

**AGENDA  
PALOS VERDES PENINSULA TRANSIT AUTHORITY  
REGULAR MEETING  
December 10, 2020**

**NOTE: PUBLIC PARTICIPATION INFORMATION**

*Pursuant to the Governor's Executive Order N-29-20, Board Members will be participating via teleconference.*

*Members of the public may listen to the meeting live by calling: (1-669-900-6833) from any phone, Meeting ID: 933 7180 2768, Meeting Password: 930701. (Please note you will not have the ability to speak using the call-in option from a phone line.)*

*Public correspondence may be emailed to transit@pvtransit.net. Emails received before 5:00 p.m. the night of the Board meeting will be forwarded to the Board of Directors for their consideration and included as part of the record.*

*- Members of the public who wish to speak during this meeting may join the Zoom meeting by accessing the Zoom app from a computer (downloaded at Zoom.com) or tablet or phone (downloaded in the App Store), by entering the following credentials: Meeting ID: 933 7180 2768, Meeting Password: 930701. Members of the public who join the Zoom meeting will not have video, and may request to speak using the following process: After joining the Zoom meeting, if you wish to speak, please select the "raise hand" option at the lower portion of your screen. A staff member will send you a chat message to identify which item on the agenda you would like to speak on and will unmute your mic at the appropriate time.*

**Time Estimates: The time noted next to an agenda item is only an estimate of the amount of time that will be spent during the meeting on that particular item. Accordingly, these estimates should not be relied on in determining when a matter will be heard, especially since agenda items are often re-ordered during a meeting and may be discussed at any time.**

**6:00 P.M. REGULAR SESSION**

(5 mins) **CALL TO ORDER:**

**ROLL CALL:**

**FLAG SALUTE:**

**CONFIRM POSTING OF THE AGENDA BY ROLLING HILLS ESTATES CITY CLERK:**

**PUBLIC COMMENTS:** (All matters listed under the Consent Calendar are considered to be routine and will be enacted by one vote. There will be no discussion of these items unless members of the Board request specific items to be removed from the Consent Calendar for separate action.)

If you need special assistance to participate in an Authority meeting under the Americans with Disabilities Act (ADA) or as a person with limited English proficiency (LEP) under Executive Order 13166, please contact the Secretary (310-544-7108) with request for reasonable accommodation at least forty-eight hours prior to the meeting.

(5 mins) **APPROVAL OF CONSENT CALENDAR (1-6):**

1. Register of Standing demands and Previously Authorized demands under Resolution 94/95-01 and per attached listing:

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	<b>Checks</b>	<b>Amount</b>
Sep.	7872-7888	\$116,306.25
Oct.	7889-7904	\$107,672.25
Nov.	7905-7922	\$368,711.75
<b>TOTAL</b>		<b>\$592,690.25</b>

2. Approval of September 24, 2020 Board Minutes Page 6
3. Administrative Services Co-Op Contract Extension Page 9
4. Operations Report as of October 31, 2020 Page 11
5. Financial Statements as of September 30, 2020 Page 14

**Recommendation:** Approve Consent Calendar items

(10 mins) **ADMINISTRATOR REPORT:**

(45 mins) **REGULAR BUSINESS:**

**I. NEW BUSINESS**

1. Fiscal Year 2019-2020 Audit Report Page 18  
**Recommendation:** Approve FY 19-20 Audit Report.

**II. OLD BUSINESS**

1. PV Office Internet Service Verbal

(5 mins) **FUTURE AGENDA ITEMS:** (This section of the agenda is designated for individual Board Members to request that an item be placed on a future PVPTA meeting agenda.)

**(10 mins) CHAIR AND MEMBER ITEMS REPORT:**

**ADJOURNMENT: Rolling Hills Estates City Hall, April 22, 2021**

**Palos Verdes Peninsula Transit Authority**  
**Checks Written for Month**  
**September-November 2020**

	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Paid Amount</u>
<b>Sep 20</b>	09/22/2020	7872	William Barnes	Dial-A-Ride Voucher Refund	\$ 48.00
	09/22/2020	7873	Administrative Services Co-Op	Dial-A-Ride Service, August 2020	\$ 5,788.52
	09/22/2020	7874	Alltech of Lomita, Inc.	Invoice 18612, Computer Maintenance	\$ 332.50
	09/22/2020	7875	AT&T	Account No. 0206360576001	\$ 65.47
	09/22/2020	7876	Clean Energy	CE12326613 August 2020 CNG Fuel	\$ 6,196.82
	09/22/2020	7877	County Sanitation Districts of LA County	Parking Lot Lease	\$ 7,963.45
	09/22/2020	7878	Frontier Communications7108	310 544-7108-062795-5	\$ 337.70
	09/22/2020	7879	Hardy and Harper, Inc.	Invoice 46738, Bus Stop Sign Installations	\$ 6,000.00
	09/22/2020	7880	MV Transportation, Inc.	August 2020 Invoice 109461	\$ 67,170.28
	09/22/2020	7881	Q Document Solutions Inc.	Copier Maintenance	\$ 82.85
	09/22/2020	7882	ReadyRefresh by Nestle	Account 0024293722	\$ 29.97
	09/22/2020	7883	Temps Incorporated	Bus Parking Lot Security	\$ 3,036.65
	09/22/2020	7884	Wells Fargo	Acct 4484610008047386	\$ 39.99
	09/22/2020	7885	White Wings Cleaning Service	Invoice 8032	\$ 110.00
	09/30/2020	7886	Mobility Advancement Group	Administrative Services for September 2020	\$ 17,334.37
	09/30/2020	7887	Cal Act	Invoice CV060, Annual Membership	\$ 94.68
	09/30/2020	7888	Palos Verdes On the Net	Invoice 2020-2021-1st Quarter	\$ 1,675.00
	<b>Sep 20</b>				

	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Paid Amount</u>
<b>Oct 20</b>	10/28/2020	7889	Administrative Services Co-Op	Invoice 9779 September 2020 Dial-A-Ride Service	6,094.57
	10/28/2020	7890	AT&T	Account No. 0206360576001	68.39
	10/28/2020	7891	Clean Energy	CE 12332417 September 2020 CNG Fuel	6,031.66
	10/28/2020	7892	County Sanitation Districts of LA County	Parking Lot Lease	7,963.45
	10/28/2020	7893	Creative Bus Sales	Sales Order 001260 Parts	1,737.81
	10/28/2020	7894	Darold D. Pieper	Legal Services	385.00
	10/28/2020	7895	Frontier Communications7108	Phone and Internet	680.91
	10/28/2020	7896	MV Transportation, Inc.	September 2020 Fixed Route Service	60,537.28
	10/28/2020	7897	PitneyBowes Global Financial Services	Account 0015571055 Invoice 3104239814	296.88
	10/28/2020	7898	Q Document Solutions Inc.	Copier Maintenance	81.70
	10/28/2020	7899	ReadyRefresh by Nestle	Account 0024293722	34.97
	10/28/2020	7900	Temps Incorporated	Parking Lot Security	5,420.11
	10/28/2020	7901	Wells Fargo	Acct 4484610008047386	61.21
	10/28/2020	7902	White Wings Cleaning Service	Invoice 8045	110.00
	10/29/2020	7903	Mobility Advancement Group	Administrative Services for October 2020	17,334.37
	10/29/2020	7904	Palos Verdes Peninsula Unified School Dst	Invoice October 2020-1032, October 2020-1031	833.94
<b>Oct 20</b>					<b>107,672.25</b>

	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Paid Amount</u>
<b>Nov 20</b>	11/17/2020	7905	Ronda A Bach	Dial-A-Ride Refund	246.00
	11/17/2020	7906	Betsy Kring	Dial-A-Ride Refund	90.00
	11/17/2020	7907	A-Z Bus Sales, Inc.	Seat Guards	521.00
	11/17/2020	7908	Administrative Services Co-Op	Invoice 10066 October 2020 Dial-A-Ride Service	6,781.92
	11/17/2020	7909	AT&T	Account No. 0206360576001	121.37
	11/17/2020	7910	Cal Act	2021 Membership renewal	620.00
	11/17/2020	7911	City of Cudahy	Prop A. Fund Exchange	234,975.00
	11/17/2020	7912	CKG Communications	Marketing Services	375.00
	11/17/2020	7913	Clean Energy	CE 12340347 October 2020 CNG Fuel	6,148.64
	11/17/2020	7914	County Sanitation Districts of LA County	Bus Parking Lot Lease	8,202.35
	11/17/2020	7915	Gayle Albin-Bailey	Accounting Services	656.25

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**Palos Verdes Peninsula Transit Authority**  
**Checks Written for Month**  
**September-November 2020**

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Paid Amount</u>
11/17/2020	7916	MV Transportation, Inc.	October 2020 Fixed Route Service	90,985.51
11/17/2020	7917	PitneyBowes Global Financial Services	Postage Meter	63.60
11/17/2020	7918	Q Document Solutions Inc.	Copier Support	84.37
11/17/2020	7919	ReadyRefresh by Nestle	Account 0024293722	67.96
11/17/2020	7920	Temps Incorporated	Bus Parking Lot Security	1,412.41
11/17/2020	7921	Wells Fargo	Acct 4484610008047386	26.00
11/30/2020	7922	Mobility Advancement Group	Administrative Services for November 2020	17,334.37
<b>Nov 20</b>				<b><u>368,711.75</u></b>

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**MINUTES**  
**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
**Thursday, September 24, 2020**

The meeting was called to order at 6:03 pm by Chairperson Lozzi.

**REGULAR SESSION**

Board roll call was answered as follows:

**PRESENT:** Victoria Lozzi, PVE; David Bradley, RPV; Steve Zuckerman, RHE

**ABSENT:** Ken Dyda, RPV, Michael Kemps, PVE; Velveth Schmitz, RHE

Also present were Martin Gombert, PVPTA; Jessica Slawson, RHE; Ron Drago, RPV

**CONFIRM POSTING OF THE AGENDA BY ROLLING ESTATES CITY CLERK**

City of Rolling Hills Estates confirmed the posting of the Authority Agenda.

**APPROVAL OF CONSENT CALENDAR (1-5)**

Member Zuckerman requested that the check listing be shown in portrait mode.

