AGENDA
PALOS VERDES PENINSULA TRANSIT AUTHORITY
REGULAR MEETING
FEBRUARY 25, 2026
ROLLING HILLS ESTATES CITY HALL, 4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274

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.

5:00 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.

(5 mins) **APPROVAL OF CONSENT CALENDAR:**

1. ~~Minutes of the October 15, 2025 Board Meeting Page 3~~

2. Register of Standing demands and Previously Authorized demands under Resolution 94/95-01 and per attached listing: Page 5

Check #	Month	Amount
7246-7272	Oct. '25	$ 300,628.74
7273-7280	Nov. '25	$ 633,855.19
7281-8322	Dec. '25	$ 222,096.14
TOTAL		**$ 1,156,580.07**

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.

3. Administrative Services Co-Op Contract Extension — Page 7

4. Reaffirmation of Investment Policy — Page 9

5. Board of Directors Certification, California Joint Powers Insurance Authority — Page 13

6. Operations Report — Page 14

Recommendation: Approve Consent Calendar items

(10 mins) **ADMINISTRATOR REPORT:**

(45 mins) **REGULAR BUSINESS:**

I. MONTHLY & REGULAR REPORTS

A. Fiscal Year 2024-2025 Audit Report — Page 20

Recommendation: Approve Audit Report

II. NEW BUSINESS

None

III. OLD BUSINESS

None

(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:**

A. Board Member Comments — Verbal
B. PVPUSD Update — Verbal
C. Election of Officers — Page 63

ADJOURNMENT: **TBD**

Palos Verdes Peninsula Transit Authority
Checks Written for
October through December 2025

Date	Num	Name	Memo	Paid Amount
10/01/2025	7246	County Sanitation Districts of LA County	Carson Bus lot Lease November 2025 Invoice # 50(	$ 9,231.82
10/01/2025	7247	Rose Thompson	3rd QTR 2025 Invoice #102 Bookkeeping	$ 747.50
10/06/2025	7251	Marlin Leasing Corporation	Postage Meter	$ 295.16
10/16/2025	7259	Clean Energy	CNG Fuel for September 2025	$ 27,522.96
10/16/2025	7260	County Sanitation Districts of LA County	Carson Bus lot Lease December 2025 Invoice # 50	$ 9,508.77
10/16/2025	7261	Model 1	Bus #1072	$ 197,419.91
10/16/2025	7262	Mutual Liquid Gas & Equipment Co., Inc.	09/10/25-10/20/25 Account #18839 LPG Fuel	$ 5,221.34
10/16/2025	7263	PVPUSD	October 25 Invoicw Oct-1147, Oct-1148	$ 1,990.22
10/27/2025	7264	Q Document Solutions Inc.	Copier Maintenance	$ 64.10
10/30/2025	7265	Frontier Communications 7108	310 544-7108-062795-5	$ 403.77
10/31/2025	7266	Mobility Advancement Group	Administrative Services for October 2025	$ 19,503.71
10/08/2025	7267	Patch Media	6 month online advertising Invoice SIN068091 Octo	$ 375.00
10/31/2025	7268	AT&T	Account No. 020 636 0576 001	$ 43.11
10/31/2025	7269	Clean Energy	CNG Fuel for October 2025	$ 27,142.75
10/31/2025	7270	Deluxe Business Checks & Solutions	Invoice 9009022056 Busness checks order	$ 753.46
10/31/2025	7271	Marlin Leasing Corporation	Postage Meter	$ 295.16
10/31/2025	7272	White Wings Cleaning Service	Invoice # 0077	$ 110.00
		TOTAL		**$ 300,628.74**

Date	Num	Name	Memo	Paid Amount
11/01/2025	7273	Administrative Services Co-Op	Invoice 251017 October 2025	$ 11,168.36
11/01/2025	7274	Cox Business	VOID: Account 001 7401 035340502 09/29/2025 St	$ -
11/01/2025	7275	Model 1	VA10100846 VA10100847	$ 394,839.82
11/01/2025	7276	MV Transportation SECURITY	27001	$ 3,540.20
11/01/2025	7277	MV Transportation, Inc.	Invoice 135996 Operating October 2025	$ 201,782.10
11/01/2025	7278	MV Transportation, Inc. Other	Opti Bus September/October 2025	$ 2,646.00
11/01/2025	7279	Patch Media	6 month online advertising Invoice SIN0680923 Nov	$ 375.00
11/01/2025	7280	Mobility Advancement Group	Administrative Services for October 2025	$ 19,503.71
		TOTAL		**$ 633,855.19**

Date	Num	Name	Memo	Paid Amount
12/08/2025	7281	County Sanitation Districts of LA County	Carson Bus lot Lease January 2026 Invoice # 5061	$ 9,508.77
12/08/2025	7282	Cox Business	Internet	$ 770.00
12/08/2025	7283	Frontier Communications 7108	310 544-7108-062795-5	$ 196.04
12/08/2025	7284	Katsuhiko Shimizu	Bus Pass Refund	$ 500.00
12/08/2025	7285	Law Office of Vincent C Ewing	PVPTA/11-2025	$ 1,400.00
12/08/2025	7286	MV Transportation SECURITY	27001	$ 3,483.13
12/08/2025	7287	MV Transportation, Inc.	Fixed Route Bus Service, November 2025	$ 148,821.74
12/08/2025	7288	MV Transportation, Inc. Other	Invoice 1323.00 Opti Bus November 2025	$ 1,323.00
12/08/2025	7289	ReadyRefresh by Nestle	Account 0024293722 Invoice 35K0024293722	$ 109.50
12/08/2025	7290	Shannon Anderson	Bus Supervision at Mirlaeste IS	$ 112.50
11/29/2025	7291	Q Document Solutions Inc.	Copier Maintrenance	$ 47.99
12/22/2025	7292	Administrative Services Co-Op	Dial-A-Ride Service for November '25	$ 9,213.57
12/22/2025	7293	AT&T	Account No. 020 636 0576 001	$ 43.64
12/22/2025	7294	Marlin Leasing Corporation	Postage Meter Lease	$ 295.16
12/22/2025	7296	Palos Verdes On the Net	2nd Qtr FY 2025/2026	$ 1,675.00

Palos Verdes Peninsula Transit Authority
Checks Written for
October through December 2025

12/22/2025	7297	Patch Media	6 month online advertising Invoice SIN068093 Dece	$	375.00
12/22/2025	7298	Pitney Bowes - Purchase Power	Acct. 8000-9090-0212-1536 Ref # 42446278	$	150.00
12/22/2025	7299	PVPUSD	Print Shop Paper Invoice # Q0086	$	176.48
12/22/2025	7300	White Wings Cleaning Service	Invoice # 0086	$	110.00
12/22/2025	8302	Mutual Liquid Gas & Equipment Co., Inc.	10/21/25-12/08/25 Account #18839, LPG Fuel	$	6,150.06
12/31/2025	8303	Mobility Advancement Group	Administrative Services for December 2025	$	19,503.71
11/30/2025	8322	Clean Energy	CNG Fuel for November '25	$	18,130.85
		TOTAL		**$**	**222,096.14**

6

MEMORANDUM

TO: AUTHORITY MEMBERS

FROM: Martin Gombert, Administrator

DATE: February 22, 2026

SUBJECT: Administrative Services Cooperative (ASC) Contract Extension

BACKGROUND

The current Agreement with our dial-a-ride provider Administrative Services Cooperative (ASC) expired on January 31, 2026. Amendment Number 20 would extend the existing Agreement through January 31, 2027 with no increase in fees.

FISCAL IMPACT

Funding for this contract is contained in the Fiscal Year 2025-26 budget.

RECOMMENDATION

Approve Amendment #20 with Administrative Services Cooperative.

AMENDMENT NUMBER TWENTY (20)
TO
ADMINSTRATIVE 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 ADMINSTRATIVE SERVICES COOPEATIVE, hereinafter referred to as "ASC".

