

Pomona Valley
Transportation
Authority

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

2120 Foothill Boulevard ■ Suite 116 ■ La Verne California 91750
phone 909-596-7664 fax 909-596-7399

December 14, 2022

**AGENDA
ITEM #2E**

MEMORANDUM

To: Pomona Valley Transportation Authority
From: George L. Sparks, PVTA Administrator
Subject: **PVTA FY 2022 Financial Audit**

Recommendation: *Approve FY 2021-22 Financial Audit*

Background

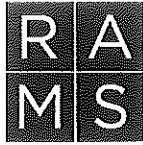
Pomona Valley Transportation Authority's FY 2021-22 annual financial audit has been completed. As a portion of our efforts to upgrade our financial reporting and ensure Pomona Valley Transportation Authority's financial statements were in full compliance with Government Auditing Standards we retained a new audit firm, Rogers, Anderson, Malody and Scott (RAMS). RAMS has extensive governmental audit experience with several PVTA member cities as well as transit agencies among its clients.

FY 2021-22 Financial Statement Changes and Findings

The FY 2021-22 Annual Financial States incorporates many changes from previous reports. This statement incorporates the reporting changes required by the Governmental Accounting Standards Board (GASB). Many of these changes relate to required information relating to our pension obligations under PERS and obligations related to our office lease.

The report noted a lack of segregation of duties in which one staff member controls the general ledger (posts journal entries and other adjustments), performs the bank reconciliation, processes payroll, makes bank deposits, etc. The report also recognizes that given the size of agency, short of adding staff there may be no practical corrective action possible for this inherent weakness. PVTA has agreed to adopt policies which will strengthen this area of internal control, such as supervisory review and approval of bank reconciliations and journal entries.

The audit made a finding that financial statements in accordance with Generally Accepted Accounting Principles (Governmental GAAP) Observation Governmental generally accepted accounting principles (Governmental GAAP) require financial statements or disclosures to present, among other items, an entity's net pension liability and related deferred inflows and outflows, certain net position classifications, and depreciation expense. The financial statements of the Authority did not include any of the previously mentioned items. In response to the finding PVTA management will keep abreast of any new accounting standards issued, to present financial statements that are in accordance with Governmental GAAP. We will also review, in consultation with the independent auditor, the audited financial statements on an annual basis thus ensuring they are in accordance with applicable standards. PVTA had become aware of the deficiencies in prior reports. PVTA retained RAMS, a firm with an extensive governmental accounting background, to address this issue.



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October 3, 2022

To the Board of Directors
Pomona Valley Transportation Authority

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Bradford A. Welebir, CPA, MBA, CGMA
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We have audited the financial statements of the Pomona Valley Transportation Authority (the Authority) as of and for the year ended June 30, 2022, and have issued our report thereon dated October 3, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 12, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding material weaknesses noted during our audit in a separate letter to you dated October 3, 2022.



Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting: Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition: Management's failure to recognize revenue in accordance with generally accepted accounting principles.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. As described in Note 1 of the financial statements, during the year, the Authority adopted the provisions Governmental Accounting Standards Board (GASB) Statement 87, *Leases*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Net Position. In addition, the Authority adopted the standards as applicable to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASBS 27* and the Authority started recognizing depreciation expense as a period cost. Accordingly, the cumulative effect of these accounting changes have been reported in the Statement of Net Position. There were no other initial selection of accounting policies and no other changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred inflows and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to:

The disclosure of accumulated depreciation in the notes to the basic financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred amounts in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed instances.

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole were as follows: Prepaid expense (\$19,293) not recorded and accrued payroll not recorded (\$15,133) for a net balance sheet affect of \$4,160. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: See attached.

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 29, 2022.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Other Matters

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

We were engaged to report on the Combining Schedule of Net Position and the Combining Schedule of Revenues, Expenses, and Changes in Net Position which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

Client: POM0001 - Pomona Valley Transportation Authority
Engagement: Audit 2022 - Pomona Valley Transportation Authority
Period Ending: 6/30/2022
Trial Balance: 3000.01 - Government Fund Trial Balance
Workpaper: 3700.01 - Adjusting Journal Entries Report
Fund Level: All
Index: All