Member Zuckerman moved approval of the Consent Calendar, seconded by Member Bradley.

The motion passed on the following roll call vote:

**AYES:** Zuckerman, Lozzi, Bradley

**NOES:** None

**ABSENT:** Dyda, Kemps, Schmitz

**PUBLIC COMMENTS: (Audience Comments regarding Items not on the Agenda)**

None

**ADMINISTRATOR REPORT**

Administrator Gombert made a presentation on COVID 19 impacts to PV Transit,

## NEW BUSINESS

### 1. Election Day Transportation

Member Bradley moved approval of the recommendation, seconded by member Zuckerman. The motion passed on the following roll call vote:

The motion passed on the following roll call vote:

**AYES:** Zuckerman, Lozzi, Bradley

**NOES:** None

**ABSENT:** Dyda, Kempfs, Schmitz

### 2. Amendment Number Three with MV Transportation

Administrator Gombert presented the staff report and noted while the contract could be extended for three additional years beyond the base period, both parties agreed on a nine-month extension through June 30, 2021.

There were several questions from Board Members. Several Board Members commented that MV Transportation should make some contribution to the continuation of benefits for furloughed workers.

Member Bradley made an amendment to the proposed Extended Pandemic Benefit. He proposed that it be limited to 80% of the furloughed employee benefit costs, not to exceed \$6,640 per month, effective from July 1, 2020 through June 30, 2021.

Member Bradley moved approval of the Agreement with MV Transportation, seconded by Member Zuckerman, with the following changes to the recommendation:

~~October 1, 2020~~ **June 30, 2020** through June 30, 2021

Up to ~~\$8,300~~ **\$6,640** per month for Extended Pandemic Benefit *that would be 80% of MV Transportation's share of health benefits for furloughed employees.*

The motion passed on the following roll call vote:

**AYES:** Zuckerman, Lozzi, Bradley

**NOES:** None

**ABSENT:** Dyda, Kempfs, Schmitz

### 3. Charter Rates for Community Groups

Member Zuckerman moved approval of the staff recommendation, seconded by Member Bradley.

The motion passed on the following roll call vote:

**AYES:** Zuckerman, Lozzi, Bradley

**NOES:** None

**ABSENT:** Dyda, Kemps, Schmitz

### **OLD BUSINESS**

#### South Bay Fiber Network

Administrator Gombert provided an update and there was discussion. The item will be returned to the Board at the December Board Meeting.

### **FUTURE AGENDA ITEMS**

None

### **CHAIR AND MEMBER ITEMS REPORT**

Chair Lozzi ask about PVPUSD staff attending Authority meetings. Ms. Slawson, RHE said she would follow-up with the District.

### **ADJOURNMENT**

Chairperson Lozzi adjourned the meeting at 7:25 pm.



## MEMORANDUM

TO: AUTHORITY MEMBERS  
FROM: Martin Gombert, Administrator  
DATE: December 6, 2020  
SUBJECT: Administrative Services Cooperative (ASC) Contract Extension

### BACKGROUND

The current Agreement with our dial-a-ride provider Administrative Services Cooperative (ASC) expires on January 31, 2021. Amendment Number 16 would extend the existing Agreement through January 31, 2022 with no increase in fees.

### FISCAL IMPACT

Funding for this contract is contained in the Fiscal Year 2020-21 budget.

### RECOMMENDATION

Approve Amendment #16 with Administrative Services Cooperative.

**AMENDMENT NUMBER SIXTEEN (16)  
TO  
ADMINISTRATIVE SERVICES COOPERATIVE**

**February 17, 2005 Agreement**

This amendment to the February 17, 2005 Agreement is made and entered into by and between the PALOS VERDES PENINSULA TRANSIT AUTHORITY, hereinafter referred to as "Authority", and ADMINISTRATIVE SERVICES COOPERATIVE, hereinafter referred to as "ASC".

**WITNESSETH**

Whereas, on February 17, 2005, Authority and ASC entered into an Agreement to provide transportation to senior and disabled persons; and

WHEREAS, said Agreement can be extended on an annual basis each year, with periodic amendments to modify the amount to be expended; and

NOW, THEREFORE, in consideration of the mutual covenants in said Agreement and the welfare of the above mentioned persons, Authority and ASC agree to revise the Agreement, as amended, as follows:

Section 6-Term: The first sentence shall read as follows:

This Agreement shall commence on ~~January 31, 2020~~ **January 31, 2021** and end on ~~January 31, 2021~~ **January 31, 2022**, unless the Authority and ASC agree to extend it for an additional term not to exceed one (1) year after the initial termination date.

Section 4-Compensation: The first paragraph shall read as follows:

The Authority shall pay ASC the actual amount of the taxicab fare for each ride. The compensation paid by the Authority shall be the actual amount of the taxicab fare to the approved location, and eligible person will not be required to pay ASC. The standard cab rate shall be **\$2.85** at boarding, **\$2.70** per mile after boarding, (partial miles will be assessed at 10ths of a mile) and **\$29.19** per hour traffic delay/waiting time. The standard rate for dial-a-lift service shall be \$20.00 flag drop and be **\$2.70** per mile with traffic delay/waiting time established at **\$29.19** per hour traffic delay/waiting time.

The above rates will be adjusted when changes are made to the taxi rates by the City of Los Angeles Department of Transportation. The new rates will be effective the same date as the City of Los Angeles'. The dial-a-lift rates will be adjusted the same percentage as the change in taxi rates.

Except as herein and previously amended, the Agreement shall remain in full force and effect.

This Amendment shall become effective as of the date it is approved by the Authority.

IN WITNESS THEREOF, the parties hereto have caused this Amendment Number SIXTEEN to be executed by their respective Officers, duly authorized, by the Authority on **December 10, 2020** and by ASC on \_\_\_\_\_.

**ADMINISTRATIVE SERVICES COOPERATIVE**

Date \_\_\_\_\_ By \_\_\_\_\_

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**

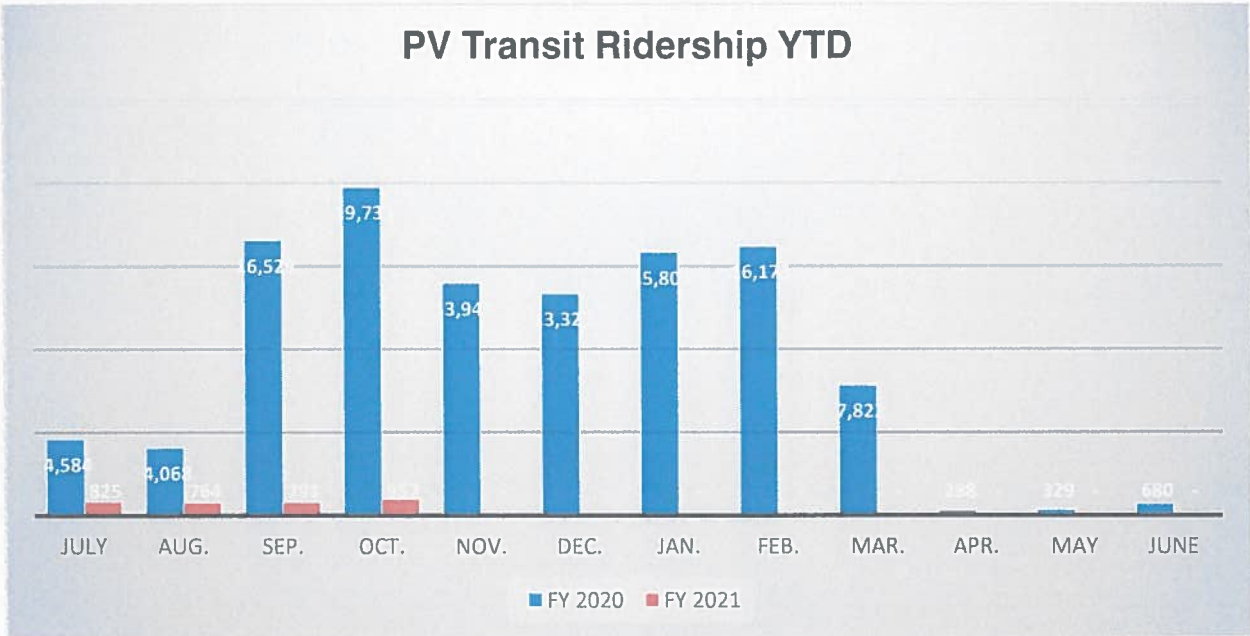
Date \_\_\_\_\_ By \_\_\_\_\_

# MEMORANDUM

TO: AUTHORITY MEMBERS  
FROM: Martin Gombert, Administrator  
DATE: December 6, 2020  
SUBJECT: Operations Report for the period ending October 31, 2020.

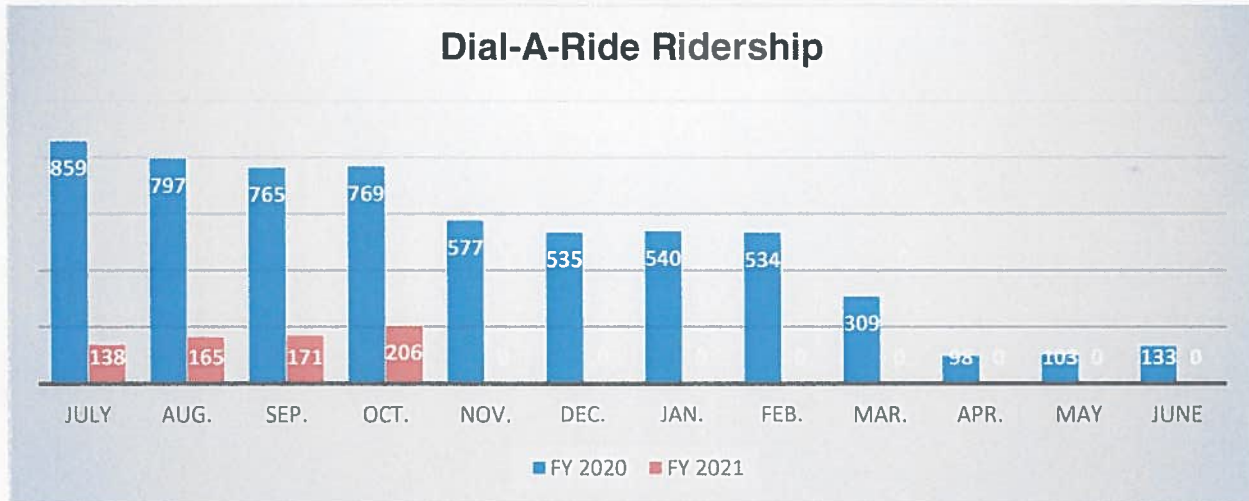
## PV TRANSIT

PV Transit ridership totaled 3,337 for Fiscal Year 20-21, a 93% decrease over previous years totals. Only Route 225-226 is currently operating.