WITHNESSETH

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, 2025~~ ***January 31, 2026*** and end on ~~January 31, 2026~~ ***January 31, 2027***, 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 ***$3.10*** at boarding, ***$2.97*** per mile after boarding, (partial miles will be assessed at 9ths of a mile) and ***$32.11*** per hour traffic delay/waiting time. The standard rate for dial-a-lift service shall be $20.00 flag drop and be ***$2.97*** per mile with traffic delay/waiting time established at ***$32.11*** 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 WITNESSS THEREOFF, the parties hereto have caused this Amendment Number EIGHTEEN to be executed by their respective Officers, duly authorized, by the Authority on ***February 25, 2026*** and by ASC on ___________.

ADMINISTRATIVE SERVICES COOPERATIVE

Date__________________ By______________________________________

PALOS VERDES PENINSULA TRANSITAUTHORITY

Date__________________ By______________________________________

Agenda Item I.4

MEMORANDUM

TO: AUTHORITY MEMBERS

FROM: Martin Gombert, Administrator

DATE: February 20, 2026

SUBJECT: Review and Reaffirmation of Investment Policy

BACKGROUND

The attached policy was initially adopted on January 23, 1997 and, due to changing legislative and market conditions, amended a few times. Per recommendation from the Authority's audit firm the policy is reviewed on an annual basis.

FINDINGS

According to the Authority's auditor's, RAMS CPA, no changes to the Authority's Investment Policy are required at this time.

RECOMMENDATION

Following proper review, that the Board reaffirms the Investment Policy and instructs that same be filed in the usual manner.

Attachment

INVESTMENT POLICY

(Revised as of February 25, 2026)

Purpose: Section 53646 (a) of the California Government Code requires that, commencing on January 1, 1996, public entities adopt a statement of investment policy. The policy of the Palos Verdes Peninsula Transit Authority, as duly adopted on February 15, 2024, shall be as follows:

1.0 Policy:

It is the policy of the Palos Verdes Peninsula Transit Authority (Authority) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statues governing the investment of public funds.

2.0 Scope:

This investment policy applies to all financial assets of the entity. These funds are accounted for in the Authority's annual financial audit report.

3.0 Prudence:

Investments shall be made be exercising the same judgment, which under the circumstances then prevailing, persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.1: Prudence:

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective:

The primary objectives, in priority order, of the Authority's investment activities shall be:

4.1 Safety:

Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification may be required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 Liquidity:

The Authority's investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated

4.3 Return on Investments:

The Authority's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the Authority's investment risk constraints and the cash flow characteristic of the portfolio.

5.0 Delegation of Authority:

Authority to manage the Authority's investment program is derived from the following:

Joint Powers Agreement dated May 5, 1992 and as amended as of April 16, 1996. The agreement provides for oversight by the Officers with authority to delegate the management of the program. Management responsibility is hereby delegated to the Authority's Administrator. No person may engage in an investment transaction except as provided under the terms of this policy.

6.0 Authorized & Suitable Investments:

The Authority is empowered to invest in the following manner:

1. Operating bank accounts, as authorized by Board Resolution, not to exceed $100,000 under normal operating conditions.

2. Investment Pools, as authorized by Board Resolution, limited to funds to be deposited with the Local Agency Investment Fund (LAIF).

3. Fixed-Rate Certificates of Deposit not to exceed FDIC limits.

Internal Control:

The Authority's Governing Board shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with this policy.

Reporting:

The Administrator shall provide the Governing Board (at least quarterly) investment reports which provide a clear picture of the status of the current investment portfolio *and pursuant with California Government Code Section 53646 (b) and to include the following:*

1. *The carrying amount of demand deposit accounts and the amount invested in the Local Agency Investment Fund (LAIF).*
2. *The market value of the Authority's amount investment in the LAIF. This may be addressed by providing a copy of the most recent statement from LAIF.*
3. *A statement of the portfolio's compliance with the Authority's statement of investment policy or manner in which the portfolio is not in compliance.*
4. *A statement denoting the ability of the Authority to meet its expenditure, requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.*

Investment Policy Adoption:

The Authority's investment policy shall be adopted by the Governing Board. The policy shall be reviewed periodically and any modifications made thereto must be approved by the Governing Board.

Agenda Item I.5

MEMORANDUM

TO: AUTHORITY MEMBERS

FROM: Martin Gombert, Administrator

DATE: February 20, 2026

SUBJECT: 2026 Board of Directors Certification, California Joint Powers Insurance Authority

BACKGROUND

On an annual basis, the California JPIA asks members to certify their designated California JPIA Director and Alternate(s) prior to the Annual Board of Directors meeting.

The Authority has previously certified PVPTA Board Members that also serve as Directors for their own cities. Rolling Hills Estates has appointed Debby Stegura their delegate.

The voting delegate must be a member of the governing body. Alternate(s) may be from the governing body or from staff.

RECOMMENDATION

Appoint Board Member Stegura as the Authority's delegate to the California Joint Powers Insurance Authority and Administrator Gombert as the Alternate.

Agenda Item 1.6

MEMORANDUM

TO: AUTHORITY MEMBERS

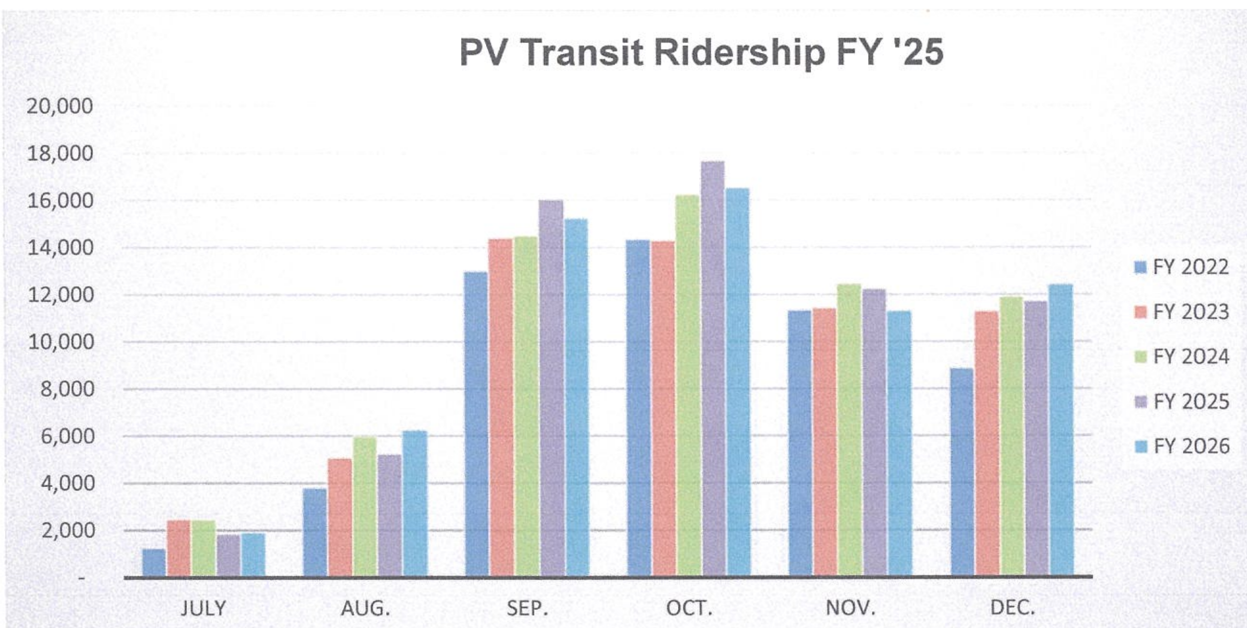
FROM: Martin Gombert, Administrator

DATE: February 20, 2026

SUBJECT: Operations Report for the period ending December 31, 2025

PV TRANSIT

PV Transit ridership totaled 63,637 through December 31, 2025. This is a 2% decrease compared to previous year's totals.