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To record NPL and related deferred inflows/outflows - Prior period adjustment			
100-180	Deferred outflows	55,294	
100-181	Deferred outflows-contributions	64,276	
100-315	Retained earnings	349,732	
125-180	Deferred outflows	9,518	
125-181	Deferred outflow - contributions	8,188	
125-315	Retained earnings	51,784	
100-270	Deferred inflows		31,629
100-275	Net pension liability		437,673
125-270	Deferred inflow		4,683
125-275	Net pension liability		64,807
Total		538,792	538,792
Adjusting Journal Entries JE # 2			
To record CY pension activity			
100-181	Deferred outflows-contributions	4,794	
100-275	Net pension liability	198,849	
100-624	PERS	11,713	
125-181	Deferred outflow - contributions	710	
125-275	Net pension liability	29,444	
125-624	PERS	1,734	
100-180	Deferred outflows		17,844
100-270	Deferred inflows		197,512
125-180	Deferred outflows		2,642
125-270	Deferred inflow		29,246
Total		247,244	247,244
Adjusting Journal Entries JE # 3			
To post depreciation to GL			
100-745	Depreciation/amortization expense	240,580	
100-305	Accumulated depreciation		240,580
Total		240,580	240,580
Adjusting Journal Entries JE # 4			
To record lease activity - PPA and CY			
100-175	Lease asset	239,246	
100-280	Lease liability	36,968	
100-315	Retained earnings	2,037	
100-695	Interest expense	2,040	
100-745	Depreciation/amortization expense	39,874	
100-176	Accumulated amortization		39,874
100-280	Lease liability		241,283
100-675	Rent and utilities		39,008
Total		320,165	320,165
Adjusting Journal Entries JE # 5			
To record LAIF fair market adjustment			
100-481	FMV adjustment	51,630	
100-106	FMV adjustment - LAIF		51,630
Total		51,630	51,630
Adjusting Journal Entries JE # 6			
To correct PY compensated absences amount - prior period adjustment			
100-315	Retained earnings	60,038	
125-315	Retained earnings	1,127	
100-247	AP - Accrued liabilities		60,038
125-247	AP - Accrued liabilities		1,127
Total		61,165	61,165
Adjusting Journal Entries JE # 8			
To correct transfer of funds from Get About to PVTA			
100-259	General capital reserve	300,000	
105-690	Transfer out	300,000	
100-490	Transfer in		300,000
105-315	Retained earnings		300,000
Total		600,000	600,000
Adjusting Journal Entries JE # 9			
To record prior period adjustment for unearned revenue - move to equity			
100-259	General capital reserve	1,673,272	
100-315	Retained earnings		1,673,272
Total		1,673,272	1,673,272
Total Adjusting Journal Entries		3,732,848	3,732,848
Total All Journal Entries		3,732,848	3,732,848



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

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October 3, 2022

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Dr., Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the Pomona Valley Transportation Authority (the Authority) of the basic financial statements as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 3, 2022:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 12, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations, if applicable.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification™ (ASC) 450, Contingencies), and we *have not consulted a lawyer* concerning litigation, claims, or assessments.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed, if applicable.
- All components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- All revenues have been properly classified.
- All expenses have been properly classified.
- Special items and extraordinary items have been properly classified and reported, if applicable.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - a) The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b) The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c) The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d) There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to non-attest services we have performed the following:
 - a) Made all management decisions and performed all management functions;
 - b) Assigned a competent individual to oversee the services;
 - c) Evaluated the adequacy of the services performed;
 - d) Evaluated and accepted responsibility for the result of the service performed; and
 - e) Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - a) Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b) Additional information that you have requested from us for the purpose of the audit; and
 - c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans. We have no reason to believe the Authority will not 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.
- We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
 - a) Management;
 - b) Employees who have significant roles in internal control; or
 - c) Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-December 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - a) Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b) Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - d) Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have evaluated all of our lease agreements and have given you our assessment as to whether each lease is subject to GASB Statement No. 87, *Leases*.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information (SI) accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the SI in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).
- We believe the SI, including its form and content, is fairly presented.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the following significant assumptions or interpretations underlying the measurement or presentation of the SI, and the basis for our assumptions and interpretations, are reasonable and appropriate.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the Authority of the supplementary information and the auditor's report thereon.

Required Supplementary Information

- With respect to the required supplementary information (RSI) accompanying the financial statements:
 - a) We acknowledge our responsibility for the presentation of the RSI in accordance with accounting principles general accepted for government in the United States of America (U.S. GAAP).
 - b) We believe the RSI, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).
 - c) The methods of measurement or presentation have not changed from those used in the prior period.

Use of a Specialist (CalPERS pension actuary)

We agree with the findings of specialists in evaluating our net pension liability and related deferred outflows and inflows and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Signature: 

Title: Administrator

POMONA VALLEY TRANSPORTATION AUTHORITY

Annual Financial Statements
(With Independent Auditor's Reports Thereon)

For the year ended June 30, 2022

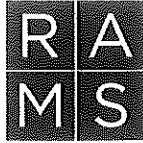
POMONA VALLEY TRANSPORTATION AUTHORITY

Annual Financial Statements

For the year ended June 30, 2022

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Independent Auditor's Report

To the Board of Directors of the
Pomona Valley Transportation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pomona Valley Transportation Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, 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. 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
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As discussed in Note 12 to the financial statements, the 2021 financial statements have been restated to correct several misstatements. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Authority for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on September 14, 2021.

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which such summarized information was derived.

Responsibilities of Management for the Financial Statements

The Authority's 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 the Authority'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 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 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, 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 pension schedules, 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.

Management has omitted 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 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 are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Schedule of Net Position and the Combining Schedule of Revenues, Expenses and Changes in Net Position, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Changes in Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022 on our consideration of the Authority'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 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 Authority's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 3, 2022

POMONA VALLEY TRANSPORTATION AUTHORITY
Statements of Net Position
June 30, 2022 (with prior year summarized comparative information)

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,006,778	\$ 3,562,862
Due from CSS	12,258	1,391
Due from other governments	464,808	1,003,923
Accounts receivable	8,070	16,477
Prepaid expenses	9,542	8,553
Total current assets	<u>4,501,456</u>	<u>4,593,206</u>
Noncurrent assets:		
Lease assets, net of accumulated amortization	199,372	239,246
Capital assets, net of accumulated depreciation	366,969	607,549
Total noncurrent assets	<u>566,341</u>	<u>846,795</u>
Total assets	<u>5,067,797</u>	<u>5,440,001</u>
Deferred outflows of resources		
Pension related	<u>122,294</u>	<u>137,276</u>
Liabilities		
Current liabilities:		
Accounts payable	267,553	443,722
Accrued liabilities	156,974	172,880
Due to other governments	180,543	21,337
Due to others	-	68,835
Total current liabilities	<u>605,070</u>	<u>706,774</u>
Noncurrent liabilities:		
Lease liability	204,315	241,284
Net pension liability	274,187	502,480
Total noncurrent liabilities:	<u>478,502</u>	<u>743,764</u>
Total liabilities	<u>1,083,572</u>	<u>1,450,538</u>
Deferred inflows of resources		
Pension related	<u>263,070</u>	<u>36,312</u>
Net position		
Net investment in capital assets	362,026	605,511
Restricted - capital replacement	1,973,272	1,673,272
Unrestricted	1,508,151	1,811,644
Total net position	<u>\$ 3,843,449</u>	<u>\$ 4,090,427</u>