## DIAL-A-RIDE

Dial-A-Ride ridership totaled 680 for Fiscal Year 20-21, an 79% decrease over previous year's totals. Senior citizens have drastically cutback on using dial-a-ride service to travel to medical appointments in Torrance and Lomita locations.

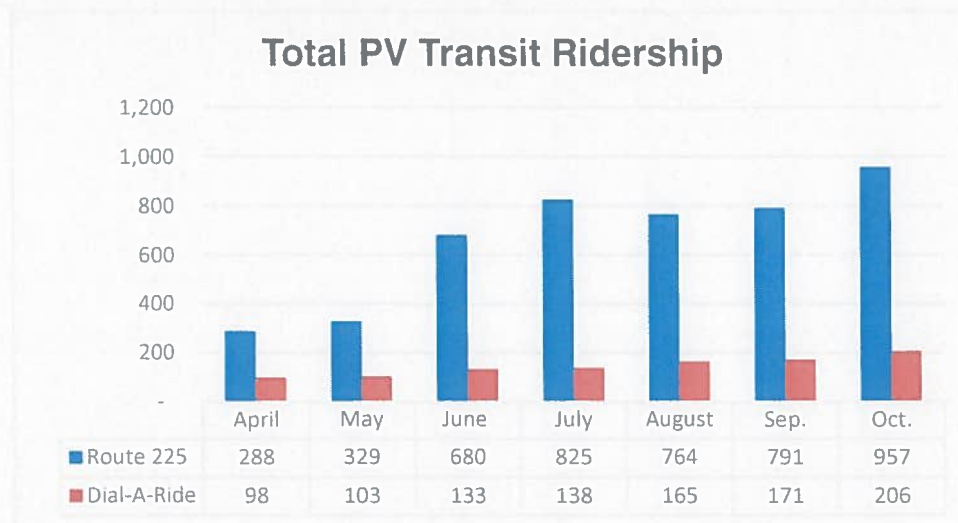


## GOVERNMENT RELATIONS

During the past three months staff has attended virtual meetings of Metro's Local Transit Service Subcommittee (LTSS), Access Services Board Meetings, and Metro's Bus Operations Subcommittee (BOS).

## SERVICE UPDATE

Ridership on Dial-A-Ride and Route 225-226 has slowly been increasing since April 2020 as shown by the graph below.



**RECOMMENDATION**

Receive and file report.

**MEMORANDUM**

TO: AUTHORITY MEMBERS  
FROM: Martin Gombert, Administrator  
DATE: December 6, 2020  
SUBJECT: Financial Statements for the period ending September 30, 2020

Attached are the *draft* Financial Statements for the period ending September 30, 2020.

The first report presented is Management Analysis-Budget vs. Actual. The results of this report are analyzed below. The following two reports are Profit and Loss YTD Comparison and Balance Sheet generated by the Quick Books accounting software. These reports have been modified to show previous year comparison as requested by Board Members.

**Budget vs. Actual**

Total expenses through September 30, 2020 totaled \$404,517, 22.22% below budgeted amounts.

Fixed Route and dial-a-ride operating fees were \$77,176 below budget due to the significant cutback in service as a result of Covid 19 pandemic.

**Charges for Services**

Passenger revenue totaled \$4,875 the fiscal year. This was \$124,995 below budget (-96.25%).

**Government Revenue**

PV Transit is current with all grant payments from member agencies as of September 30, 2020.

Attachments  
-Financial Statements

**Palos Verdes Peninsula Transit Authority**  
**Management Analysis**  
**Budget vs. Actual**  
YTD September 30, 2020

	<u>YTD 9/30/20</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% Diff</u>
<b>Operating Revenue</b>				
<b>Charges for Services</b>				
Fixed Route	\$ 1,999	\$ 113,120	\$ (111,121)	-98.23%
Dial-A-Ride	\$ 2,876	\$ 15,000	\$ (12,124)	-80.83%
Advertising	\$ -	\$ 1,250	\$ (1,250)	-100.0%
Charters	\$ -	\$ 500	\$ (500)	0.0%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,875</b>	<b>\$ 129,870</b>	<b>\$ (124,995)</b>	<b>-96.25%</b>
<b>Operating Expenses</b>				
<b>Operator Fees</b>				
Fixed Route	\$ 208,738	\$ 259,247	\$ (50,509)	-19.48%
Dial-A-Ride	\$ 17,083	\$ 43,750	\$ (26,667)	-60.95%
<b>Subtotal</b>	<b>\$ 225,821</b>	<b>\$ 302,997</b>	<b>\$ (77,176)</b>	<b>-25.47%</b>
<b>Contract Administration</b>	<b>\$ 51,853</b>	<b>\$ 52,800</b>	<b>\$ (947)</b>	<b>-1.79%</b>
<b>Fuel Purchases</b>	<b>\$ 18,955</b>	<b>\$ 37,620</b>	<b>\$ (18,665)</b>	<b>-49.62%</b>
<b>Marketing and Promotions</b>	<b>\$ 2,139</b>	<b>\$ 9,500</b>	<b>\$ (7,361)</b>	<b>-77.48%</b>
<b>Facility Leasing</b>	<b>\$ 22,797</b>	<b>\$ 24,249</b>	<b>\$ (1,452)</b>	<b>-5.99%</b>
<b>Other operating Expenses</b>	<b>\$ 31,682</b>	<b>\$ 27,437</b>	<b>\$ 4,246</b>	<b>15.47%</b>
<b>Depreciation</b>	<b>\$ 51,270</b>	<b>\$ 65,479</b>	<b>\$ (14,209)</b>	<b>-21.7%</b>
<b>Subtotal</b>	<b>\$ 178,696</b>	<b>\$ 217,085</b>	<b>\$ (38,389)</b>	<b>-17.68%</b>
<b>TOTAL EXPENSE</b>	<b>\$ 404,517</b>	<b>\$ 520,082</b>	<b>\$ (115,565)</b>	<b>-22.22%</b>
<b>OPERATING LOSS</b>	<b>\$ (399,642)</b>	<b>\$ (390,212)</b>	<b>\$ (9,430)</b>	<b>2.42%</b>

**Palos Verdes Peninsula Transit Authority**  
**Balance Sheet Prev Year Comparison**  
As of September 30, 2020

	<u>Sep 30, 20</u>	<u>Sep 30, 19</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
101.00 · Cash and cash equivalents	2,427,747.05	1,240,756.07	1,186,990.98	95.67%
<b>Total Checking/Savings</b>	<u>2,427,747.05</u>	<u>1,240,756.07</u>	<u>1,186,990.98</u>	<u>95.67%</u>
<b>Accounts Receivable</b>				
120.00 · Due from other governments	128,923.75	492,669.00	-363,745.25	-73.83%
<b>Total Accounts Receivable</b>	<u>128,923.75</u>	<u>492,669.00</u>	<u>-363,745.25</u>	<u>-73.83%</u>
<b>Other Current Assets</b>				
140.00 · Prepaid Expense	67,768.38	82,928.04	-15,159.66	-18.28%
1499 · Undeposited Funds	34.00	7,634.00	-7,600.00	-99.56%
<b>Total Other Current Assets</b>	<u>67,802.38</u>	<u>90,562.04</u>	<u>-22,759.66</u>	<u>-25.13%</u>
<b>Total Current Assets</b>	<u>2,624,473.18</u>	<u>1,823,987.11</u>	<u>800,486.07</u>	<u>43.89%</u>
<b>Fixed Assets</b>				
212.00 · Accum. Depreciation - Vehicles	-3,951,734.82	-3,695,759.82	-255,975.00	-6.93%
212.10 · Accum Deprec Infrastructures	-10,688.17	-9,644.17	-1,044.00	-10.83%
15900 · Leasehold Improvements	12,449.00	12,449.00	0.00	0.0%
16400 · Vehicles	4,684,655.06	4,682,917.25	1,737.81	0.04%
<b>Total Fixed Assets</b>	<u>734,681.07</u>	<u>989,962.26</u>	<u>-255,281.19</u>	<u>-25.79%</u>
<b>TOTAL ASSETS</b>	<u><u>3,359,154.25</u></u>	<u><u>2,813,949.37</u></u>	<u><u>545,204.88</u></u>	<u><u>19.38%</u></u>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
310.00 · Vouchers Payable	79,434.69	172,216.21	-92,781.52	-53.88%
<b>Total Accounts Payable</b>	<u>79,434.69</u>	<u>172,216.21</u>	<u>-92,781.52</u>	<u>-53.88%</u>
<b>Credit Cards</b>				
315.00 · Wells Fargo Business Card	-466.17	-377.68	-88.49	-23.43%
<b>Total Credit Cards</b>	<u>-466.17</u>	<u>-377.68</u>	<u>-88.49</u>	<u>-23.43%</u>
<b>Total Current Liabilities</b>	<u>78,968.52</u>	<u>171,838.53</u>	<u>-92,870.01</u>	<u>-54.05%</u>
<b>Long Term Liabilities</b>				
355.00 · Deferred Rent	5,601.26	8,258.00	-2,656.74	-32.17%
<b>Total Long Term Liabilities</b>	<u>5,601.26</u>	<u>8,258.00</u>	<u>-2,656.74</u>	<u>-32.17%</u>
<b>Total Liabilities</b>	<u>84,569.78</u>	<u>180,096.53</u>	<u>-95,526.75</u>	<u>-53.04%</u>
<b>Equity</b>				
3900 · Retained Earnings	3,669,985.07	3,329,083.85	340,901.22	10.24%
Net Income	-395,400.60	-695,231.01	299,830.41	43.13%
<b>Total Equity</b>	<u>3,274,584.47</u>	<u>2,633,852.84</u>	<u>640,731.63</u>	<u>24.33%</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>3,359,154.25</u></u>	<u><u>2,813,949.37</u></u>	<u><u>545,204.88</u></u>	<u><u>19.38%</u></u>

