



**Pomona Valley Transportation Authority
Report on the Schedule of Expenditures and Schedule of
Revenues Received from Metro
Proposition A Discretionary Incentive Grant**

For the Year Ended June 30, 2021

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**Pomona Valley Transit Authority
Proposition A Discretionary Incentive Grant
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FINANCIAL SECTION

Independent Auditor's Report

To the Board of Directors of the Pomona Valley Transportation Authority and the Los Angeles County Metropolitan Transportation Authority

Report on the Schedules

We have audited the accompanying schedule of expenditures and schedule of revenues received from Metro (Schedules) as defined by the Proposition A Discretionary Incentive Grant Program Guidelines and Memorandum of Understanding for Sub-Regional Paratransit Services (Contract Number 910000000PA5POMVT) (MOU.PA5POMVT) dated July 1, 2016 between Pomona Valley Transportation Authority (PVRTA), as grantee, and the Los Angeles County Metropolitan Transportation Authority, as grantor for the year ended June 30, 2021, and the related notes to the Schedules.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules in accordance with the Proposition A Discretionary Incentive Grant Program Guidelines and MOU.PA5POMVT; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the PVRTA's preparation and fair presentation of the Schedules 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 PVRTA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.



Opinion

In our opinion, the Schedules referred to above presents fairly, in all material respects, the expenditures of PVTA and the revenues received from Metro for the year ended June 30, 2021, in accordance with the financial reporting provisions of the Proposition A Discretionary Incentive Grant Program Guidelines and MOU.PA5POMVT.

Basis of Accounting and Reporting

We draw attention to Notes 4 and 5 to the Schedules, which describe the basis of accounting and reporting, including compliance requirements. The Schedules were prepared in accordance with contractual agreements and were tested for compliance with the MOU.PA5POMVT and the Proposition A Discretionary Incentive Grant Program Guidelines.

As discussed in Note 2, the Schedules present only the revenues and expenditures towards the Proposition A Discretionary Incentive Grant under MOU.PA5POMVT, and do not purport to, and do not present fairly the financial position of PVTA as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of the PVTA's internal control over the preparation of the Schedules and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the preparation of the Schedules and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PVTA's internal control over the preparation of the Schedules or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering PVTA's internal control over the preparation of the Schedules and compliance.

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
November 9, 2021**

**Pomona Valley Transportation Authority
 Proposition A Discretionary Incentive Grant
 Schedule of Expenditures
 Year ended June 30, 2021**

<u>Brief Description</u>	<u>Reported Expenditures</u>	<u>Adjustment</u>	<u>Audited Expenditures</u>
Total Expenditures - Identified as Net Operating Costs	\$ 2,784,037	\$ -	\$ 2,784,037
Proposition A Discretionary Incentive Guidelines maximum % that can be received by Grantee	<u>x 25%</u>	<u>x 25%</u>	<u>x 25%</u>
Grantee's Proposition A Discretionary Incentive Grant (Limitation)*	<u>\$ 696,009</u>	<u>\$ -</u>	<u>\$ 696,009</u>

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

See independent auditor's report and notes to the schedules

**Pomona Valley Transportation Authority
Proposition A Discretionary Incentive Grant
Schedule of Revenues Received from Metro
Year ended June 30, 2021**

Annual Fundmark established by Grantor (Note 3)	\$ <u>1,292,088</u>
A) Grantee's actual amount received from Metro for the fiscal year ended June 30, 2021*	\$ <u>1,292,088</u>

Proposition A Discretionary Incentive Grant Limitation Calculation:

Brief Description	Reported Expenditures	Adjustments	Audited Expenditures
Total Expenditures - Identified as Net Operating Costs - Fiscal year ended June 30, 2019**	\$ 3,513,062	\$ -	\$ 3,513,062
Proposition A Discretionary Incentive Grant Program Guidelines maximum percentage that can be received by Grantee	<u>x 25%</u>	<u>x 25%</u>	<u>x 25%</u>
B) Grantee's - Proposition A Discretionary Incentive Grant (Limitation)	\$ <u>878,266</u>	\$ -	\$ <u>878,266</u>
Lesser of A) Actual amount received or B) 25% of Net Operating Costs ***			\$ <u>878,266</u>

* This is the amount of allocation received by PVTA during the fiscal year ended June 30, 2021.