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

POMONA VALLEY TRANSPORTATION AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2022 (with prior year summarized comparative information)

	<u>2022</u>	<u>2021</u>
Operating revenues		
Charges for services	\$ 124,191	\$ 50,761
Total operating revenues	<u>124,191</u>	<u>50,761</u>
Operating expenses		
Purchased transportation	3,031,111	2,486,364
Administrative:		
Staff salaries	389,490	411,423
Fringe benefits	177,135	152,094
Consulting	129,640	21,296
Rent and utilities	6,588	8,541
Office expense	10,544	6,768
Legal and professional	6,918	6,125
Equipment maintenance	2,565	2,118
Travel and conference	7,219	4,010
Printing	8,708	-
Telephone	7,931	4,450
Publicity and advertising	10,190	9,453
Insurance	16,369	14,030
Software	1,669	1,659
Depreciation/amortization	280,454	234,185
Miscellaneous	1,555	948
Total operating expenses	<u>4,088,086</u>	<u>3,363,464</u>
Operating loss	<u>(3,963,895)</u>	<u>(3,312,703)</u>
Nonoperating revenues (expenses)		
Investment income	(36,902)	17,665
Local Cities Prop A subsidy	2,118,377	2,042,318
Prop A discretionary	834,271	1,292,088
New Freedom	227,681	215,028
Grant revenue	574,549	-
Miscellaneous	981	870
Interest expense	(2,040)	-
Total nonoperating revenues (expenses)	<u>3,716,917</u>	<u>3,567,969</u>
Change in net position	<u>(246,978)</u>	<u>255,266</u>
Net position, beginning of year, restated	<u>4,090,427</u>	<u>3,835,161</u>
Net position, end of year	<u>\$ 3,843,449</u>	<u>\$ 4,090,427</u>

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

POMONA VALLEY TRANSPORTATION AUTHORITY

Statements of Cash Flows

For the year ended June 30, 2022 (with prior year summarized comparative information)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Cash received from customers	\$ 133,579	\$ 46,917
Cash paid for employees and benefits	(553,178)	(573,076)
Cash paid to supplier for goods and services	(3,343,700)	(2,142,937)
Net cash provided by (used for) operating activities	<u>(3,763,299)</u>	<u>(2,669,096)</u>
Cash flows from noncapital financing activities		
Prop A subsidy received	2,646,625	1,702,433
Prop A discretionary received	834,271	1,292,088
Grants received	802,230	215,028
Net cash provided by (used for) noncapital financing activities	<u>4,283,126</u>	<u>3,209,549</u>
Cash flows from capital and related financing activities		
Principal paid on lease liability	(36,969)	(34,757)
Cash paid for capital assets	-	(213,245)
Cash paid for interest	(2,040)	(2,365)
Net cash provided by (used for) capital and related financing activities	<u>(39,009)</u>	<u>(250,367)</u>
Cash flows from investing activities		
Investment income received	(36,902)	17,665
Net cash provided by (used for) investing activities	<u>(36,902)</u>	<u>17,665</u>
Net increase (decrease) in cash and cash equivalents	443,916	307,751
Cash and cash equivalents, beginning of year	<u>3,562,862</u>	<u>3,255,111</u>
Cash and cash equivalents, end of year	<u>\$ 4,006,778</u>	<u>\$ 3,562,862</u>

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

POMONA VALLEY TRANSPORTATION AUTHORITY
Statements of Cash Flows (Continued)
For the year ended June 30, 2022 (with prior year summarized comparative information)

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	\$ (3,963,895)	\$ (3,312,703)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	280,454	234,185
Other prior period adjustments	-	233,647
Miscellaneous revenues	981	-
Pension adjustments	13,447	(9,559)
(Increase) decrease in assets:		
Accounts receivable	8,407	(4,714)
Prepaid expenses	(989)	(1,108)
Increase (decrease) in liabilities:		
Accounts payable	(176,169)	248,576
Due to other governments	90,371	(57,240)
Accrued expenses	(15,906)	(180)
Total adjustments	<u>200,596</u>	<u>643,607</u>
Net cash provided by (used for) operating activities	<u>\$ (3,763,299)</u>	<u>\$ (2,669,096)</u>

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

POMONA VALLEY TRANSPORTATION AUTHORITY
Statement of Net Position – Fiduciary Fund
For the year ended June 30, 2022

	<u>2022</u>
	<u>Custodial</u>
	<u>Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 13,685
Total assets	<u>13,685</u>
Net position	
Net position held in trust	<u>13,685</u>
Total net position	<u>\$ 13,685</u>

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

POMONA VALLEY TRANSPORTATION AUTHORITY
Statement of Changes in Net Position – Fiduciary Fund
For the year ended June 30, 2022

	<u>2022</u>
	Custodial Fund
Additions	
Charges for services	\$ 53,883
Total additions	<u>53,883</u>
Deductions	
Payments to others	<u>52,444</u>
Total deletions	<u>52,444</u>
Change in net position	<u>1,439</u>
Net position, beginning of year, restated	<u>12,246</u>
Net position, end of year	<u>\$ 13,685</u>

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

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 1: Summary of significant accounting policies

Reporting entity

The Pomona Valley Transportation Authority (Authority) 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 Authority operates Get About Transportation and general public transportation services to residents of the Pomona Valley.