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**Palos Verdes Peninsula Transit Authority**  
**Profit & Loss Prev Year Comparison**  
 July through September 2020

	<u>Jul - Sep 20</u>	<u>Jul - Sep 19</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
500.00 · Charges for Services	4,874.99	119,635.55	-114,760.56	-95.93%
<b>Total Income</b>	<u>4,874.99</u>	<u>119,635.55</u>	<u>-114,760.56</u>	<u>-95.93%</u>
<b>Expense</b>				
621.03 · Facility Leasing	22,796.61	23,214.50	-417.89	-1.8%
620.00 · Operator fees	225,821.30	288,871.22	-63,049.92	-21.83%
660.00 · Marketing and promotions	2,139.25	5,017.00	-2,877.75	-57.36%
650.00 · Fuel Purchases	18,954.63	42,340.36	-23,385.73	-55.23%
640.00 · Depreciation	51,270.00	68,583.00	-17,313.00	-25.24%
630.00 · Contract administration	51,853.11	34,568.74	17,284.37	50.0%
680.00 · Other Operating Expense	31,682.48	24,820.42	6,862.06	27.65%
<b>Total Expense</b>	<u>404,517.38</u>	<u>487,415.24</u>	<u>-82,897.86</u>	<u>-17.01%</u>
<b>Net Ordinary Income</b>	<u>-399,642.39</u>	<u>-367,779.69</u>	<u>-31,862.70</u>	<u>-8.66%</u>
<b>Other Income/Expense</b>				
<b>Other Income</b>				
750.00 · City Prop A exchange	0.00	-336,750.00	336,750.00	100.0%
900.00 · Interest Income	4,241.79	9,298.68	-5,056.89	-54.38%
<b>Total Other Income</b>	<u>4,241.79</u>	<u>-327,451.32</u>	<u>331,693.11</u>	<u>101.3%</u>
<b>Net Other Income</b>	<u>4,241.79</u>	<u>-327,451.32</u>	<u>331,693.11</u>	<u>101.3%</u>
<b>Net Income</b>	<u><u>-395,400.60</u></u>	<u><u>-695,231.01</u></u>	<u><u>299,830.41</u></u>	<u><u>43.13%</u></u>
<b>Net Assets, Beginning of Year</b>	<u>3,669,985.07</u>	<u>3,329,083.85</u>		
<b>Net Assets, End of Year</b>	<u><u>3,274,584.47</u></u>	<u><u>2,633,852.84</u></u>		

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## **MEMORANDUM**

**TO:** AUTHORITY MEMBERS  
**FROM:** Martin Gombert, Administrator  
**DATE:** December 6, 2020  
**SUBJECT:** Fiscal Year 2019-2020 Audit Report

### **BACKGROUND**

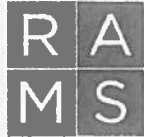
The firm of Rogers, Anderson, Malody, and Scott, LLP (RAMS) will present the Fiscal Year 19-20 audit report. A copy of the SAS 114 letter, Management Comment Letter, and Audit Report is attached.

### **RECOMMENDATION**

Receive and file the audit report.

**2020 Final SAS 114 Letter**

**FY '20 Annual Financial Audit**



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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**To the Board of Directors  
Palos Verdes Peninsula Transit Authority**

We have audited the financial statements of the Palos Verdes Peninsula Transit Authority (the Authority) as of and for the year ended June 30, 2020, and have issued our report thereon dated November 30, 2020. 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 March 12, 2020, 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 Authority'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.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**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.



## **Qualitative Aspects of the Authority'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. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. 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 depreciation expense is based on the useful lives of acquired assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the 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.

Disclosure of the effects of Covid-19 in the notes to the basic financial statements.

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. Management has corrected all such misstatements.

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. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### **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 November 30, 2020.

#### **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, operating and regulatory conditions affecting the Authority, 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 Management's Discussion and Analysis which is 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 schedule of revenues and expenses by category 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.

Honorable Board of Directors  
Palos Verdes Peninsula Transit Authority

*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.*

November 30, 2020



November 30, 2020

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

This representation letter is provided in connection with your audit of the Palos Verdes Peninsula Transit Authority (the Authority) of the basic financial statements as of June 30, 2020 and 2019, and for the years 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 that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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 November 30, 2020:

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated March 12, 2020, 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.
- 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.

P.O. Box 2656, Palos Verdes Peninsula, CA 90274

Voice 310-544-7108 [pvtransit@palosverdes.com](mailto:pvtransit@palosverdes.com)



- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 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.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position are properly classified.
- 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.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital 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 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 nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the Authority will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- 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.
- 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 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.
- 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).

#### **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.

Signature:           Martin Gombert          

Title: \_\_\_\_\_  
Martin Gombert, Administrator

**2020 Final Management Comment Letter**

**FY '20 Annual Financial Audit**



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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**Management**  
**Palos Verdes Peninsula Transit Authority**  
**Rolling Hills, California**

**PARTNERS**

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In planning and performing our audit of the financial statements of Palos Verdes Peninsula Transit Authority (the Authority) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 30, 2020 on the financial statements of the Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

During our audit procedures, we noted instances where pre-numbered checks were issued out of order. We recommend that the Authority implement a check log to ensure that the checks are used in chronological order.

During our audit procedures, we noted instances where vendor invoices were paid twice. We recommend that the Authority implement procedures to reduce the risk of this occurring again in the future.



We believe that the implementation of these recommendations will provide the Authority with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

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

Respectfully,

*Rogers, Anderson, Malody & Scott, LLP.*

November 30, 2020

**2020 Final Report**

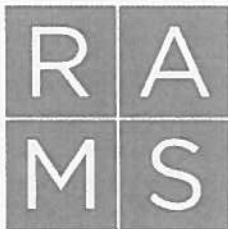
**FY '20 Annual Financial Audit**



# **PALOS VERDES PENINSULA TRANSIT AUTHORITY**

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

**For the Years Ended June 30, 2020 and 2019**



**ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948**

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Annual Financial Statements  
For the Years Ended June 30, 2020 and 2019

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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*Independent Auditor's Report*

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To the Board of Directors of the  
Palos Verdes Peninsula Transit Authority

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Palos Verdes Peninsula Transit Authority (the Authority) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

**PARTNERS**

Brenda L. Odle, CPA, MST  
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

**Management's Responsibility for the Financial Statements**

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**MANAGERS / STAFF**

Charles De Simoni, CPA  
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Louis Fernandez, CPA  
Abigail Hernandez Conde, CPA, MSA  
Zoe Xinlu Zhang, CPA, MSA

**Auditor's Responsibility**

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

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, 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 financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other 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 Schedules of Revenues and Expenses by Category are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenues and Expenses by Category 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 of Revenues and Expenses by Category 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 November 30, 2020, 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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
November 30, 2020

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Management's Discussion and Analysis  
For the Years Ended June 30, 2020 and 2019

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This section of the financial report of the Financial Report presents our discussion and analysis of the financial performance of the Palos Verdes Peninsula Transit Authority (Authority) for the fiscal years ended June 30, 2020 and 2019 and should be read in conjunction with the Authority's financial statements that begin on page 12. Descriptions and other details pertaining to the Authority are included in the notes to the financial statements (Notes). A reference to the Notes is indicated where applicable.

**OVERVIEW OF THE FINANCIAL REPORT**

The Authority's financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) practiced in the United States of America.

This financial report consists of management's discussion and analysis (MD&A) and the Authority's financial statements, which include the accompanying notes to the Authority's financial statements.

The *statement of net position* presents information on the Authority's assets and liabilities. The fund's total assets minus total liabilities result to the fund's *net position*. Net position indicates the net worth of the Authority. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the fund is improving or deteriorating.

The *statement of revenues, expenses and changes in net position*, present information that shows how the Authority's net position changed between the recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The *statement of cash flows* presents the cash provided and used by operating activities, as well as other cash sources and uses, including but not limited to, investment income, and capital assets additions and betterment.

The Management's Discussion and Analysis (MD&A) presents the financial position, highlights, and analysis of the Authority in a Condensed Statement of Net Position (Table I) and Condensed Statement of Revenues, Expenses and Change in Net Position (Table II), followed by an analysis of significant changes in major accounts of the Authority.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Management's Discussion and Analysis  
For the Years Ended June 30, 2020 and 2019

**Table I - Condensed Statement of Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>			
Current assets	\$ 3,022,498	\$ 2,693,133	\$ 1,959,335
Capital assets, net of accumulated depreciation	784,213	893,011	1,289,932
<b>Total assets</b>	<u>3,806,711</u>	<u>3,586,144</u>	<u>3,249,267</u>
<b>Liabilities</b>			
Current liabilities	136,726	257,061	120,991
<b>Total liabilities</b>	<u>136,726</u>	<u>257,061</u>	<u>120,991</u>
<b>Net Position</b>			
Net investment in capital assets	784,213	893,011	1,289,932
Unrestricted	2,885,772	2,436,072	1,838,344
<b>Total net position</b>	<u>\$ 3,669,985</u>	<u>\$ 3,329,083</u>	<u>\$ 3,128,276</u>

**Table II - Condensed Statement Revenues, Expenses and Changes in Net Position**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Operating revenues:</b>			
Charges for services	\$ 236,670	\$ 337,476	\$ 349,687
Route 225/226 operating support	627,693	618,852	611,725
Governmental sources	32,200	32,000	32,200
<b>Total operating revenues</b>	<u>896,563</u>	<u>988,328</u>	<u>993,612</u>
<b>Operating expenses:</b>			
Operator fees	1,836,589	1,951,064	1,969,484
Depreciation	274,332	396,921	388,914
Other operating expenses	155,595	136,155	110,431
<b>Total operating expenses</b>	<u>2,266,516</u>	<u>2,484,140</u>	<u>2,468,829</u>
<b>Operating loss</b>	<u>(1,369,953)</u>	<u>(1,495,812)</u>	<u>(1,475,217)</u>
<b>Nonoperating revenues (expenses):</b>			
Nonoperating revenues	2,047,605	2,089,619	1,952,490
Nonoperating expenses	(336,750)	(393,000)	(375,000)
<b>Total nonoperating revenues (expenses)</b>	<u>1,710,855</u>	<u>1,696,619</u>	<u>1,577,490</u>
<b>Change in net positions</b>	340,902	200,807	102,273
<b>Net position, beginning of year</b>	<u>3,329,083</u>	<u>3,128,276</u>	<u>3,026,003</u>
<b>Net position, end of year</b>	<u>\$ 3,669,985</u>	<u>\$ 3,329,083</u>	<u>\$ 3,128,276</u>

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
 Management's Discussion and Analysis  
 For the Years Ended June 30, 2020 and 2019

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**Assets**

***Current Assets***

Total current assets increased in 2020 by \$329,365 or 12.2%, compared to 2019, primarily due to the reduction in operating loss in FY '20 due to a reduction in service caused by the COVID 19 pandemic and an increase in contributions from participating member cities during the year. Total current assets increased in 2019 by \$733,798 or 37.5%, compared to 2018, primarily due to an increase in cash balances.

