 5, Division 7, Title I of the Government Code of the State of California commencing with Section 6500, between the cities of Claremont, La Verne, Pomona, and San Dimas.

The JPA is governed by a board of directors composed of eight members, each serving in an individual capacity as a member thereof, without compensation, and two each appointed by the participating cities.

The PVTa operates Get About Transportation and general public transportation services to residents of the Pomona Valley. Primary sources of funds are through the Metropolitan Transportation Authority.

**Basis of Accounting**

The operations of the JPA are accounted for as an enterprise fund, using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Equipment**

Equipment with a useful life of more than one year is capitalized at cost and depreciated on a straight-line method of three to 10 years. Donated equipment is capitalized at fair market value.

**Note 2 EQUIPMENT**

The following is a summary of the sources of funds for equipment expenditures and the related accumulated depreciation for the fiscal year ended June 30, 2021:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Proposition A Local			
Return Funds	647,561	559,190	88,371
CalTrans	450,616	450,616	- 0 -
FTA	1,236,393	717,215	519,178
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	<u>\$2,334,570</u>	<u>\$1,727,021</u>	<u>\$607,549</u>

### NOTE 3 FUNDING BY OPERATION

The following is a summary of Proposition A funding, showing funds used by PVRTA to operate its transportation services.

		-----PASSED THROUGH-----			
	CLM DAR	SAN DIMAS	POM GROUP	GET ABOUT	TOTAL
OPERATIONS:					
Direct: MTA		92,204	17,956	1,181,928	1,292,088
FTA 5317				51,936	51,936
FTA 5310				28,664	28,664
LOCAL RETURN:					
Pomona			17,257	1,130,750	1,148,007
Claremont				228,595	228,595
San Dimas		88,165		139,600	227,765
La Verne				246,045	246,045
CLAREMONT					
FTA 5307	153,038				153,038
Formula Funds	38,868				38,868
	<u>\$ 191,906</u>	<u>\$ 180,369</u>	<u>\$ 35,213</u>	<u>\$ 3,007,518</u>	<u>\$ 3,415,006</u>

### NOTE 4 DEFINED BENEFIT PENSION PLAN

The PVRTA's defined benefit pension plan, Miscellaneous Plan of the Pomona Valley Transportation Authority (Plan), provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. PVRTA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The California Public Employees' Pension Reform Act (PEPRA) which took effect in January of 2013 changed the way CalPERS retirement and benefits are applied. Plan members active prior to January 2013 are not required to contribute to the plan. Plan members hired for the first time after January 1, 2013 are required to contribute to the plan. PVRTA is required to contribute the

actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The required employer contribution rate for fiscal 2020/2021 was 7.732% for employees hired prior to January 2013, and 6.750% for employees hired after January 2013.

For fiscal year 2020/2021, the Plan's annual pension cost was \$67,805. The required contribution for the fiscal year 2020/2021 was determined as part of the June 30, 2020 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included a 7.15% investment rate of return (net of administrative expenses); and projected salary increases that vary by duration of service ranging from 3.3% to 14.2%. Both of these rates include an inflation component of 2.75%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into the CalPERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period.

#### **NOTE 5 GENERAL CAPITAL RESERVE**

PVTA received local return funds from each participating City for capital expenditures. Local return funds received are recorded as deferred revenue until capital expenditures are made. \$470,851 in local return funds, accumulated interest, and proceeds from retired vehicles was received and \$213,244 was spent during fiscal year ended June 30, 2021. When added to the prior year's balance, the capital expenditures portion of the deferred revenue account equals \$1,673,272.

#### **NOTE 6 ADMINISTRATIVE COSTS**

Certain common administrative charges are initially recorded in the General Administration fund and reallocated to the other various funds. During the fiscal year ended June 30, 2021, the total of such charges was \$551,680.

#### **NOTE 7 LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE**

Pomona Valley Transportation Authority is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 123 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 California JPIA began covering 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.

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

#### 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 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 incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of 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.