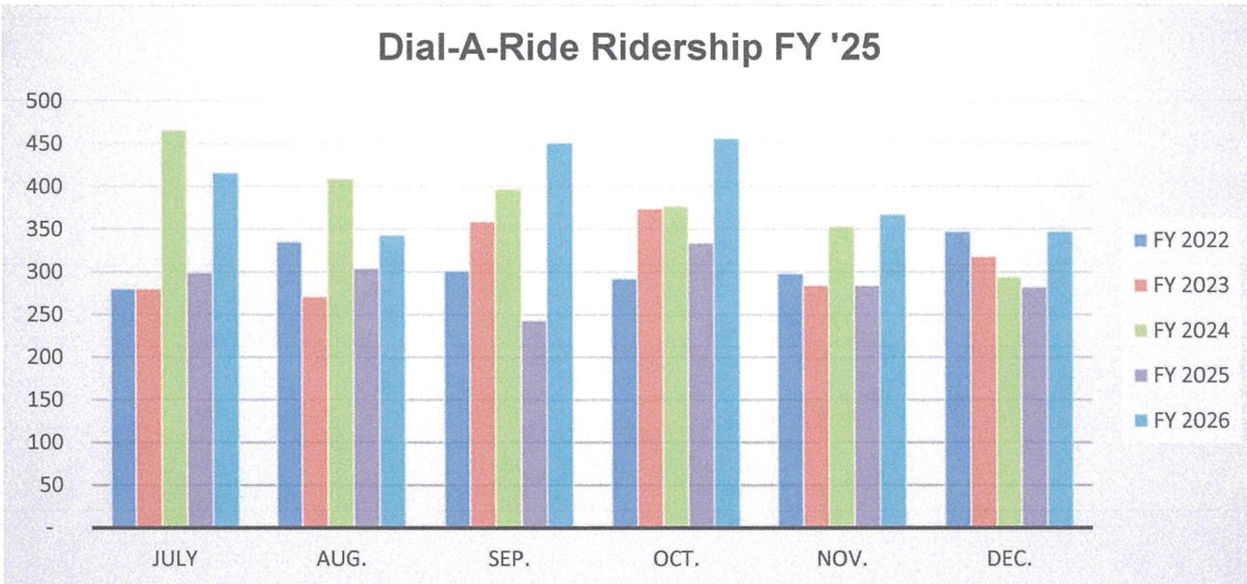
PV Transit operated several special services for the community including:

- Palos Verdes Estates Christmas tree lighting even, December 7, 2025
- Parade of Lights, December 6, 2025
- New Year's Eve Service

Copies of ridership graphs for all seven routes are included at the end of this report.

DIAL-A-RIDE

Dial-A-Ride ridership totaled 2,380 for the period ending December 31, 2025, an 36% increase over previous year's totals.



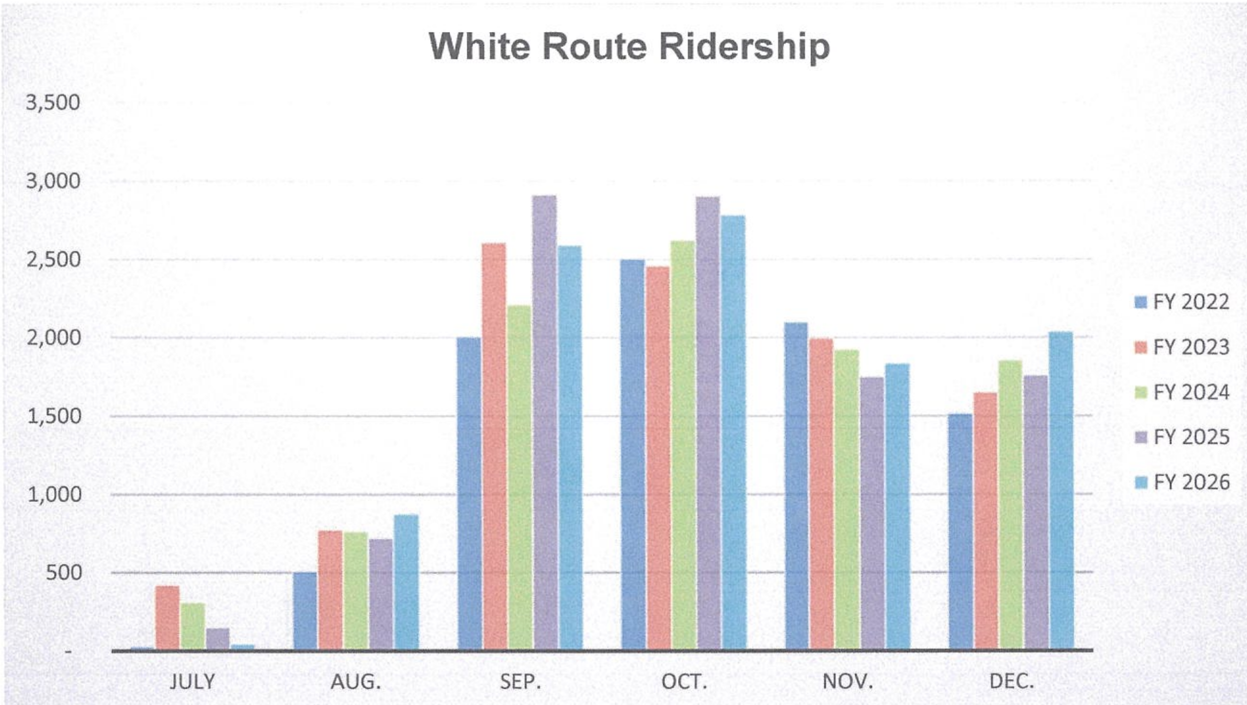
GOVERNMENT RELATIONS

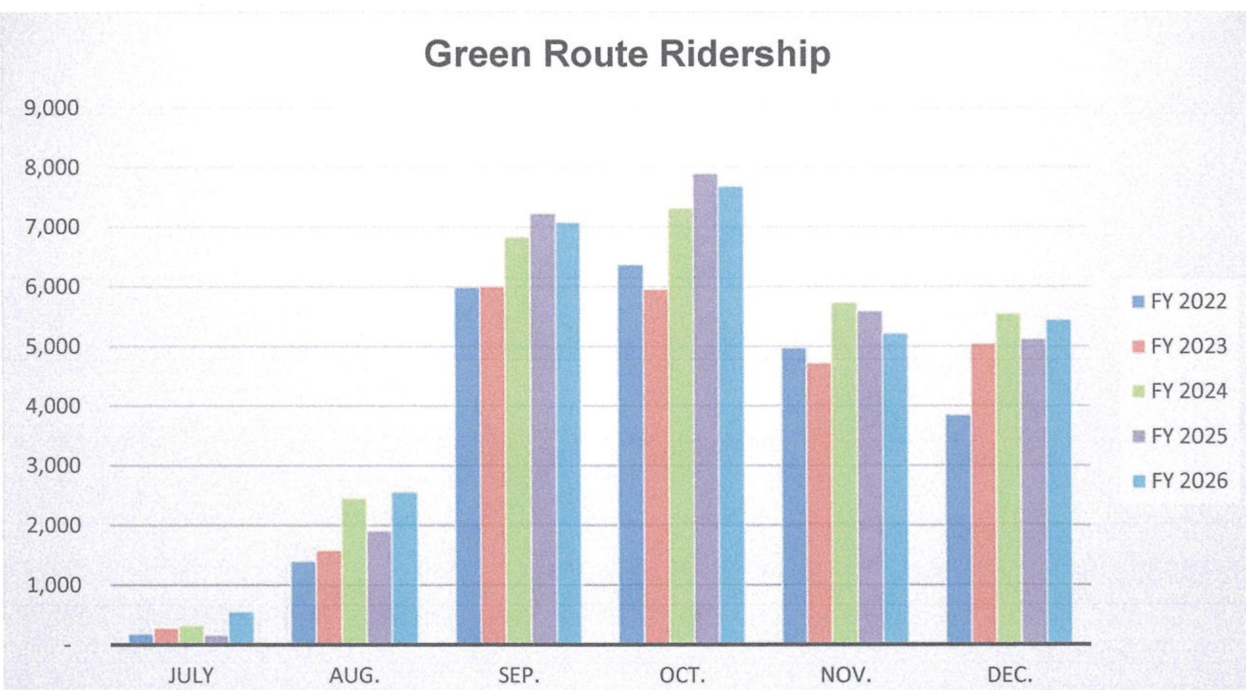
During the past several months staff has attended meetings of Metro's Local Transit Service Subcommittee (LTSS), Access Services Board Meetings, and Metro's Bus Operations Subcommittee (BOS). Administrator Gombert attended the California Transit Association (CTA) Annual Meeting in Long Beach in October as an Access Services Board Member.