Basic financial statements

The basic financial statements (Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows) report information on all of the enterprise activities of the Authority.

The Authority also presents a custodial fund. This fund is used to account for various ticket sales for other transportation agencies. Charges are collected and periodically paid to the transportation agencies. The Authority receives a small fee for providing this service.

Measurement focus, basis of accounting and financial statement presentation

The Authority operates as an enterprise fund. Enterprise fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority are charges for services. Operating expenses of the Authority include the cost of services, administrative expenses and depreciation on capital assets. Nonoperating revenues are comprised primarily of Proposition A Funding from the Metropolitan Transportation Authority (MTA), member contributions, and Proposition A Local funds from the cities of Pomona, Claremont, San Dimas and La Verne.

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

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements and related disclosures. Accordingly, actual results could differ from those estimates.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 1: Summary of significant accounting policies (continued)

Assets, liabilities, and net position

Cash and cash equivalents

Cash and cash equivalents include amounts in demand deposits and Local Agency Investment Fund (LAIF).

For purposes of the statement of cash flows, cash equivalents include all pooled cash and investments, restricted cash and cash with fiscal agents with an original maturity of three months or less. The Authority considers the LAIF investment pool to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

Due from other governments

Due From Other Governments balance consists primarily of grant receivables from the Los Angeles County Metropolitan Transportation Authority, participating cities and the Los Angeles County Public Works. Total Due From Other Governments balance is \$432,367 as of June 30, 2022.

Capital assets

Capital assets are comprised of transportation equipment (vehicles) and leasehold improvements and are stated at cost. Donated capital assets are recorded at acquisition value as of the date received. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and a useful life exceeding at least one year. Depreciation has been provided over the estimated useful lives ranging from 3 to 10 years using the straight-line method.

Net position

Net position is classified in three categories: net investment in capital assets, restricted net position and unrestricted net position.

- Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments and constraints imposed by law through constitutional provisions and enabling legislation. The Authority had no restricted net position as of June 30, 2022.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 1: Summary of significant accounting policies (continued)

Assets, liabilities, and net position (continued)

Net position (continued)

- Unrestricted net position - This component represents the net position of the Authority that does not meet the definition of "restricted" or "net investment in capital assets" and is designated for tentative management plans that are subject to change.

Pension plan

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 the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Effects of new pronouncements

The GASB has issued several pronouncements that have effective dates that may impact future presentations. The Authority is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

- GASB Statement No. 91, *Conduit Debt Obligations* is effective for periods beginning after December 15, 2021.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* is effective for periods beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription- Based Information Technology Arrangements* is effective for periods beginning after June 15, 2022.
- GASB Statement No. 99, *Omnibus 2022* has varying effective dates, including upon issuance and for periods beginning after June 15, 2022 and June 15, 2023.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 1: Summary of significant accounting policies (continued)

Effects of new pronouncements (continued)

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Note 2: Cash and cash equivalents

Cash and investments are reported in the financial statements as follows:

	<u>2022</u>	<u>2021</u>
Cash and investments		
PVTA	\$ 4,006,778	\$ 3,562,862
PVTA - Transit Store - custodial fund	13,685	12,246
	<u>\$ 4,020,463</u>	<u>\$ 3,575,108</u>

Cash and investments components are as follows:

	<u>2022</u>	<u>2021</u>
Deposits in bank - PVTA	\$ 47,908	\$ 337,099
Deposits in bank - PVTA Transit Store	13,685	12,246
Petty cash	250	250
Local Agency Investment Fund (LAIF)	3,958,620	3,225,513
	<u>\$ 4,020,463</u>	<u>\$ 3,575,108</u>

Authorized investments

The Authority is authorized to invest in the following: demand accounts, investment pools and fixed rate certificates of deposit.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements
For the year ended June 30, 2022

Note 2: Cash and cash equivalents (continued)

Deposits

Custodial credit risk is the risk that, in the event of failure of a depository financial institution, the Authority will not be able to receive its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk. Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government Code Section 53651 delineates the types of eligible securities, and the required collateral percentage, generally at 110%.

The Authority is subject to custodial credit risk for amounts that exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per financial institution. The bank balance for the Authority's deposits was \$328,487 as of June 30, 2022, of which \$250,000 is federally insured. The remaining bank balance of \$78,487 and is uncollateralized and uninsured as of June 30, 2022.

Investment in State Investment Pool

The Authority is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying statements of net position at amounts based upon the Authority's pro-rata share of the value provided by LAIF from the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis. Currently, LAIF does not have an investment rating.

The total amount invested in all public agencies in LAIF as of June 30, 2022, was \$35.7 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which as of June 30, 2022 had a balance of \$234.4 billion. Of those amounts, 1.88% in 2022 were invested in medium-term and short-term structured notes and asset backed securities. The average maturity of PMIA investments as of June 30, 2022 was 311.

LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

Various investment risks

The Authority does not have any investments subject to the following risks: interest rate, credit, foreign currency, and concentration of credit risk.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 2: Cash and cash equivalents (continued)

Fair value measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established 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 Authority currently does not have any investments subject to the fair value hierarchy.

Note 3: Government revenues

Under the JPA, each of the four participating cities contributes revenue to the Authority. Participation is based on each City's proportionate share of the Authority's total population. In addition, the Los Angeles County Metropolitan Transportation Authority provide revenues under contractual relationships with the Authority.

Revenues received from other governments during the fiscal year and the related receivables as of June 30, 2022, are listed below.

	Fund				Total
	Claremont DAR	San Dimas DAC	Pomona Group Services	PVTA Get About	
City Participation:					
Pomona	\$ -	\$ -	\$ 11,658	\$ 1,169,175	\$ 1,180,833
Claremont	93,530	-	-	224,910	318,440
San Dimas	-	88,423	-	141,015	229,438
La Verne	-	-	-	249,900	249,900
Total city participation	<u>93,530</u>	<u>88,423</u>	<u>11,658</u>	<u>1,785,000</u>	<u>1,978,611</u>
Other Income					
Grant revenues	-	44,048	5,806	524,695	574,549
FTA 5307					
Formula funds -					
City of Claremont	139,766	-	-	-	139,766
Total other income	<u>139,766</u>	<u>44,048</u>	<u>5,806</u>	<u>524,695</u>	<u>714,315</u>
Direct support:					
Metropolitan Transportation					
Authority	-	44,130	5,848	784,293	834,271
FTA 5317	-	-	-	33,318	33,318
FTA 5310	-	-	-	56,322	56,322
Total direct support	<u>-</u>	<u>44,130</u>	<u>5,848</u>	<u>873,933</u>	<u>923,911</u>
Total	<u>\$ 233,296</u>	<u>\$ 176,601</u>	<u>\$ 23,312</u>	<u>\$ 3,183,628</u>	<u>\$ 3,616,837</u>

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 4: Capital assets

Following is a summary of capital assets activity for the year ended June 30, 2022:

Description	Beginning balance	Additions	Deletions	Ending balance
Leased assets	\$ 279,121	\$ -	\$ -	\$ 279,121
Vehicles/equipment	2,171,537	-	(180,316)	1,991,221
Office equipment	163,033	-	-	163,033
Accumulated depreciation/amortization	<u>(1,766,896)</u>	<u>(280,454)</u>	<u>180,316</u>	<u>(1,867,034)</u>
Capital assets, net	<u>\$ 846,795</u>	<u>\$ (280,454)</u>	<u>\$ -</u>	<u>\$ 566,341</u>

Depreciation and amortization expense for the year ended June 30, 2022, were \$240,580 and \$39,874, respectively.

Capital assets by funding source are as follows:

	Cost	Accumulated depreciation	Net book value
Proposition A Local	\$ -	\$ -	\$ -
Return Funds	467,246	(428,519)	38,727
CalTrans	450,616	(450,616)	-
FTA	<u>1,236,393</u>	<u>(908,151)</u>	<u>328,242</u>
Total	<u>\$ 2,154,255</u>	<u>\$ (1,787,286)</u>	<u>\$ 366,969</u>

Note 5: 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, 2022, the total of such charges was \$675,808.

Note 6: Net position

The Authority has received local return funds from each participating City for capital expenditures. Local return funds received are recognized upon receipt and reported as restricted net position until capital expenditures are made. In the current fiscal year, \$300,000 was transferred from the Get About Fund to the General Administration Fund and no funds were spent on capital during fiscal year ended June 30, 2022. When added to the prior year's balance, the capital expenditures portion of the deferred revenue account equals \$1,973,272

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 6: Net position (continued)

The operating reserves are adjusted annually by 10% of the change (increase/decrease) in operating expense budget. The remaining unrestricted net position is designated for vehicle replacement.

Following is a summary of net position as of June 30:

	<u>2022</u>	<u>2021</u>
Net investment in capital assets:		
Capital assets	\$ 2,433,375	\$ 2,613,691
Accumulated depreciation	(1,867,034)	(1,766,896)
Related outstanding debt	<u>(204,315)</u>	<u>(241,284)</u>
Total net investment in capital assets	362,026	605,511
Restricted - capital replacement	1,973,272	1,673,272
Unrestricted net position	<u>1,508,151</u>	<u>1,811,644</u>
Total net position	<u>\$ 3,843,449</u>	<u>\$ 4,090,427</u>

Note 7: Pension Plan

General information about the 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 or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. 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 generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Authority participates in on rate plan (miscellaneous). Benefit provisions under the Plan are established by State statute and the Authority 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.

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members 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 5 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.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 7: Pension Plan (continued)

General information about the Plan (continued)

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect as of June 30, 2022 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employer contribution rates	8.65%	7.59%

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 the 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. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2022 were \$68,985. The actual employer payments of \$63,482 made to CalPERS by the District during the measurement period ended June 30, 2021 differed from the District's proportionate share of the employer's contributions of \$76,456 by \$12,974, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 7: Pension Plan (continued)

Net pension liability

The Authority's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial methods and Assumptions used to determine total pension liability

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS' specific data. 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 90% of Scale MP-2016 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 December 2017 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.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 7: Pension Plan (continued)

Net pension liability (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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:

<u>Asset Class¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Years 11+³</u>
Public equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

¹ In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period

Change of Assumptions

There were no change of assumptions for measurement date June 30, 2021.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 7: Pension Plan (continued)

Net pension liability (continued)

Discount rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. 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.