#### Primary Workers' Compensation Program

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 incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs 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 2020/2021 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 Legal Liability Insurance

The Pomona Valley Transportation Authority 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 the Pomona Valley Transportation Authority. Coverage is on a claim-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

### Property Insurance

The Pomona Valley Transportation Authority participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Pomona Valley Transportation Authority property is currently insured according to a schedule of covered property submitted by the Pomona Valley Transportation Authority to the Authority. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

### Crime Insurance

The Pomona Valley Transportation Authority purchases crime insurance coverage provided 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 2020/2021.

**Patrick Karis**

**Certified Public Accountant**

Board of Directors  
Pomona Valley Transportation Authority  
La Verne, California

**REPORT ON THE SCHEDULE OF FEDERAL,  
STATE, AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE**

We have audited the financial statements of Pomona Valley Transportation Authority, for the year ended June 30, 2021, and have issued our report thereon dated September 14, 2021. These financial statements are the responsibility of the Pomona Valley Transportation Authority management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Pomona Valley Transportation Authority taken as a whole. The accompanying Schedule of Federal, State, and Local Government Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.



La Verne, California  
September 14, 2021

POMONA VALLEY TRANSPORTATION AUTHORITY  
SCHEDULE OF FEDERAL STATE AND LOCAL  
GOVERNMENT FINANCIAL ASSISTANCE  
JUNE 30, 2021

Primary Grantor	Pass Through Grantor	Program Title	Program or Award Amount	Accrued or (Deferred) Revenue 6/30/2020	Receipts or Revenue Recognized	Disbursements or Expenditures	Accrued or (Deferred) Revenue 6/30/2021
Federal Transportation Administration	Los Angeles Metro Trans Authority	FTA 5317	\$ 51,936	0	\$ 51,936	\$ 51,936	0
		FTA 5310	28,664	0	28,664	28,664	0
Subtotal		New Freedom	80,600	0	80,600	80,600	0
County of Los Angeles	City of Claremont	Proposition A Local Return	228,595	0	228,595	228,595	0
	City of LaVerne	Proposition A Local Return	246,045	0	246,045	246,045	0
	City of Pomona	Proposition A Local Return	1,130,750	0	1,130,750	1,130,750	0
	City of San Dimas	Proposition A Local Return	139,600	0	139,600	139,600	0
Subtotal		Proposition A Local Return	1,744,990	0	1,744,990	1,744,990	0
County of Los Angeles	Direct	Proposition A Discretionary	1,181,928	0	1,181,928	1,181,928	0
County of Los Angeles	City of Claremont	Formula Funds	191,906	0	191,906	191,906	0
Total Federal, County and Local Assistance			\$ 3,199,424	0	\$ 3,199,424	\$ 3,199,424	0



**POMONA VALLEY TRANSPORTATION AUTHORITY  
NOTES TO THE SCHEDULE OF  
FEDERAL, STATE, AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE  
JUNE 30, 2021**

**NOTE 1 - GENERAL**

The accompanying Schedule of Federal, State and Local Government Financial Assistance presents the activities of all Federal, State and Local financial assistance programs of the Pomona Valley Transportation Authority (PVTa) . All Federal, State and Local government financial assistance received directly from government agencies as well as Federal financial assistance passed through other government agencies is included on the schedules, with the exception of Proposition A capital Funds, which are reflected in the deferred revenue account for each applicable fund.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Federal, State and Local government financial assistance is presented using the accrual basis of accounting, as described in Note 1 of the notes to the PVTa financial statements.

**NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related Federal, State and Local government financial reports.

**Patrick Karis**

**Certified Public Accountant**

Board of Directors  
Pomona Valley Transportation Authority  
La Verne, California

**REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Pomona Valley Transportation Authority (PVTa) for the period ended June 30, 2021 and have issued our report thereon dated September 14, 2021.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulation, contracts and grants applicable to the Pomona Valley Transportation Authority, is the responsibility of the Pomona Valley Transportation Authority management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of PVTa's compliance with certain provisions of laws, regulation, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Pomona Valley Transportation Authority complied in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that PVTa had not complied, in all material respects, with those provisions.