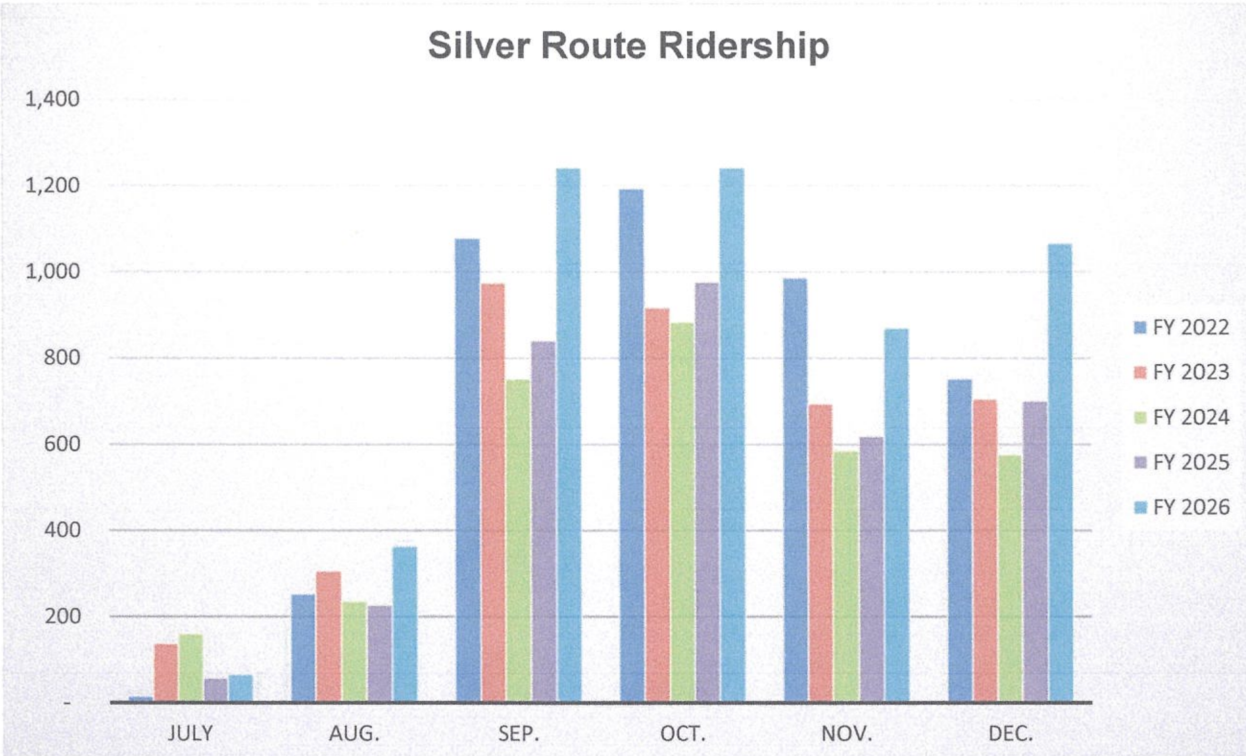
RECOMMENDATION

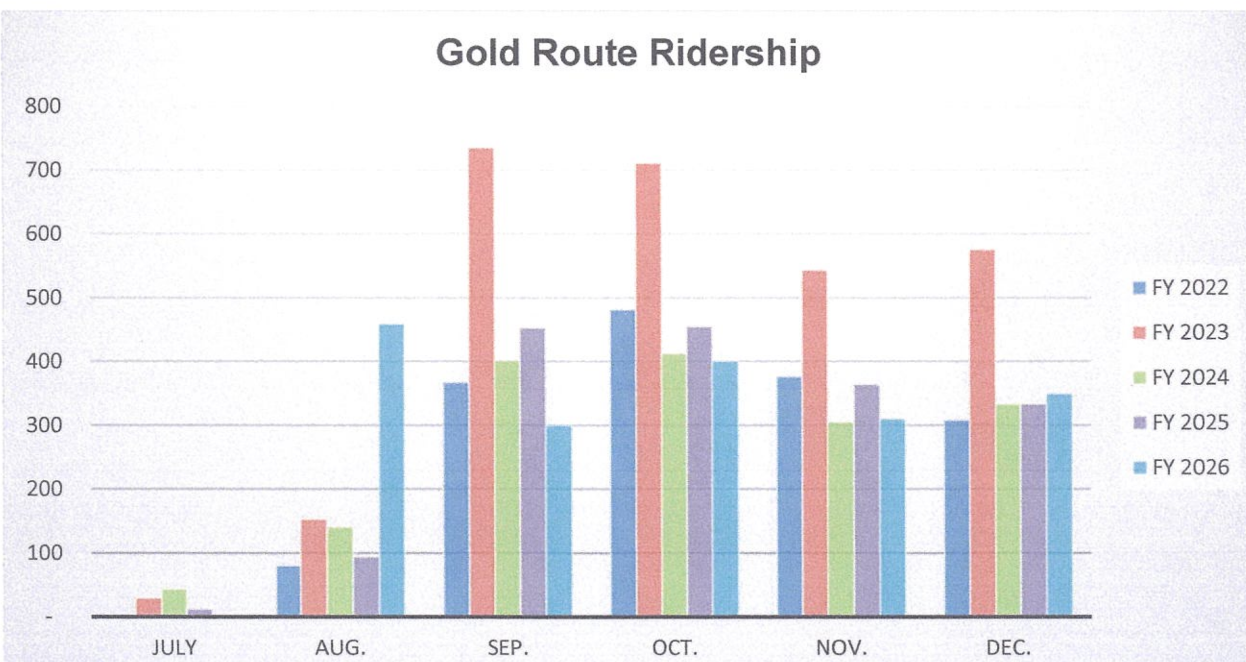
Receive and file report.