** The amount of allocation received by PVTA during the fiscal year ended June 30, 2021 is based on expenditures reported for the Fiscal Year ended June 30, 2019. The operating expense calculation has a two-year lag, as permitted by Metro. Grantee contracts with Network Paratransit system and First Transit to administer the operations of PVTA, which includes the Pomona Valley Elderly & Disabled (Get About) and General Public (VC) programs for the year ended June 30, 2019. The Statement of Expenditures for the year ended June 30, 2019 were audited by Vasquez & Vasquez, whose report, dated December 12, 2019, expressed an unmodified opinion.

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

On September 24, 2020, Metro Board of Directors approved the Fiscal Year 2021 Transit Fund Allocations in which additional CARES Act equivalent funding was made available to operators that participate in the Program. PVTA received \$413,822 in excess of the 25% operating costs cap.

See independent auditor's report and notes to the schedules

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pomona Valley Transportation Authority (PVTA) is located in La Verne, California, and was formed to provide and administer public transportation services to the residents of the Pomona Valley.

PVTA is a public entity organized in 1977 pursuant to Section 6500 of the Government Code of the State of California. PVTA was formed as a joint powers authority (JPA) whose members consist of the City of Claremont, the City of La Verne, the City of Pomona and the City of San Dimas. PVTA operates under a form of government, with the Board being comprised of two Directors appointed from each participating member.

Fund Accounting

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

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

Basis of Accounting

The operations of the PVTA are accounted for as an enterprise fund which uses the accrual basis of accounting. Accordingly, expenditures are recorded at the time liabilities are incurred.

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

The schedules of expenditures and revenues received from Metro reflect only certain elements of the financial statements (expenditures and revenues) for PVTA's Proposition A Discretionary Incentive Grant, and do not purport to, and do not present fairly the PVTA's financial statements or total revenues and expenditures as of and for the year ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 ANNUAL FUNDMARK

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

NOTE 3 ANNUAL FUNDMARK (CONTINUED)

Each fiscal year, the Los Angeles County Metropolitan Authority (Metro) (grantor) will establish an “annual fundmark” for the Grantee’s share of the Program Funds for the Sub-Regional Paratransit Program to the extent funds are available. As such, the grantor approved the annual allocation of \$1,292,088 in FY 2021, which include additional CARES Act funding of \$413,822. See Note 4.

NOTE 4 GENERAL AND ADMINISTRATIVE CONDITIONS

Memorandum of Understanding for Sub-Regional Paratransit Services

On July 1, 2016, Metro and PVTA entered into a Memorandum of understanding (MOU.PA5POMVT), which is effective through June 30, 2021.

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

- 1) Grantee shall use program funds to provide certain specialized transportation services known as the Pomona Valley Transportation Authority Elderly & Disabled (Get About) and General Public (VC) programs to eligible paratransit users as coordinated transportation programs.
- 2) Grantee shall document coordination activities with existing transit services and with participating local governments. This documentation shall consist of executed agreements, joint resolutions, and/or approved implementation plans.
- 3) Grantee shall submit invoices quarterly requesting reimbursement. Grantor shall pay 25% of the reasonable and allowable costs not to exceed the annual allocation.

On September 24, 2020, the Metro Board approved the Fiscal Year 2021 Transit Fund Allocations in which additional CARES Act equivalent funding was made available to operators that participate in the Program. Metro recognizes the need for additional funding of participating operators as a result of the COVID-19 pandemic. PVTA received \$413,823 in excess of the 25% operating costs cap.

For the fiscal year 2020/21, PVTA received quarterly reimbursements totaling \$1,292,088 which were committed to PVTA's programs described above.

NOTE 5 PROPOSITION A DISCRETIONARY INCENTIVE GRANT

Recording

Proposition A Discretionary Incentive Grant totaling to \$1,292,088 for the year ended June 30, 2021 was recorded under the Proposition A Discretionary Incentive Grant and represents the only Proposition A Discretionary Incentive Grant received by PVTA.