Subsequent events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 7: Pension Plan (continued)

Pension Plan fiduciary net position (continued)

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
Balance at: 6/30/2020 (VD)	\$ 2,141,794	\$ 1,639,313	\$ 502,481
Balance at: 6/30/2021 (MD)	2,218,066	1,943,879	274,187
Net Changes during 2020-21	<u>\$ 76,272</u>	<u>\$ 304,566</u>	<u>\$ (228,294)</u>

Valuation Date (VD), Measurement Date (MD).

The Authority's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The Authority's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Authority's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2020 and 2021 measurement dates was as follows:

Proportionate Share - June 30, 2020	0.01191%
Proportionate Share - June 30, 2021	0.01444%
Change - Increase (Decrease)	0.00253%

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 567,041	\$ 274,187	\$ 32,090

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements
For the year ended June 30, 2022

Note 7: Pension Plan (continued)

Pension Plan fiduciary net position (continued)

Amortization of deferred outflows and deferred inflows of resources

Under GASB 68, 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:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2020), the Authority's net pension liability was \$502,481. For the measurement period ending June 30, 2021 (the measurement date), the Local Government incurred a pension expense of \$82,432.

POMONA VALLEY TRANSPORTATION AUTHORITY
 Note to the Financial Statements
 For the year ended June 30, 2022

Note 7: Pension Plan (continued)

Pension expense and deferred outflows and deferred inflows of resources related to pensions (continued)

As of June 30, 2022, the Authority has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	-	-
Differences between expected and actual experience	\$ 30,748	\$ -
Net difference between projected and actual investment earnings		239,351
Differences between the employer's contributions and the employer's proportionate share of contributions	-	23,719
Change in employer's proportion	22,561	-
Pension contributions subsequent to measurement date	68,985	-
	<u>68,985</u>	<u>-</u>
Total	<u>\$ 122,294</u>	<u>\$ 263,070</u>

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of \$68,985 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Fiscal year ending June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (43,784)
2024	(46,367)
2025	(53,466)
2026	(66,144)
2027	-
Thereafter	-

Payable to the pension plan

As of June 30, 2022, the Authority reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

POMONA VALLEY TRANSPORTATION AUTHORITY
 Note to the Financial Statements
 For the year ended June 30, 2022

Note 8: Lease payable

The Authority entered into a lease agreement, requiring fixed monthly payments, to lease office space for its administrative operations in 1994 and has subsequently been extending it through amendments. At implementation of GASB 87, the lease term remaining was two years with an option to extend for the next five years. In June 2022, the Authority exercised the noncancelable option with rent increasing at 3.0% per year. The lease payable has an incremental interest rate of .91%. Following is a summary of lease activity for the year ended June 30, 2022:

<u>Lease payable</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Office space	\$ 241,283	\$ -	\$ (36,968)	\$ 204,315
Total lease payable	<u>\$ 241,283</u>	<u>\$ -</u>	<u>\$ (36,968)</u>	<u>\$ 204,315</u>

The debt service requirements for the lease liability to maturity is as follows:

<u>Fiscal year</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 38,422	\$ 1,698	\$ 40,120
2024	39,980	1,342	41,322
2025	41,578	972	42,550
2026	43,239	587	43,826
2027	<u>41,096</u>	<u>187</u>	<u>41,283</u>
Totals	<u>\$ 204,315</u>	<u>\$ 4,786</u>	<u>\$ 209,101</u>

As of June 30, 2022, the value of the lease asset was \$239,246 with accumulated amortization of \$39,874.

Note 9: Compensated absences

Vacation

The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from the Authority. Accrual rates are dependent on the employee's years of continuous service.

Sick leave

Accumulated sick leave lapses when an employee leaves the employ of the Authority and, upon separation from service, no monetary obligation exists.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 9: Compensated absences (continued)

The changes in compensated absences during the year ended June 30, 2022 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Compensated absences	<u>\$ 172,879</u>	<u>\$ 29,469</u>	<u>\$ (45,374)</u>	<u>\$ 156,974</u>

Note 10: Risk management

The Authority is a member of the California Joint Powers Insurance Authority (CJPIA). The CJPIA is composed of over 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq,. The purpose of the CJPIA 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 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 CJPIA's website.

POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 10: Risk management (continued)

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 2021/22 the CJPIA'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.

Note 11: Related party transactions

Member cities under the JPA (Pomona, Claremont, La Verne, and San Dimas) provide contributions to the Authority. City Council Members are also on the Board of Directors of the Authority. The contributions paid to the Authority for the year ended June 30, 2022 were \$594,849.