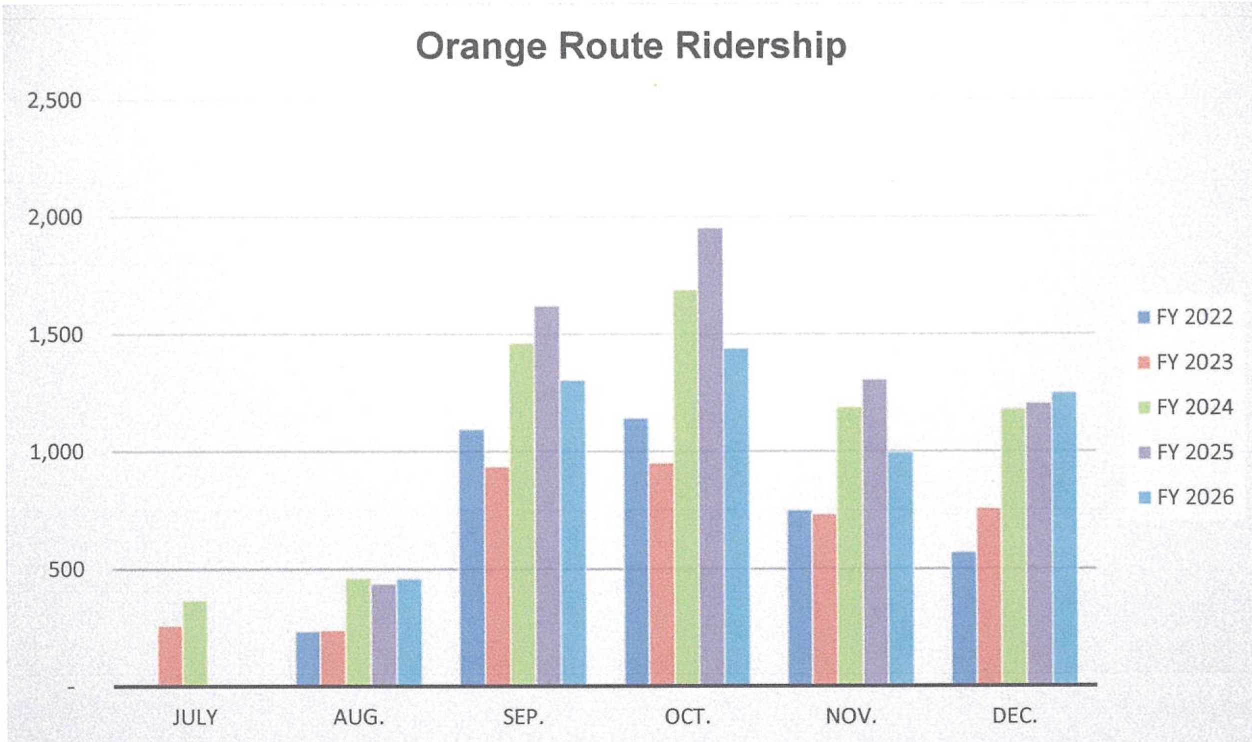
RIDERSHIP REPORTS

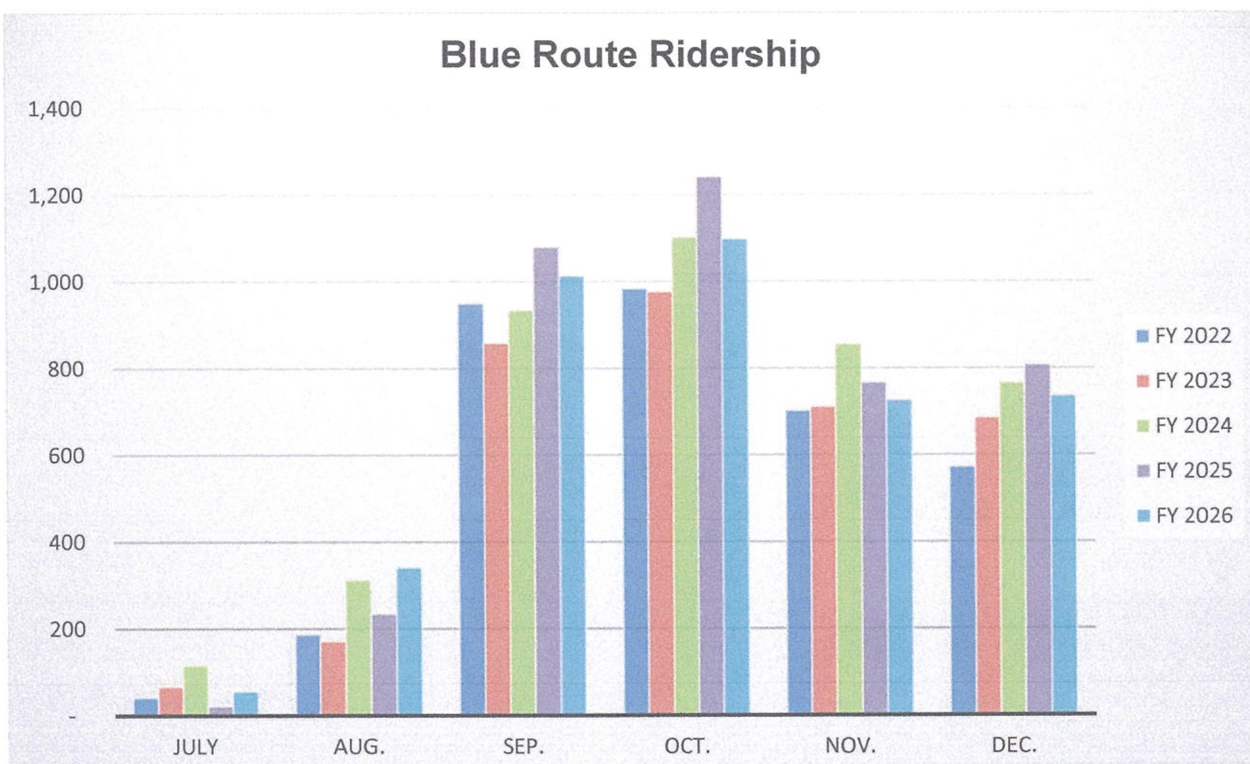


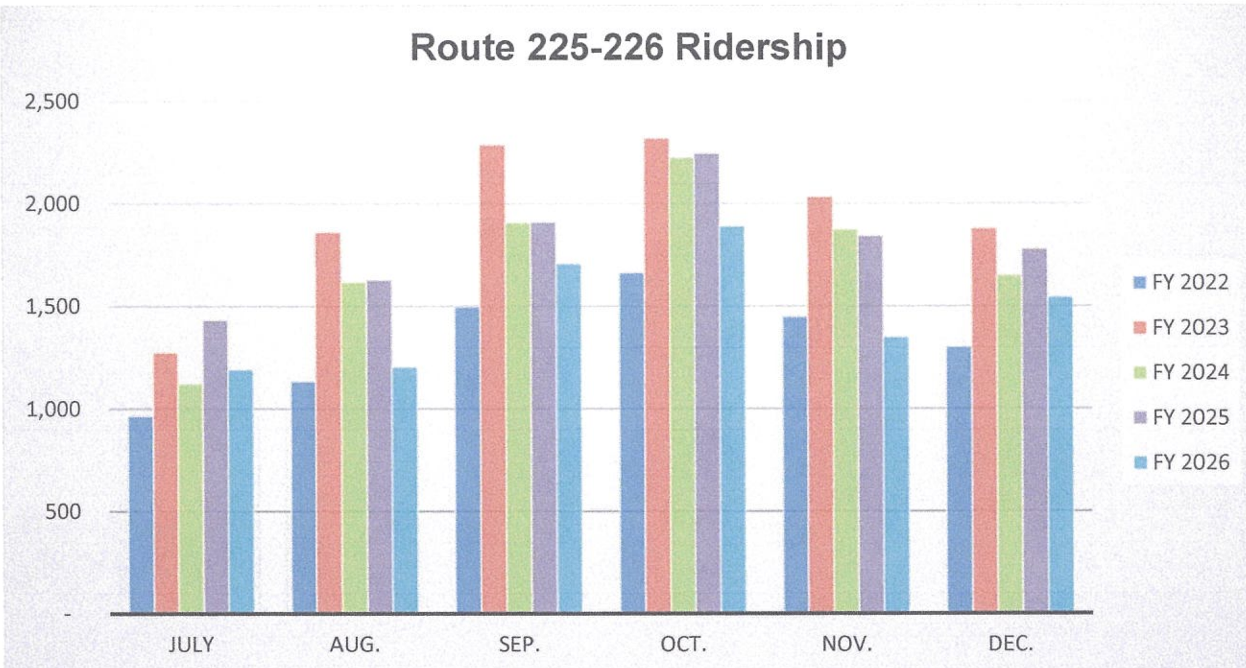



Silver Route Ridership
1,400
1,200
1,000
800
600
400
200
-
JULY
AUG.
SEP.
OCT.
NOV.
DEC.
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026


Gold Route Ridership
800
700
600
500
400
300
200
100
-
JULY
AUG.
SEP.
OCT.
NOV.
DEC.
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026


Orange Route Ridership
2,500
2,000
1,500
1,000
500
-
JULY
AUG.
SEP.
OCT.
NOV.
DEC.
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026


Blue Route Ridership
1,400
1,200
1,000
800
600
400
200
-
JULY
AUG.
SEP.
OCT.
NOV.
DEC.
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026


Route 225-226 Ridership
2,500
2,000
1,500
1,000
500
-
JULY
AUG.
SEP.
OCT.
NOV.
DEC.
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026

MEMORANDUM

TO: AUTHORITY MEMBERS

FROM: Martin Gombert, Administrator

DATE: February 19, 2026

SUBJECT: Fiscal Year 2024-25 Audit Report

BACKGROUND

The firm of Rogers, Anderson, Malody, and Scott, LLP (RAMS) will present the Fiscal Year 2024-25 audit report. A copy of the SAS 114 letter, Management Comment Letter, and Audit Report is attached.