***Capital Assets***

The Authority's assets consist mainly of capital assets, which are twenty-five transit vehicles used in operations. The Authority's capital assets net book value as of June 30, 2020 was \$784,213, a 12.2% decrease compared to the prior year, and depreciation expense was \$274,332 for the year ended June 30, 2020. The total net book value decreased in 2019 due to depreciation expense.

The Authority replaces vehicles on a regular basis to reduce operating costs and ensure service reliability. The Federal Transit Administration's (FTA) guidelines for vehicle lifespan are a useful tool in estimating when to replace transit vehicles.

<u>Vehicle Type</u>	<u>Years of Service</u>	<u>Max. Mileage</u>	<u># in PV Fleet</u>
Large Buses	12	500,000	3
Medium Buses	10	350,000	2
Medium, Light-Duty	5	150,000	20

Historically the Authority has operated light-duty buses to approximately 200,000 miles before replacement. The Authority maintains a bus replacement schedule that's updated annually to determine vehicle replacement needs in coming years. An estimated eleven vehicles will be replaced between Fiscal Year 2020 and Fiscal Year 2023.

**Liabilities and Net Position**

***Long-Term Debt***

The Palos Verdes Peninsula Transit Authority has no long-term debt outstanding as of June 30, 2020 and 2019, respectively.

***Authority Net Position***

The Authority's net position increased in Fiscal Year 2020 primarily due to increase in Net Capital Assets impacted by the introduction of one new vehicles into the Authority's fleet. The Authority's net position increased in Fiscal Year 2018 primarily due to increase in Net Capital Assets impacted by the introduction of three new vehicles into the Authority's fleet.



**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Management's Discussion and Analysis  
For the Years Ended June 30, 2020 and 2019

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**Revenues, Expenses and Changes in Authority Net Position**

***Operating Revenues***

The Authority recovers the cost of transit operations and capital expenses through passenger fares and government contributions. The five components of revenue sources are:

*Passenger Fares:* The Authority's fixed route service charges the following fees for service:

- Adult Cash Fare = \$2.50
- Senior & Disabled Cash Fare = \$1.00
- Monthly Pass = \$79
- Semester Pass = \$295
- Annual Pass = \$590

The Authority's dial-a-ride services charges customers \$6 for a one-way trip on the Peninsula and \$12 for a one-way trip to surrounding cities for medical trips.

Advertising revenue is under \$5,000 per year.

*Member Contributions:* The Authority receives contributions from the three-member agencies. This contribution level was set in 1992 based on population. Member contributions come from different transportation funding sources including Local Return Funds administered by the Los Angeles County Metropolitan Transportation Authority (Proposition A, C, Measure R, Measure M) and South Coast Air Quality Management (SCAQMD) subvention funds. Contribution levels generally increase annually at the rate of increase in local return funds.

*Los Angeles County Department of Public Works (DPW):* The Authority receives two sources of funding from the DPW. \$32,200 is received annually for the operation of fixed route and dial-a-ride service in the unincorporated area of the Palos Verdes Peninsula (Academy Hills). \$376,000 is the annual contribution from the District 4 supervisor.

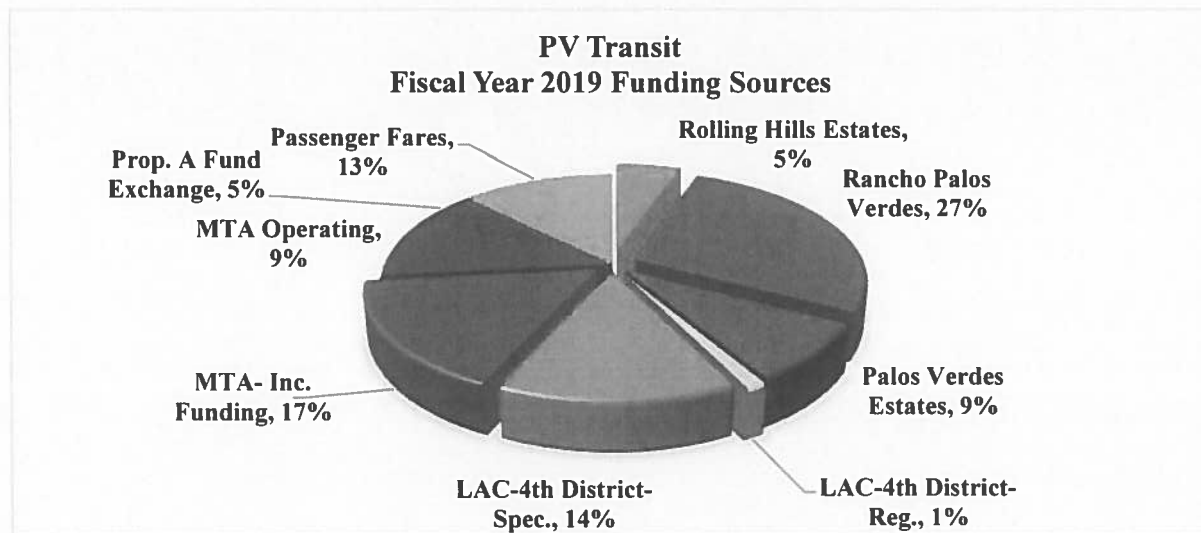
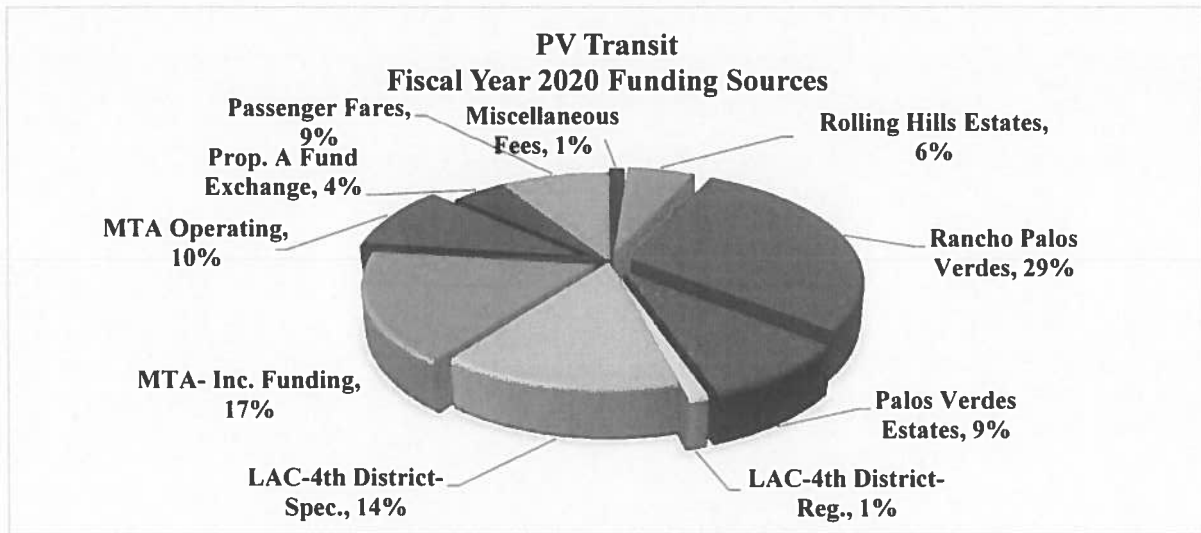
*Los Angeles County Metropolitan Transportation Authority (Metro) Proposition A Incentive Fund:* The Authority receives \$434,031 annually from Metro's Proposition A Incentive Fund. Funding is provided to dial-a-ride systems that provide service to multiple jurisdictions. The program is designed to reward agencies that combine their services and hopefully lower operating costs. Since the Authority was originally a general public dial-a-ride system until 1994, the Authority has been "grandfathered" into this funding source.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
 Management's Discussion and Analysis  
 For the Years Ended June 30, 2020 and 2019

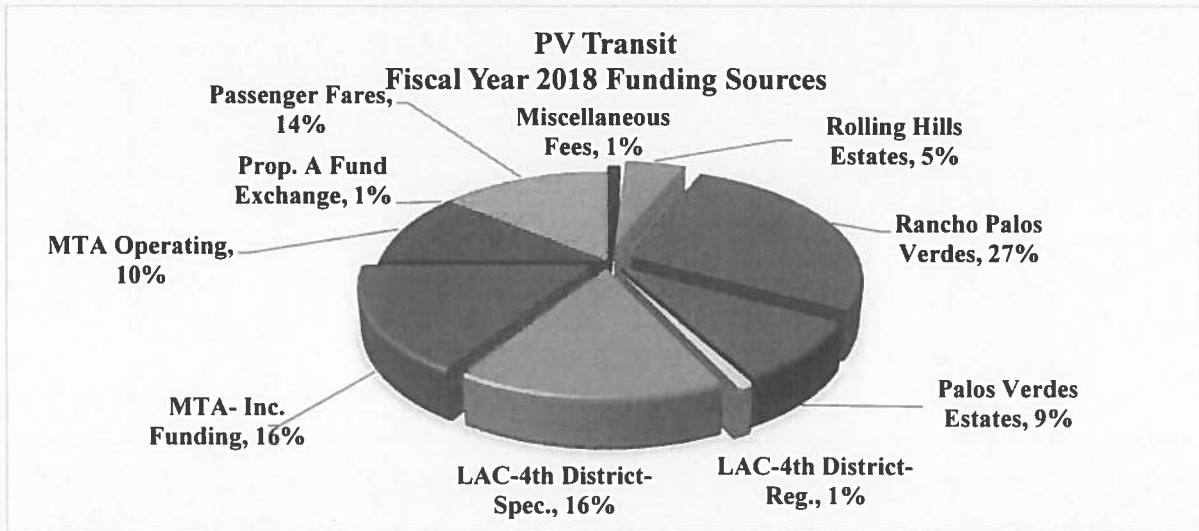
*Los Angeles County Metropolitan Transportation Authority (Metro) Route 225-226 Operating Funds:* In June 2006 the Authority assumed operation of Metro's Route 225-226 and has received annual operating funding since this time. The current operating agreement, which expires in 2021, provides \$251,693 in annual funding to the Authority.