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POMONA VALLEY TRANSPORTATION AUTHORITY

Note to the Financial Statements

For the year ended June 30, 2022

Note 12: Prior Period Restatements

The following prior period restatements were made during the fiscal year June 30, 2022:

Net position, beginning of year, July 1, 2020	\$ 2,069,630
Pension related:	
Net pension liability	(451,351)
Deferred inflow of resources	(40,262)
Deferred outflow of resources	<u>80,538</u>
Total pension related	<u>(411,075)</u>
Move unearned revenue to equity	1,415,665
Compensated absences	<u>(60,952)</u>
Implementation of GASB 87/prior year amortization	<u>(40,791)</u>
Move contributed capital into equity	<u>628,499</u>
Prior year depreciation expense in contributed capital, but not recorded as an expense	<u>234,185</u>
Net position, beginning of year, restated	<u><u>\$ 3,835,161</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

POMONA VALLEY TRANSPORTATION AUTHORITY
 Required Supplementary Information
 Schedule of the Proportionate Share of the Net Pension Liability and
 Related Ratios
 For the year ended June 30, 2022

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2015	0.00336%	\$ 230,619	\$ 244,646	94.27%	86.75%
6/30/2016	0.00396%	342,381	247,540	138.31%	80.73%
6/30/2017	0.00413%	409,420	258,814	158.19%	78.77%
6/30/2018	0.00417%	402,058	256,910	156.50%	80.60%
6/30/2019	0.00441%	451,351	344,266	131.11%	78.53%
6/30/2020	0.00462%	502,480	390,330	128.73%	76.54%
6/30/2021	0.00507%	274,187	411,603	66.61%	87.63%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year data is available. Additional years will be presented as information becomes available.

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

POMONA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information
 Schedule of Pension Plan Contributions
 For the year ended June 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 17,253	\$ (17,253)	\$ -	\$ 244,646	7.05%
6/30/2016	22,991	(22,991)	-	247,540	9.29%
6/30/2017	27,247	(27,247)	-	258,814	10.53%
6/30/2018	30,734	(30,734)	-	256,910	11.96%
6/30/2019	43,553	(43,553)	-	344,266	12.65%
6/30/2020	54,206	(54,206)	-	390,330	13.89%
6/30/2021	63,482	(63,482)	-	411,603	15.42%
6/30/2022	68,985	(68,985)	-	405,395	17.02%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year data is available. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

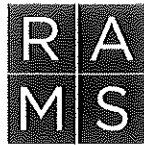
SUPPLEMENTARY INFORMATION

POMONA VALLEY TRANSPORTATION AUTHORITY
Combining Schedule of Net Position
June 30, 2022

	General Admin	Claremont DAR	PVTA Get>About	San Dimas DAC	Pomona Group Services	Mobility Manager	Eliminations	Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 2,748,173	\$ 136,270	\$ 1,060,881	\$ 21,825	\$ 39,829	\$ -	\$ -	\$ 4,006,778
Due from CSS	10,867	-	1,391	-	-	-	-	12,258
Due from other governments	-	-	406,050	25,534	783	32,441	-	464,808
Due from other funds	32,441	-	-	-	-	-	(32,441)	-
Accounts receivable	7,782	7	281	-	-	-	-	8,070
Prepaid expenses	9,542	-	-	-	-	-	-	9,542
Total current assets	2,808,805	136,277	1,468,603	47,359	40,412	32,441	(32,441)	4,501,456
Noncurrent assets								
Lease assets, net of accumulated amortization	199,372	-	-	-	-	-	-	199,372
Capital assets, net of accumulated depreciation	366,969	-	-	-	-	-	-	366,969
Total noncurrent assets	566,341	-	-	-	-	-	-	566,341
Total assets	3,375,146	136,277	1,468,603	47,359	40,412	32,441	(32,441)	5,067,797
Deferred outflows of resources								
Pension related	106,520	-	-	-	-	15,774	-	122,294
Liabilities								
Current liabilities:								
Accounts payable	5,803	14,224	237,170	8,408	1,948	-	-	267,553
Accrued liabilities	149,131	-	-	-	-	7,843	-	156,974
Due to other governments	-	122,834	-	38,954	18,755	-	-	180,543
Due to other funds	-	-	-	-	-	32,441	(32,441)	-
Unearned revenues - General capital reserve	-	-	-	-	-	-	-	-
Total current liabilities	154,934	137,058	237,170	47,362	20,703	40,284	(32,441)	605,070
Noncurrent liabilities:								
Lease liability	204,315	-	-	-	-	-	-	204,315
Net pension liability	238,824	-	-	-	-	35,363	-	274,187
Total noncurrent liabilities:	443,139	-	-	-	-	35,363	-	478,502
Total liabilities	598,073	137,058	237,170	47,362	20,703	75,647	(32,441)	1,083,572
Deferred inflows of resources								
Pension related	229,141	-	-	-	-	33,929	-	263,070
Net Position (deficit)								
Net investment in capital assets	362,026	-	-	-	-	-	-	362,026
Restricted - capital replacement	1,973,272	-	-	-	-	-	-	1,973,272
Unrestricted	319,154	(781)	1,231,433	(3)	19,709	(61,361)	-	1,508,151
Total net position	\$ 2,654,452	\$ (781)	\$ 1,231,433	\$ (3)	\$ 19,709	\$ (61,361)	\$ -	\$ 3,843,449

POMONA VALLEY TRANSPORTATION AUTHORITY
 Combining Schedule of Revenues, Expenses and Changes in Net Position
 For the year ended June 30, 2022