RECOMMENDATION

Receive and file the audit report.

RAMS
CERTIFIED PUBLIC ACCOUNTANTS

February 2, 2026

To the Board of Directors
Palos Verdes Peninsula Transit Authority
Rolling Hills, California

We have audited the financial statements of the Palos Verdes Peninsula Transit Authority (the entity) as of and for the year ended June 30, 2025, and have issued our report thereon dated February 2, 2026. 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 April 2, 2025, 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 the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the entity 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, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We have evaluated whether certain nonattest services performed by our firm during the audit have created a significant threat to our independence in relation to the entity. We have identified a threat to our independence (preparation of the entity's financial statements, creating a self-review threat) that if not reduced to an acceptable level, would impair our independence. In order to reduce the threat to an acceptable level, we have applied the following safeguard:

> Prior to the issuance of the entity's financial statements, another partner or manager, independent of the engagement, will review the financial statements.

Tel. 909-889-0871 | www.ramscpa.net | 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408

Significant Risks Identified

We have identified the possibility of the following significant risks:

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

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the entity is included in Note 1 to the financial statements. The City adopted GASB Statement No. 101, Compensated Absence, and GASB Statement No. 102, Certain Risk Disclosures. 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 and Related Disclosures

Accounting estimates and related disclosures 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 entity had no sensitive accounting estimates affecting the entity's financial statements.

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 entity's financial statements relate to:

The disclosure of capital assets (and related accumulated depreciation) in the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

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 and each applicable opinion unit. There were no uncorrected misstatements noted.

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. Attachment A reflects all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

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 entity'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 February 2, 2026.

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

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

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

Client: ***PAL0001 - Palos Verdes Transit Authority*** Attachment A
Period Ending: ***6/30/2025***

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 201			
To record the MV Transportation invoice in the correct year.			
620.03	Operator Fees - Fixed Route	123,823.34	
310	Vouchers Payable		123,474.84
501.03	Farebox Revenue - Fixed Route		348.50
Total		**123,823.34**	**123,823.34**
	Total Adjusting Journal Entries	**123,823.34**	**123,823.34**

Palos Verdes Peninsula
PVPTA
TRANSIT AUTHORITY

Office: [310] 544-7108
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Email: pvtransit@palosverdes.com

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

February 2, 2026

Rogers, Anderson, Malody & Scott, LLP

This representation letter is provided in connection with your audit of the basic financial statements of Palos Verdes Peninsula Transit Authority (the entity) which compromise the statement of financial position as of June 30, 2025 and 2024, and the respective change in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 2, 2026:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 2, 2025, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 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, if any, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position are properly classified and, if applicable, approved.

- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- We have evaluated all of our lease and subscription agreements and have given you our assessment as to whether each agreement is subject to GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements.*
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, Certain Risk Disclosures. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
- We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- With respect to preparation of the financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, a process to monitor the system of internal controls.
- There have been no changes or updates to legal information disclosed to you by our attorney since the date of such legal response and now.

Information Provided

- We have provided you with:
  - 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;

  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All information provided in electronic form are true representations of the original documents.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, concentrations and constraints, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 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-November 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.
- 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 entity will make a payment on any guarantee.
- There are no:
  - 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.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The entity 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.

Cybersecurity

- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- 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 entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Martin Gombert

Martin Gombert, Administrator

February 2, 2026

To the Board of Directors
Palos Verdes Peninsula Transit Authority
Rolling Hills, California

In planning and performing our audit of the financial statements of the Palos Verdes Peninsula Transit Authority (the entity) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 February 2, 2026 on the financial statements of the entity. 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:

Observation 1:

During our audit procedures, we identified inconsistencies in the capital asset schedule related to the classification of assets, including assets without sufficient descriptive information, assets that had been disposed of but remained on the schedule, and what appear to be duplicate asset records. These matters did not result in a misstatement of the total net book value of capital assets as of the reporting date; however, they may cause individual asset categories or accumulated depreciation balances to be over- or understated.

Recommendation 1:

We recommend that management perform a comprehensive review of the capital asset schedule and reconcile capital asset activity to supporting documentation. Strengthening these procedures would enhance internal control over capital asset reporting and help ensure the accuracy and completeness of capital asset information in future financial statements.

Management of Palos Verdes Peninsula Transit Authority
Rolling Hills, California

Management Response 1:

PV Transit staff will review the capital asset schedule and reconcile capital asset activity within forty-five days.

We believe that the implementation of these recommendations will provide the entity 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 others within the entity, 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.

PALOS VERDES PENINSULA TRANSIT AUTHORITY

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

For the years ended June 30, 2025 and 2024

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Annual Financial Statements
For the years ended June 30, 2025 and 2024

RAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Palos Verdes Peninsula Transit Authority
Rolling Hills, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Palos Verdes Peninsula Transit Authority (the Authority), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the financial statements during the year ended June 30, 2025, the Authority adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures.* Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is 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 February 2, 2026 on our consideration of 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 Authority's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 2, 2026

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, 2025 and 2024 and should be read in conjunction with the Authority's financial statements that begin on page 13. 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. Total assets minus total liabilities result to the Authority'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.

Table I - Condensed Statement of Net Position

	2025	2024	2023
Assets			
Current assets	$ 3,900,511	$ 4,438,741	$ 4,117,563
Capital assets, net of accumulated depreciation	1,054,202	607,529	732,797
Total assets	4,954,713	5,046,270	4,850,360
Liabilities			
Current liabilities	133,560	171,772	149,870
Total liabilities	133,560	171,772	149,870
Net Position			
Net investment in capital assets	1,054,202	607,529	732,797
Unrestricted	3,766,951	4,266,969	3,967,693
Total Net Position	$ 4,821,153	$ 4,874,498	$ 4,700,490

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

	2025	2024	2023
Operating revenues:			
Charges for services	$ 222,571	$ 271,071	$ 254,795
Route 225/226 operating support	619,990	630,713	630,713
Governmental sources	30,100	30,905	31,144
Total operating revenues	872,661	932,689	916,652
Operating expenses:			
Operator fees	2,634,071	2,592,903	2,440,391
Depreciation	155,562	125,268	166,968
Other operating expenses	241,595	176,928	184,138
Total operating expenses	3,031,228	2,895,099	2,791,497
Operating loss	(2,158,567)	(1,962,410)	(1,874,845)
Nonoperating revenues (expenses):			
Nonoperating revenues	2,105,222	2,636,418	1,695,549
Nonoperating expenses	-	(500,000)	-
Total nonoperating revenues (expenses)	2,105,222	2,136,418	1,695,549
Change in net position	(53,345)	174,008	(179,296)
Net position, beginning of year	4,874,498	4,700,490	4,879,786
Net position, end of year	$ 4,821,153	$ 4,874,498	$ 4,700,490

Assets

Current Assets

Total current assets decreased in 2025 by $538,230 or 12.1%, compared to 2024, primarily due to the purchase of additional buses in fiscal year 2025. Total current assets increased in 2024 by $321,178 or 7.8% compared to 2023, primarily due to additional funding due from Los Angeles County Metropolitan Transportation Authority in fiscal year 2024.

Capital Assets

The Authority's noncurrent assets consist mainly of capital assets, which are twenty-six transit vehicles used in operations. The Authority's capital assets net book value as of June 30, 2025 was $1,054,202, a 73.5% increase compared to the prior year, and depreciation expense was $155,562 for the year ended June 30, 2025. The total net book value decreased in 2024 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.