This report is intended solely for the information of PVTa's Board of Directors, management, and government funding agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



La Verne, California  
September 14, 2021

**Patrick Karis**

**Certified Public Accountant**

Board of Directors  
Pomona Valley Transportation Authority  
La Verne, California

**REPORT ON THE INTERNAL CONTROL STRUCTURE  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Pomona Valley Transportation Authority as of and for the year ended June 30, 2021, and have issued our report thereon dated September 14, 2021.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Pomona Valley Transportation Authority for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Pomona Valley Transportation Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures.

The objectives of an internal control structure are to provide management with a reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future period is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.


For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Cash Receipts
- Payroll
- Cash Disbursements
- Property and Equipment
- General Ledger

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Pomona Valley Transportation Authority's Board of Directors, management and its regulatory agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



La Verne, California  
September 14, 2021



**Patrick Karis**

**Certified Public Accountant**

Board of Directors  
Pomona Valley Transportation Authority  
La Verne, California

**REPORT ON INTERNAL CONTROLS  
(ACCOUNTING AND ADMINISTRATIVE)  
BASED ON A STUDY AND EVALUATION MADE AS A PART OF AN AUDIT OF  
THE FINANCIAL STATEMENTS AND ADDITIONAL TESTS REQUIRED BY  
THE SINGLE AUDIT ACT**

We have audited the financial statements of the Pomona Valley Transportation Authority (PVTa) for the year ended June 30, 2021 and have issued our report thereon dated September 14, 2021. As part of our audit, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act of 1984, and the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs into the following categories:

Specific Requirements

Types of services  
Eligibility  
Reporting  
Cost allocation

Internal Accounting Controls

Cash receipts  
Payroll  
Cash Disbursements  
Property and Equipment  
General ledger

## General Administrative Controls

Political Activity  
Civil Rights  
Drug Abuse Policy  
Cash Management  
Financial Reporting  
Davis-Bacon Act

The management of PVTA is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objective of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulation, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above. During the year ended June 30, 2021, PVTA had no major federal financial assistance programs and expended 100% of its total federal financial assistance under nonmajor federal financial assistance programs. With respect to internal control systems used in administering the nonmajor federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of PVTA.

Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of PVTA.

However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance program of PVTA.

This report is intended solely for the use of PVTA and its funding agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be "P. J. K. S.", written in a cursive style.

La Verne, California  
September 14, 2021

**Patrick Karis**

**Certified Public Accountant**

Board of Directors  
Pomona Valley Transportation Authority  
La Verne, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

In connection with our audit of the June 30, 2021 financial statements of the Pomona Valley Transportation Authority (PVTa) and with our study and evaluation of the Pomona Valley Transportation Authority's internal control systems used to administer federal and Budget Circular A-133, Audits of states, Local Governments, and Non-Profit Organizations, we selected certain transactions applicable to its nonmajor federal financial assistance program for the year ended June 30, 2021.

As required by OMB Circular A- 133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objectives of which are the expression of an opinion on PVTa's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that PVTa, had not complied, in all material respects, with those requirements.

This report is intended solely for the use of PVTa's Board of Directors, management, and its regulatory agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is matter of public record



La Verne, California  
September 14, 2021



**Patrick Karis**

**Certified Public Accountant**

The Board of Directors  
Pomona Valley Transportation Authority  
La Verne, California

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL  
ASSISTANCE PROGRAMS**

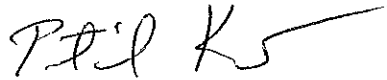
We have applied procedures to test Pomona Valley Transportation Authority's (PVRTA) compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 2021;

Political Activity  
Civil Rights  
Drug Abuse Policy  
Cash Management  
Financial Reporting  
Davis-Bacon Act

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on PVRTA's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that PVRTA, had not complied, in all material respects, with those requirements.

This report is intended for the information of the PVTA's Board of Directors, management and its funding agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to read "Paul K.", with a long horizontal flourish extending to the right.

La Verne, California  
September 14, 2021