*Proposition A Fund Exchange:* Over the past five years, the Authority has participated in Proposition A Fund Exchanges with the Cities of Bell, Cudahy, Hidden Hills, Palos Verdes Estates, and Rolling Hills. The Authority exchanges fare revenue with each respective City in exchange for Proposition A funds. The Authority gains funds at the rate of \$0.75 /\$1.00 and the respective Cities exchange transit funds for general funds.

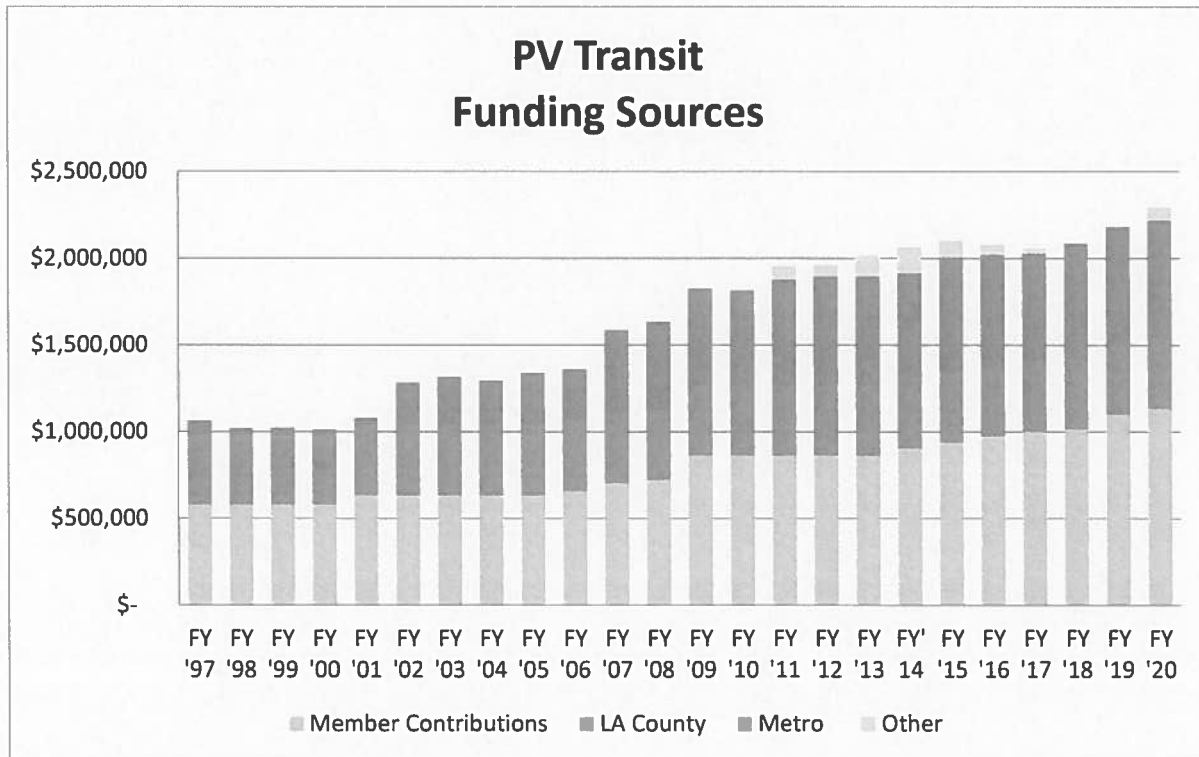
*Miscellaneous Fee:* These include interest revenue and advertising fees.



**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
 Management's Discussion and Analysis  
 For the Years Ended June 30, 2020 and 2019



During the last twenty years the Authority has diversified its sources of funding. There has been a significant increase in funding from Metro (operating and Incentive Funding) as well as revenue generated by Proposition A Fund exchanges.

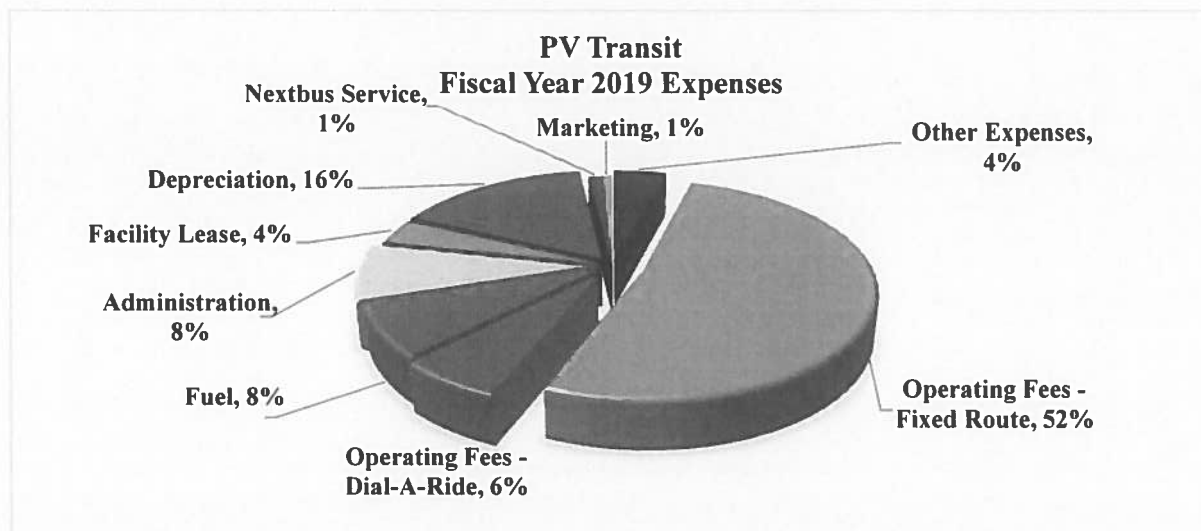
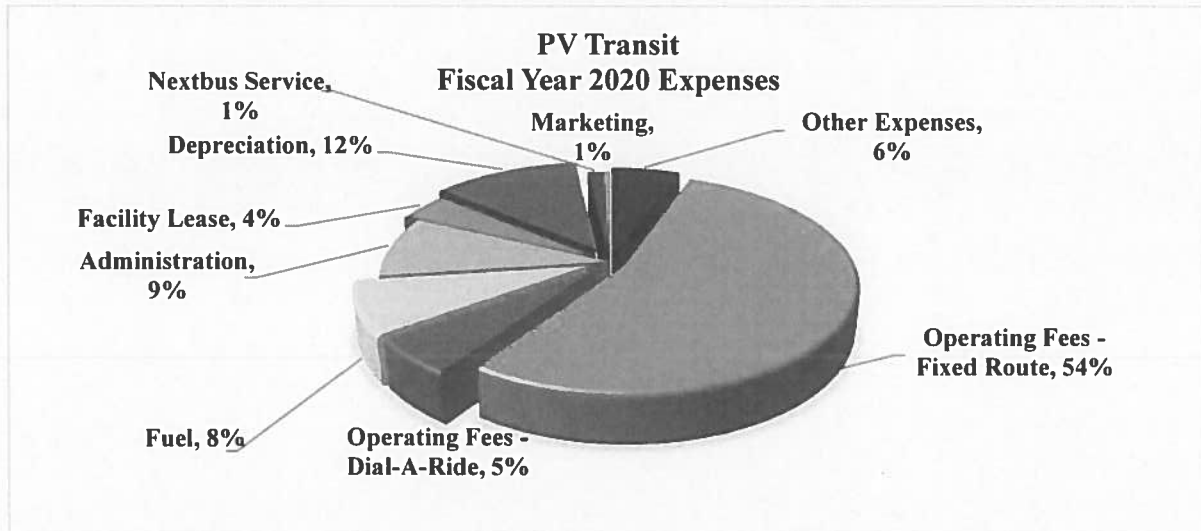


**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
 Management's Discussion and Analysis  
 For the Years Ended June 30, 2020 and 2019

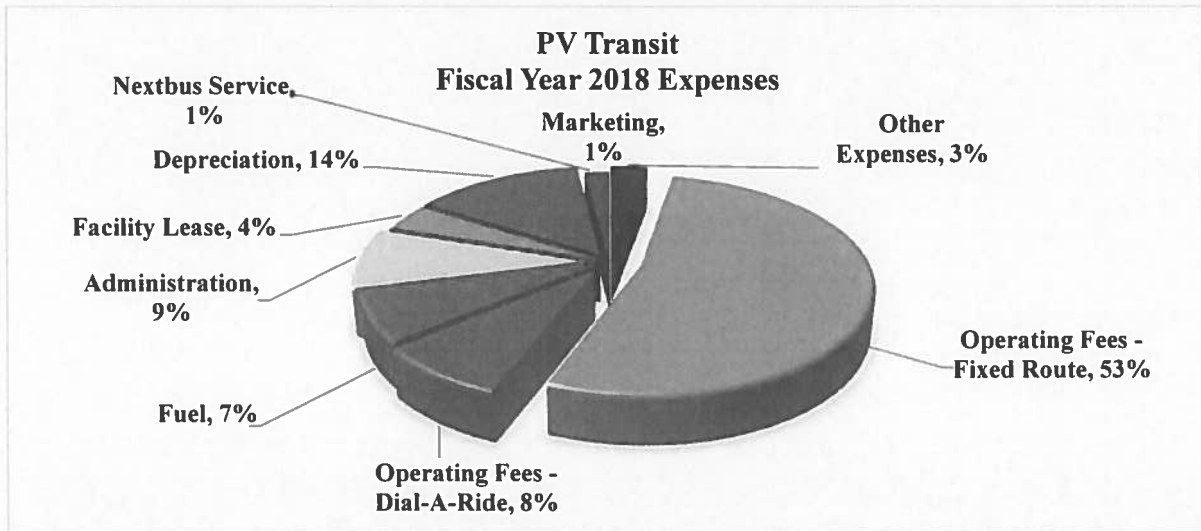
**Operating Expenses**

The Authority's major operating expenses are for the operation of the fixed route and dial-a-ride transit service. Operating contracts with the fixed route and dial-a-ride contractors consists of fifty-eight (59%) of total operating expenses. Expenses for fuel (compressed natural gas (CNG) and propane (LPG)) consists of 8% of total expenses.