Vehicle Type	Years of Service	Max. Mileage	# in PV Fleet
Large Buses	12	500,000	3
Medium Buses	10	350,000	1
Medium, Light-Duty	5	150,000	22

Historically, the Authority has operated light-duty buses to approximately 200,000 miles before replacement. The Authority maintains a bus replacement schedule that is updated annually to determine vehicle replacement needs in coming years. The Authority maintains a bus replacement schedule that is updated annually and replacement vehicles are scheduled for delivery in Fiscal Year 2026 and Fiscal Year 2027.

See Note 2 (c) for additional information on the Authority's capital assets.

Liabilities and Net Position

Long-Term Debt

The Palos Verdes Peninsula Transit Authority has no long-term debt outstanding as of June 30, 2025 and 2024, respectively.

Authority Net Position

The Authority's net position decreased in Fiscal Year 2025 primarily due to an increase in operating expenses including an increase in operator fees, and a decrease in operating revenues including a decrease in charges for services. Net position increased in Fiscal Year 2024 primarily due to an increase in nonoperating revenues including an increase in member contributions, Prop A incentive funding and the Prop A fund exchange.

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 = $78
- Semester Pass = $305
- Annual Pass = $608

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 was $11,440 and $12,160, for the fiscal years ending June 30, 2025 and 2024, respectively.

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.

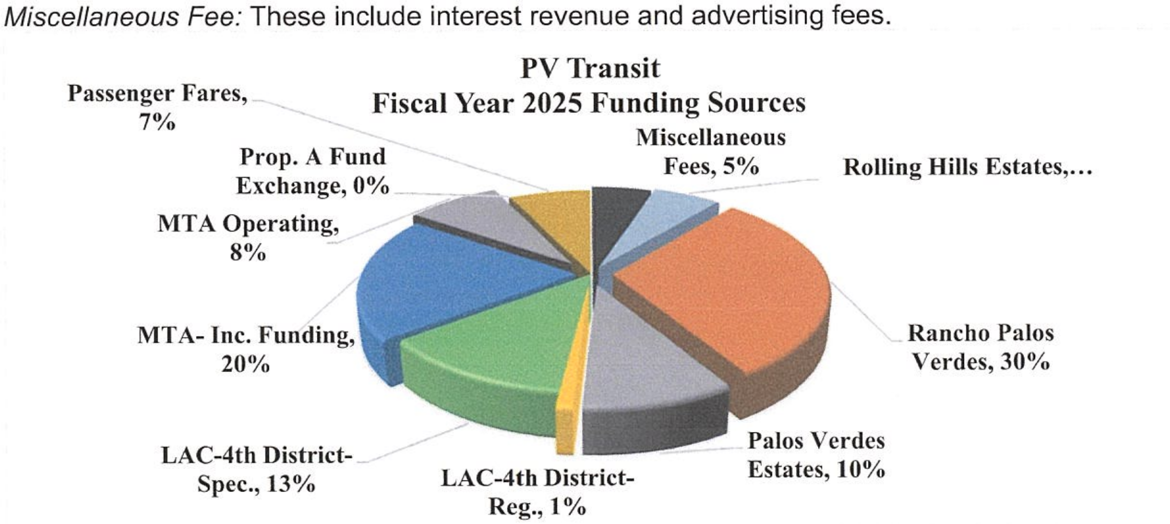
Los Angeles County Department of Public Works (DPW): The Authority receives two sources of funding from the DPW. The Authority receives $30,100 annually for the operation of fixed route and dial-a-ride service in the unincorporated area of the Palos Verdes Peninsula (Academy Hills). The annual contribution from the District 4 supervisor is $376,000.

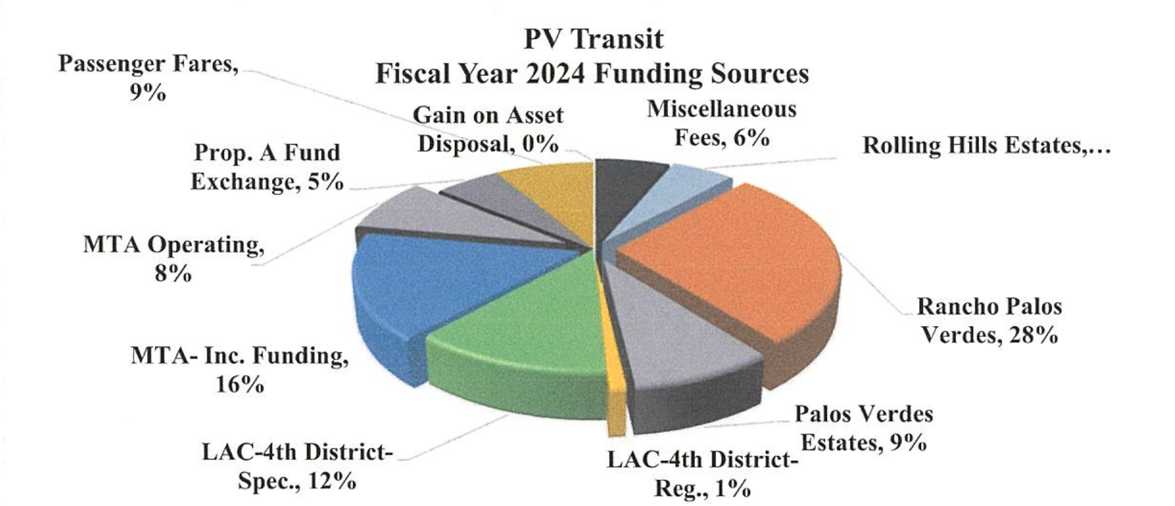
Los Angeles County Metropolitan Transportation Authority (Metro) Proposition A Incentive Fund: The Authority receives $440,244 annually from Metro's Proposition A Incentive Fund. In fiscal year 2025 the Authority received additional Proposition A Incentive funding of $156,898 for a total of $597,142. 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.

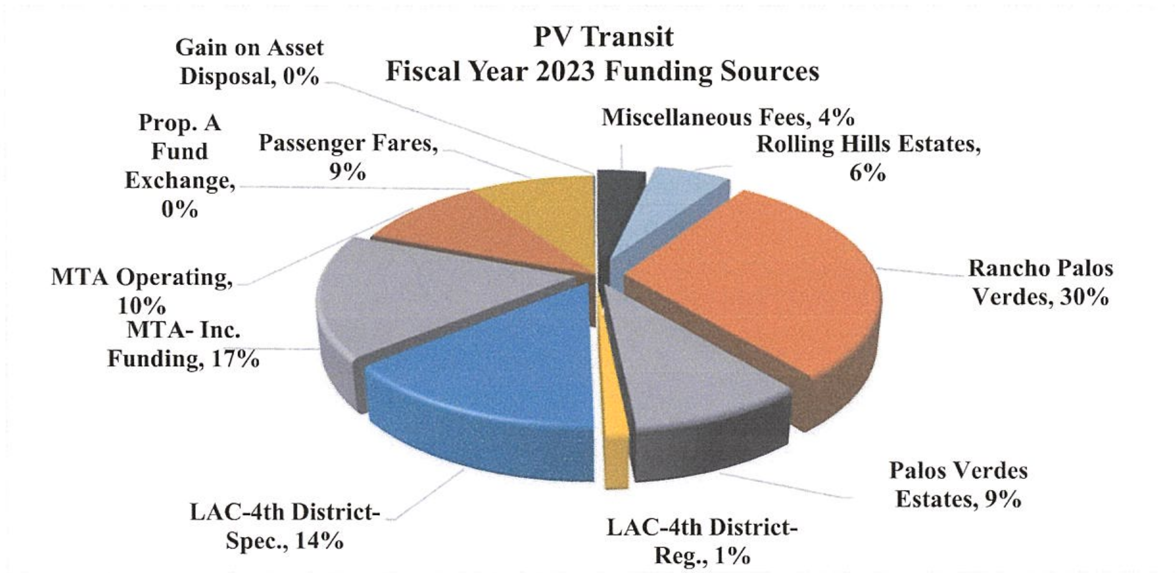
Los Angeles County Metropolitan Transportation Authority (Metro) Route 225-226 Operating Funds: In June 2006, the Authority assumed operation of Metro's Route 225-226 and has received annual operating funding since this time. The current operating agreement, which was extended through 2027, provides a maximum annual funding to the Authority of $243,990. This funding along with the Los Angeles County Department of Public Works funding make up the Route 225-226 operating support.