Compliance

The incentive funds were used to supplement Proposition A and Proposition C operating expenses to pay for transit services operated by American Cab, LLC, and First Transit, Inc. who also operated the Pomona Valley Transportation Authority's Get About and VC programs, which are eligible projects under the Proposition A Discretionary Incentive Grant Program Guidelines.

NOTE 6 IMPACT OF CORONAVIRUS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. However, PVTA's management believes that the financial impact, if any, will not materially affect the June 30, 2021 Schedules.

NOTE 7 SUBSEQUENT EVENTS

The PVTA has evaluated events subsequent to June 30, 2021 to assess the need for potential recognition or disclosure in the Schedules. Such events were evaluated through November 9, 2021, the date the Schedules were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the Schedules.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying schedules of expenditures and revenues received from Metro (Schedules) as defined by the Proposition A Discretionary Incentive Grant Program Guidelines and the Memorandum of Understanding for Sub-Regional Paratransit Services (MOU.PA5POMVT) dated July 1, 2016 between Pomona Valley Transportation Authority (PVTA), as grantee, and the Los Angeles County Metropolitan Transportation Authority, as grantor for the year ended June 30, 2021, and the related notes to the Schedules, and have issued our report thereon dated November 9, 2021.

Internal Control over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the PVTA'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 PVTA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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**Glendale, California
November 9, 2021**

COMPLIANCE SECTION

Independent Auditor's Report On Compliance

To the Board of Directors of the Pomona Valley Transportation Authority And the Los Angeles County Metropolitan Transportation Authority

Report on Compliance

We have audited the Pomona Valley Transportation Authority's (PVTA) compliance with the Proposition A Discretionary Incentive Grant Program Guidelines and the Memorandum of Understanding for Sub-Regional Paratransit Services (MOU.PA5POMVT) dated July 1, 2016 (collectively, the Guidelines) for the year ended June 30, 2021.

Management's Responsibility for the Schedules

Management is responsible for the PVTA's compliance with the Guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the PVTA's compliance with the Guidelines based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the PVTA's compliance with the Guidelines occurred. An audit includes examining, on a test basis, evidence about PVTA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the PVTA's compliance with the Guidelines.

Opinion

In our opinion, the Pomona Valley Transportation Authority complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Discretionary Incentive Grant for the year ended June 30, 2021.



Report on Internal Control over Compliance

Management of the PVTA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the PVTA's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the PVTA's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "Vasquez & Company LLP".

**Glendale, California
November 9, 2021**

**Pomona Valley Transportation Authority
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirement		In Compliance		Questioned Costs	If no, provided details and management response
		Yes	No		
A. Proposition A Discretionary Incentive Grant					
1.	Memorandum of Understanding covers the period under audit.	X			
2.	Expenditures were used for projects in accordance with Contractual Agreement.	X			
3.	Joint Powers Authority - Governing Body has earmarked funds / committed funds.	X			
4.	Maintenance of effort more than 1/2 of allocated Proposition A and Proposition C Local Return Funds were spent or encumbered as of the year ending date.	N/A			Not applicable, PVTA did not directly receive any Local Return Funds.
5.	Grant did not exceed 25% of Total Operating Costs.	X			Due to the recognized needs of participating operators as a result of the COVID-19 pandemic, Metro provided funding that exceeded the 25% of operating costs cap. PVTA received additional CARES Act funding of \$413,822 that is in excess of the 25% operating costs cap.
B. Memorandum of Understanding					
1.	Amount received did not exceed Annual Fundmark.	X			
2.	Accounting records and documentation sufficient enough to prepare financial statements (schedule of expenditures).	X			
3.	Ability to demonstrate that funds were spent on operating subsidies. Received the lesser of 25% of Annual Fundmark or 25% of Dial-A-Ride net operating costs.	X			

See independent auditor's report on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Pomona Valley Transportation Authority
Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

There were no findings noted.

EXIT CONFERENCE

**Pomona Valley Transportation Authority
Proposition A Discretionary Incentive Grant
Exit Conference
Year ended June 30, 2021**

An exit conference was held on November 9, 2021 with the Pomona Valley Transportation Authority (PVTA) representative. Those in attendance were:

Vasquez and Company LLP representative:
Marialyn Salvador – Audit Senior Manager

PVTA's representative:
George Sparks – Administrator

Matters discussed:

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

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

George Sparks – Administrator



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