The Authority's largest contract is with MV Transportation for the operation of fixed route service. This five-year contract extends through June 30, 2021 for a total contract value of \$7,944,298.



**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
 Management's Discussion and Analysis  
 For the Years Ended June 30, 2020 and 2019



Total annual expenses are primarily based on the number of revenue hours operated in fixed route service. Operating hours have not changed in over five years, which has resulted in very moderate annual increases in operating costs.

***Unrestricted Net Position***

The Authority's operating reserve at the end of 2020 was \$252,649 and the remaining unrestricted net position of \$2,633,123 is designated for vehicle replacement. The Authority's operating reserve at the end of 2019 was \$247,377 and the remaining unrestricted net position of \$2,188,695 is designated for vehicle replacement. The amount designated for vehicle replacement has increased \$1,034,407 over the past three fiscal years, but is expected to be reduced over the next several years as vehicles are replaced. As noted in the previous section, the Authority has eleven vehicles scheduled for replacement in the next five years.

**Request for Information**

This financial report is designed to provide interested parties, public and private sector alike, with an overview of the Authority's financial operations and condition. If you have questions about this report or need additional information, you can contact the Authority's Administrator at 38 Crest Road West, Rolling Hills, CA, 90274.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
**Statements of Net Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 2,466,177	\$ 1,817,473
Due from other governments	488,131	823,794
Accounts receivable	217	2,063
Prepaid expenses	67,973	49,803
	<u>3,022,498</u>	<u>2,693,133</u>
Total current assets		
Non-current assets		
Capital assets, net of accumulated depreciation	784,213	893,011
	<u>784,213</u>	<u>893,011</u>
Total non-current assets		
	<u>784,213</u>	<u>893,011</u>
Total assets	<u>3,806,711</u>	<u>3,586,144</u>
<b>Liabilities:</b>		
Accounts payable	130,031	248,823
Unearned revenue	6,695	8,238
	<u>136,726</u>	<u>257,061</u>
Total liabilities		
	<u>136,726</u>	<u>257,061</u>
<b>Net Position:</b>		
Net investment in capital assets	784,213	893,011
Unrestricted	2,885,772	2,436,072
	<u>2,885,772</u>	<u>2,436,072</u>
Total net position	<u>\$ 3,669,985</u>	<u>\$ 3,329,083</u>

See accompanying notes to the basic financial statements.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating revenues:</b>		
Charges for services	\$ 236,670	\$ 337,476
Route 225/226 operating support	627,693	618,852
Governmental sources	32,200	32,000
	<u>896,563</u>	<u>988,328</u>
<b>Operating expenses:</b>		
Operator fees	1,440,563	1,540,000
Contract administration	207,412	207,412
Depreciation	274,332	396,921
Fuel purchases	177,672	186,130
Marketing and promotions	10,942	17,522
Other operating expenses	155,595	136,155
	<u>2,266,516</u>	<u>2,484,140</u>
Total operating expenses	<u>2,266,516</u>	<u>2,484,140</u>
Operating loss	<u>(1,369,953)</u>	<u>(1,495,812)</u>
<b>Nonoperating revenues (expenses):</b>		
Interest income	30,761	27,085
Prop A incentive funding - Metropolitan Transportation Authority	434,031	437,744
Member contributions	1,133,813	1,100,790
Other expense - Prop A Exchange	(336,750)	(393,000)
Other income - Prop A Exchange	449,000	524,000
	<u>1,710,855</u>	<u>1,696,619</u>
Total nonoperating revenues (expenses)	<u>1,710,855</u>	<u>1,696,619</u>
Change in net position	<u>340,902</u>	<u>200,807</u>
Net position, beginning of year	<u>3,329,083</u>	<u>3,128,276</u>
Net position, end of year	<u>\$ 3,669,985</u>	<u>\$ 3,329,083</u>

See accompanying notes to the basic financial statements.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 238,516	\$ 347,259
Cash received from route 225/226 operating support	962,320	983,809
Cash received from government agencies	64,200	32,200
Cash paid to supplier for goods and services	<u>(2,130,689)</u>	<u>(1,952,412)</u>
Net cash provided (used) by operating activities	<u>(865,653)</u>	<u>(589,144)</u>
<b>Cash flows from noncapital financing activities:</b>		
County grants received	403,067	214,008
Member contributions received	1,133,813	1,100,790
Cash received for Prop A exchange	449,000	524,000
Cash paid for Prop A exchange	<u>(336,750)</u>	<u>(393,000)</u>
Net cash provided (used) by noncapital financing activities	<u>1,649,130</u>	<u>1,445,798</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	<u>(165,534)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(165,534)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest received	<u>30,761</u>	<u>27,085</u>
Net cash provided (used) by investing activities	<u>30,761</u>	<u>27,085</u>
 Net increase (decrease) in cash and cash equivalents	 648,704	 883,739
<b>Cash and cash equivalents, beginning of year</b>	<u>1,817,473</u>	<u>933,734</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,466,177</u>	<u>\$ 1,817,473</u>

See accompanying notes to the basic financial statements.



**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2020 and 2019**

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**Reconciliation of operating income (loss) to  
net cash provided (used) by operating activities**

Operating income (loss)	\$ (1,369,953)	\$ (1,495,812)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	274,332	396,921
(Increase) decrease in assets:		
Accounts receivable	1,846	5,432
Due from other governments	366,627	369,508
Prepaid expenses	(18,170)	(1,263)
Increase (decrease) in liabilities:		
Accounts payable	(118,792)	134,863
Unearned revenue	(1,543)	1,207
	<u>504,300</u>	<u>906,668</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ (865,653)</u>	<u>\$ (589,144)</u>

See accompanying notes to the basic financial statements.

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The Palos Verdes Peninsula Transit Authority (Authority) was formed on May 5, 1992 under a Joint Powers Agreement (JPA) with three local city governments, which are considered members, to provide public transportation on the Palos Verdes Peninsula. The local cities consist of Rancho Palos Verdes, Rolling Hills Estates and Palos Verdes Estates. Under the JPA, the members of the Board of the Authority are elected city council members who are appointed by their respective city council. The Board is responsible for setting policies and the review of operating decisions made by management. The Authority is considered a governmental entity. The Authority has no employees and all services are contracted, which are recorded as operating activities.

**(b) 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.

**(c) 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 and revenues received from the Los Angeles County Metropolitan Transportation Authority (Route 225/226 operating support) for services provided on their behalf. 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 Incentive Funding from the Metropolitan Transportation Authority (MTA), member contributions, and Proposition A Local Return funds exchanged with the Cities of Cudahy, Palos Verdes Estates, and Rolling Hills through which the City assigns uncommitted Proposition A Local Return funds in exchange for the Authority's general funds.

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.

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) 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.

**(e) Assets, Liabilities, and Net Position**

**1. Cash and Cash Equivalents**

Cash and cash equivalents includes 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.

**2. 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 \$488,131 and \$823,794 as of June 30, 2020 and 2019, respectively.

**3. Capital Assets**

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

**4. 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.

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Assets, Liabilities, and Net Position (continued)**

**4. Net Position (continued)**

- 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 at June 30, 2020 and 2019.
- 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.

**(f) 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. 84, *Fiduciary Activities*, is effective for periods beginning after December 15, 2019.
- GASB Statement No. 87, *Leases*, is effective for fiscal years beginning after December 15, 2020.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is effective for periods beginning after December 15, 2020.
- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and 61* is effective for periods beginning after December 15, 2019.
- GASB Statement No. 91, *Conduit Debt Obligations* is effective for periods beginning after December 15, 2021.
- GASB Statement No. 92, *Omnibus 2020* is effective for periods beginning after June 15, 2021.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* is effective for periods beginning after June 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.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2020 and 2019

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Effects of New Pronouncements (continued)**

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* is effective for periods beginning after June 15, 2022.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* is effective for fiscal years beginning after June 15, 2021.

**(2) DETAILED NOTES ON ENTERPRISE FUND**

**(a) Cash and Cash Equivalents**

Cash and cash equivalent components are as follows:

	2020	2019
Deposits in Bank	\$ 870,951	\$ 401,959
Local Agency Investment Fund (LAIF)	1,595,226	1,415,514
<b>Total Cash and Cash Equivalents</b>	<b>\$ 2,466,177</b>	<b>\$ 1,817,473</b>

**Authorized Investments**

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

**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 \$971,808 and \$515,435 at June 30, 2020 and 2019, respectively, of which \$250,000 is federally insured. The remaining bank balance of \$721,808 and \$265,435 is collateralized as of June 30, 2020 and 2019, respectively.

**(2) DETAILED NOTES ON ENTERPRISE FUND (continued)**

**(a) Cash and Cash Equivalents (continued)**

***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.

The total amount invested in all public agencies in LAIF as of June 30, 2020 and 2019, was \$32.1 billion and \$24.6 billion, respectively. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020 and 2019 had a balance of \$101 billion and \$105.7 billion, respectively. Of those amounts, 3.37% in 2020 and 1.77% in 2019 were invested in medium-term and short-term structured notes and asset backed securities. The average maturity of PMIA investments as of June 30, 2020 and 2019 was 191 and 173 days, respectively.