	General Admin	Claremont DAR	PVTA Get/About	San Dimas DAC	Pomona Group Services	Mobility Manager	Eliminations	Total
Operating revenues								
Charges for services	\$ -	\$ 15,808	\$ 91,930	\$ 16,028	425	\$ -	\$ -	\$ 124,191
Total operating revenues	-	15,808	91,930	16,028	425	-	-	124,191
Operating expenses								
Purchased transportation	-	209,132	2,656,132	144,942	20,905	-	-	3,031,111
Administrative:								
Staff salaries	254,664	-	-	-	-	134,826	-	389,490
Fringe benefits	148,009	-	-	-	-	29,126	-	177,135
Administrative charge	23,599	36,812	565,640	46,925	2,832	-	(675,808)	-
Consulting	129,640	-	-	-	-	-	-	129,640
Rent and utilities	6,588	-	-	-	-	-	-	6,588
Office expense	10,544	-	-	-	-	-	-	10,544
Legal and professional	6,918	-	-	-	-	-	-	6,918
Equipment maintenance	2,565	-	-	-	-	-	-	2,565
Travel and conference	7,219	-	-	-	-	-	-	7,219
Printing	-	1,365	6,581	762	-	-	-	8,708
Telephone	7,931	-	-	-	-	-	-	7,931
Publicity and advertising	8,205	1,235	750	-	-	-	-	10,190
Insurance	16,369	-	-	-	-	-	-	16,369
Software	1,669	-	-	-	-	-	-	1,669
Depreciation/amortization	280,454	-	-	-	-	-	-	280,454
Miscellaneous	995	560	-	-	-	-	-	1,555
Total operating expenses	905,369	249,104	3,229,103	192,629	23,737	163,952	(675,808)	4,088,086
Operating loss	(905,369)	(233,296)	(3,137,173)	(176,601)	(23,312)	(163,952)	675,808	(3,963,895)
Nonoperating revenues (expenses)								
Investment income	(51,630)	-	14,728	-	-	-	-	(36,902)
Local Cities Prop A subsidy	-	233,296	1,785,000	88,423	11,658	-	-	2,118,377
Prop A discretionary	-	-	784,293	44,130	5,848	-	-	834,271
New Freedom	-	-	89,640	-	-	138,041	-	227,681
Administrative services	652,209	-	-	-	-	23,599	(675,808)	-
Grant revenue	-	-	524,695	44,048	5,806	-	-	574,549
Miscellaneous	-	-	981	-	-	-	-	981
Interest expense	(2,040)	-	-	-	-	-	-	(2,040)
Total nonoperating revenues (expenses)	598,539	233,296	3,199,337	176,601	23,312	161,640	(675,808)	3,716,917
Income before transfers	(306,830)	-	62,164	-	-	(2,312)	-	(246,978)
Transfers	300,000	-	(300,000)	-	-	-	-	-
Change in net position	(6,830)	-	(237,836)	-	-	(2,312)	-	(246,978)
Net position, beginning of year, restated	2,661,282	(781)	1,469,269	(3)	19,709	(59,049)	-	4,090,427
Net position, end of year	\$ 2,654,452	\$ (781)	\$ 1,231,433	\$ (3)	\$ 19,709	\$ (61,361)	\$ -	\$ 3,843,449



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**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**

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Independent Auditor's Report

To the Board of Directors of the
Pomona Valley Transportation Authority

MANAGERS / STAFF

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Demi Hite, CPA

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 Pomona Valley Transportation Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 3, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control over financial reporting 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 have not been 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.

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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 deficiencies described in the accompanying schedule of findings and responses as items 2002-001 and 2022-002 to be material weaknesses.

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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 determination of financial statement amounts. 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*.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Authority'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 it.

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 3, 2022

Material Weaknesses

Finding 2022-001 Segregation of duties

Observation

During our audit of the Authority, we noted a lack of segregation of duties in the Authority's accounting process. Currently, one employee controls the general ledger (posts journal entries and other adjustments), performs the bank reconciliation, processes payroll, makes bank deposits, etc. Proper segregation of duties dictates that the functions of recording, authorization, custody, and execution are not dominated by one individual. Adequately segregated duties help to reduce the possibility of fraud and defalcations from occurring and to ensure the integrity of the information provided by the Authority's financial reporting system.

As stated above, an adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. However, we realize that this is due to the limited number of employees available to the Authority to perform numerous, and sometimes incompatible, duties. As such, there may be no practical corrective action possible for this inherent weakness. However, we believe it is important for management and the Board to be aware that whenever a limited number of people are in control of the accounting process, the system is far more susceptible to errors or other irregularities, either intentional or unintentional, not being discovered.

Recommendation

We recommend the Authority adopt policies which will strengthen this area of internal control, such as supervisory review and approval of bank reconciliations and journal entries (standard and nonstandard).

Management response

The Authority has determined that hiring additional staff to provide for additional segregation of duties would be prohibitively expensive in view of the level of income. However, the Authority will try to institute internal audit procedures to reduce as much as possible the likelihood that irregularities could compromise the accounting function undetected.

Finding 2022-002 Financial statements in accordance with Generally Accepted Accounting Principles (Governmental GAAP)

Observation

Governmental generally accepted accounting principles (Governmental GAAP) require financial statements or disclosures to present, among other items, an entity's net pension liability and related deferred inflows and outflows, certain net position classifications, and depreciation expense. Our audit procedures disclosed that on the financial statements of the Authority did not include any of the previously mentioned items.

Recommendation

Although will feel the Authority has an excellent understanding and control of the general ledger and related processes, we recommend the Authority adopt policies which will allow it to ensure its financial statements are in accordance with Governmental GAAP.

POMONA VALLEY TRANSPORTATION AUTHORITY
Schedule of Findings and Responses (continued)
For the year ended June 30, 2022

Management response

Management will keep abreast of any new accounting standards issued, with assistance from outside consultants, in order to present financial statements that are in accordance with Governmental GAAP. We will also review, in consultation with the independent auditor, the audited financial statements on an annual basis thus ensuring they are in accordance with applicable standards.