***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

***Fair Value Measurement***

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority currently does not have any investments subject to the fair value hierarchy.

**(b) Government Revenues and Due From Other Governments**

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

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2020 and 2019

**(2) DETAILED NOTES ON ENTERPRISE FUND (continued)**

**(b) Government Revenues and Due From Other Governments (continued)**

Revenues received from other governments during the fiscal year and the related receivables at June 30, 2020, are listed below.

	Revenue	Due From Other Governments
City Participation		
Rancho Palos Verdes	\$ 749,101	\$ -
Rolling Hills Estates	147,243	-
Palos Verdes Estates	237,469	-
Total city participation	1,133,813	-
Other Income - Prop A Exchange		
City of Cudahy <sup>(1)</sup>	449,000	-
Total other income - Prop A exchange	449,000	-
Operating support, governmental sources, and incentive funding <sup>(2)</sup>		
Los Angeles County - Public Works	408,200	-
Los Angeles County - Metropolitan Transportation Authority	685,724	488,131
Total operating support, governmental sources, and incentive funding	1,093,924	488,131
Total government revenues and due from other governments	\$ 2,676,737	\$ 488,131

(1) On August 20, 2019, the Authority and City of Cudahy, California, entered into an Assignment Agreement to exchange Proposition A Local Return funds to assist in the financing of the Authority's fixed route transit operations, and to provide funds for acquisition of new transit related equipment. Per the agreement, the City of Cudahy assigned \$449,000 of uncommitted Proposition A Local Return funds in exchange for \$336,750 of the Authority's general funds. This transaction was recorded in the accompanying statements of revenues, expenses and changes in net position's nonoperating activities section as other income and other expense, respectively.

(2) Revenue received from Los Angeles County – Public Works and Los Angeles County Metropolitan Transportation Authority are presented as route 228/226 operating support, governmental sources, and Prop A incentive funding in the statement of revenues, expenses and changes in net position. The Los Angeles County – Public Works provides \$376,000 of funds which are presented as 228/226 operating support and \$32,200 which are presented as governmental sources. The Los Angeles County Metropolitan Transportation Authority provides \$251,692 of funds which are presented as 228/226 operating support and \$434,031 which are presented as Prop A incentive funding.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2020 and 2019

**(2) DETAILED NOTES ON ENTERPRISE FUND (continued)**

**(b) Government Revenues and Due From Other Governments (continued)**

Revenues received from other governments during the fiscal year and the related receivables at June 30, 2019, are listed below.

	Revenue	Due From Other Governments
City Participation:		
Rancho Palos Verdes	\$ 727,282	\$ -
Rolling Hills Estates	142,955	-
Palos Verdes Estates	230,553	-
Total city participation	<u>1,100,790</u>	<u>-</u>
Other Income - Prop A Exchange		
City of Cudahy <sup>(1)</sup>	449,000	-
City of Rolling Hills <sup>(2)</sup>	75,000	75,000
Total other income - Prop A exchange	<u>524,000</u>	<u>75,000</u>
Operating support, governmental sources, and incentive funding <sup>(3)</sup>		
Los Angeles County - Public Works	408,000	32,000
Los Angeles County - Metropolitan Transportation Authority	680,596	716,794
Total operating support, governmental sources, and incentive funding	<u>1,088,596</u>	<u>748,794</u>
Total government revenues and due from other governments	<u>\$ 2,713,386</u>	<u>\$ 823,794</u>

(1) On October 16, 2018, the Authority and City of Cudahy, California, entered into an Assignment Agreement to exchange Proposition A Local Return funds to assist in the financing of the Authority's fixed route transit operations, and to provide funds for acquisition of new transit related equipment. Per the agreement, the City of Cudahy assigned \$449,000 of uncommitted Proposition A Local Return funds in exchange for \$336,750 of the Authority's general funds. This transaction was recorded in the accompanying statements of revenues, expenses and changes in net position's nonoperating activities section as other income and other expense, respectively.

(2) On April 18, 2019, the Authority and City of Rolling Hills, California, entered into an Assignment Agreement to exchange Proposition A Local Return funds to assist in the financing of the Authority's fixed route transit operations, and to provide funds for acquisition of new transit related equipment. Per the agreement, the City of Rolling Hills assigned \$75,000 of uncommitted Proposition A Local Return funds in exchange for \$56,250 of the Authority's general funds. This transaction was recorded in the accompanying statements of revenues, expenses and changes in net position's nonoperating activities section as other income and other expense, respectively.



**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2020 and 2019

**(2) DETAILED NOTES ON ENTERPRISE FUND (continued)**

**(b) Government Revenues and Due From Other Governments (continued)**

(3) Revenue received from Los Angeles County – Public Works and Los Angeles County Metropolitan Transportation Authority are presented as route 228/226 operating support, governmental sources, and Prop A incentive funding in the statement of revenues, expenses and changes in net position. The Los Angeles County – Public Works provides \$376,000 of funds which are presented as 228/226 operating support and \$32,000 which are presented as governmental sources. The Los Angeles County Metropolitan Transportation Authority provides \$242,852 of funds which are presented as 228/226 operating support and \$437,744 which are presented as Prop A incentive funding.

**(c) Capital Assets**

Following is a summary of capital assets activity for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Vehicles	\$ 4,517,382	\$ 165,534	\$ -	\$ 4,682,916
Leasehold improvement	12,449	-	-	12,449
Accumulated depreciation	(3,636,820)	(274,332)	-	(3,911,152)
Capital asset, net	<u>\$ 893,011</u>	<u>\$ (108,798)</u>	<u>\$ -</u>	<u>\$ 784,213</u>

Depreciation expense for the year ended June 30, 2020, was \$274,332.

Following is a summary of capital assets activity for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Vehicles	\$ 4,517,382	\$ -	\$ -	\$ 4,517,382
Leasehold improvement	12,449	-	-	12,449
Accumulated depreciation	(3,239,899)	(396,921)	-	(3,636,820)
Capital asset, net	<u>\$ 1,289,932</u>	<u>\$ (396,921)</u>	<u>\$ -</u>	<u>\$ 893,011</u>

Depreciation expense for the year ended June 30, 2019, was \$396,921.

**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
 Notes to the Basic Financial Statements  
 For the Years Ended June 30, 2020 and 2019

**(2) DETAILED NOTES ON ENTERPRISE FUND (continued)**

**(d) Unrestricted Net Position**

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 unrestricted net position as of June 30:

	2020	2019
Designated for operating reserves	\$ 252,649	\$ 247,377
Designated for vehicle replacement	2,633,123	2,188,695
Total unrestricted net position	<u>\$ 2,885,772</u>	<u>\$ 2,436,072</u>

**(e) Operating Leases**

The Authority leases office and parking space from the Palos Verdes Peninsula Unified School District (School District). The lease is renewable annually by mutual agreement. The School District agreed to abate all rents in lieu of payment of \$1 per year.

The Authority also leases a bus parking area at the Joint Water Pollution Control Plant in Carson from Los Angeles County Sanitation District. The monthly rent is \$7,731 and is subject to automatic annual adjustments of three percent (3%) effective December 1 of each year. The future minimum payments are as follows as of June 30, 2020:

Fiscal Year Ending June 30:	Operating Lease Payment
2021	97,234
2022	41,012
Total	<u>\$ 138,246</u>

**(3) RELATED PARTY TRANSACTIONS**

Member cities under the JPA (Rancho Palos Verdes, Rolling Hills Estates, and Palos Verdes Estates) 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, 2020 and 2019 were \$1,133,813 and \$1,100,790, respectively.

**(4) COVID-19**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Although the Authority's services are considered essential, the Authority still operated with reduced capacity. However, the ultimate financial impact and duration cannot be estimated at this time.

**SUPPLEMENTARY INFORMATION**

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**PALOS VERDES PENINSULA TRANSIT AUTHORITY**  
**Schedules of Revenues and Expenses by Category**  
**For the Years Ended June 30, 2020 and 2019**

	2020			2019				
	Charter	Dial-a-Ride	Fixed Route	Total	Charter	Dial-a-Ride	Fixed Route	Total
<b>Operating revenues:</b>								
Charges for services	\$ 6,290	\$ 31,898	\$ 198,482	\$ 236,670	\$ 8,729	\$ 40,359	\$ 288,388	\$ 337,476
Governmental sources	-	-	32,200	32,200	-	-	32,000	32,000
Route 225/226 operating support	-	-	627,693	627,693	-	-	618,852	618,852
<b>Total operating revenues</b>	<b>6,290</b>	<b>31,898</b>	<b>858,375</b>	<b>896,563</b>	<b>8,729</b>	<b>40,359</b>	<b>939,240</b>	<b>988,328</b>
<b>Operating expenses:</b>								
Operator fees	-	124,204	1,316,359	1,440,563	2,986	154,045	1,382,969	1,540,000
Contract administration	-	41,482	165,930	207,412	-	41,482	165,930	207,412
Depreciation	-	-	274,332	274,332	-	-	396,921	396,921
Fuel Purchases	-	-	177,672	177,672	-	-	186,130	186,130
Marketing and promotions	-	2,971	7,971	10,942	-	2,497	15,025	17,522
Other operating expenses	-	28,686	126,909	155,595	-	11,710	124,445	136,155
<b>Total operating expenses</b>	<b>-</b>	<b>197,343</b>	<b>2,069,173</b>	<b>2,266,516</b>	<b>2,986</b>	<b>209,734</b>	<b>2,271,420</b>	<b>2,484,140</b>
<b>Operating income (loss)</b>	<b>\$ 6,290</b>	<b>\$ (165,445)</b>	<b>\$ (1,210,798)</b>	<b>\$ (1,369,953)</b>	<b>\$ 5,743</b>	<b>\$ (169,375)</b>	<b>\$ (1,332,180)</b>	<b>\$ (1,495,812)</b>

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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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Certified Public Accountants

*Independent Auditor's Report*

To the Board of Directors of the  
Palos Verdes Peninsula Transit Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Palos Verdes Peninsula Transit Authority (the Authority) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 30, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control) to determine the 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.

*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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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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 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*.

### **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  
November 30, 2020