Proposition A Fund Exchange: In past 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.

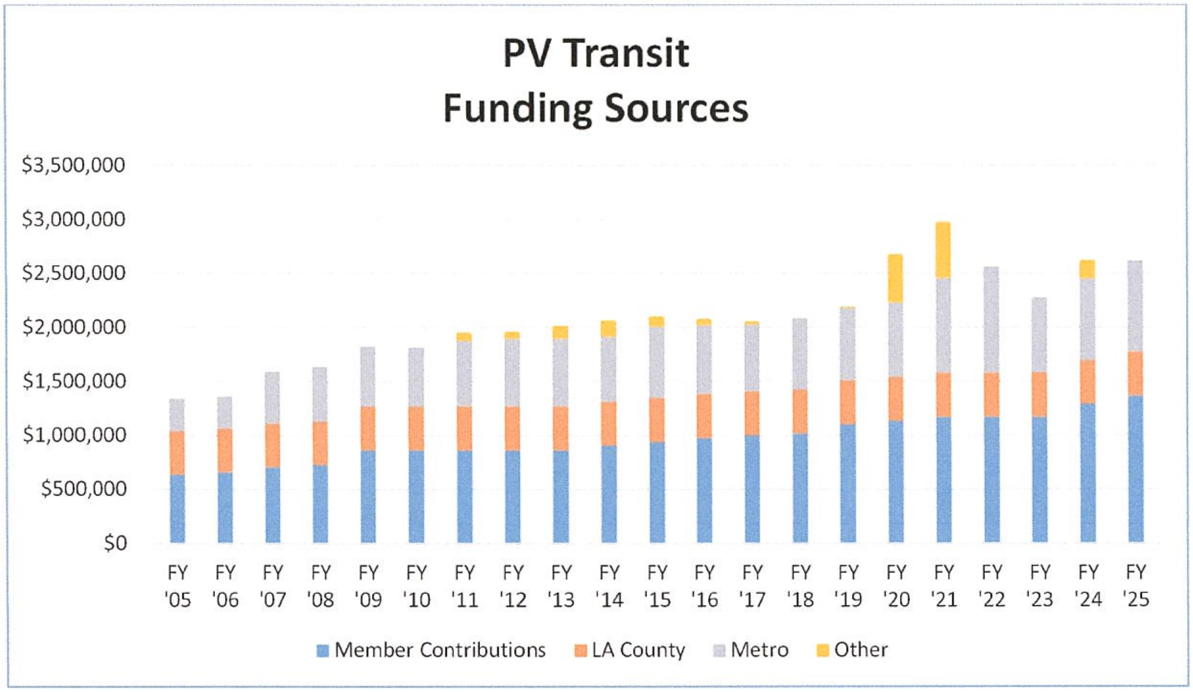



PV Transit
Fiscal Year 2024 Funding Sources
Passenger Fares, 9%
Gain on Asset Disposal, 0%
Miscellaneous Fees, 6%
Rolling Hills Estates,...
Prop. A Fund Exchange, 5%
MTA Operating, 8%
Rancho Palos Verdes, 28%
MTA- Inc. Funding, 16%
Palos Verdes Estates, 9%
LAC-4th District-Spec., 12%
LAC-4th District-Reg., 1%


PV Transit
Fiscal Year 2023 Funding Sources
Gain on Asset Disposal, 0%
Miscellaneous Fees, 4%
Prop. A Fund Exchange, 0%
Passenger Fares, 9%
Rolling Hills Estates, 6%
MTA Operating, 10%
Rancho Palos Verdes, 30%
MTA- Inc. Funding, 17%
Palos Verdes Estates, 9%
LAC-4th District-Spec., 14%
LAC-4th District-Reg., 1%

42

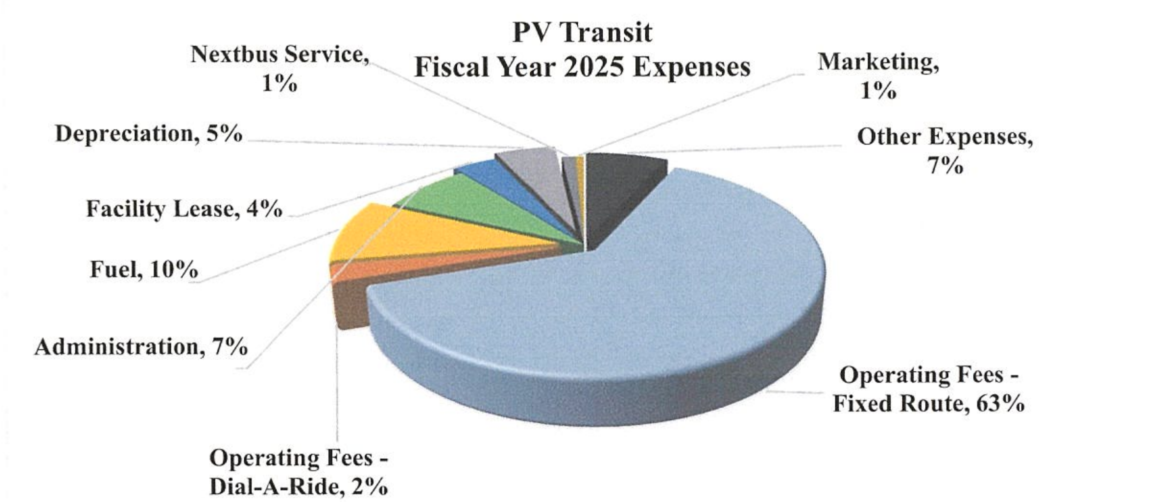
During the last twenty years, the Authority has diversified its sources of funding. There has been a significant increase in funding from Metro (operating and Incentive Funding).

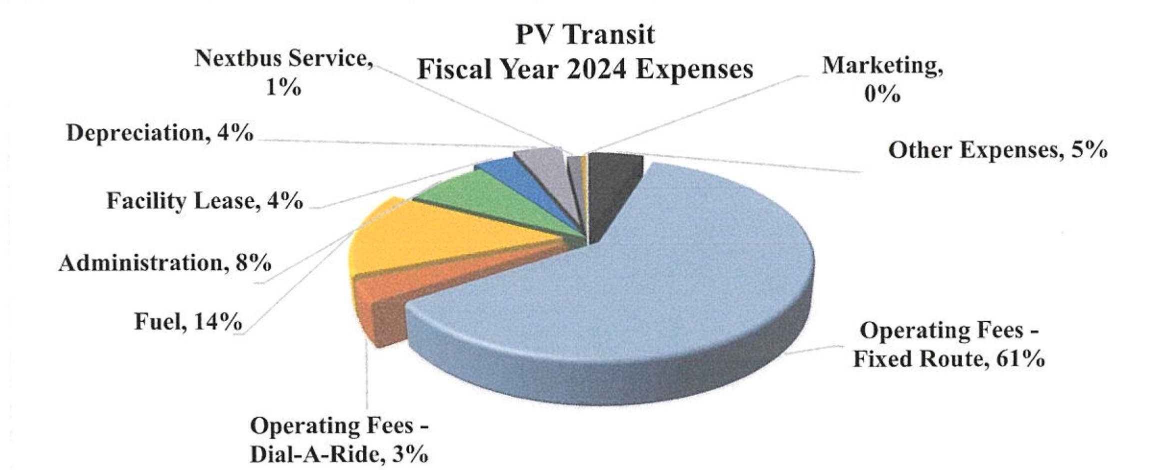


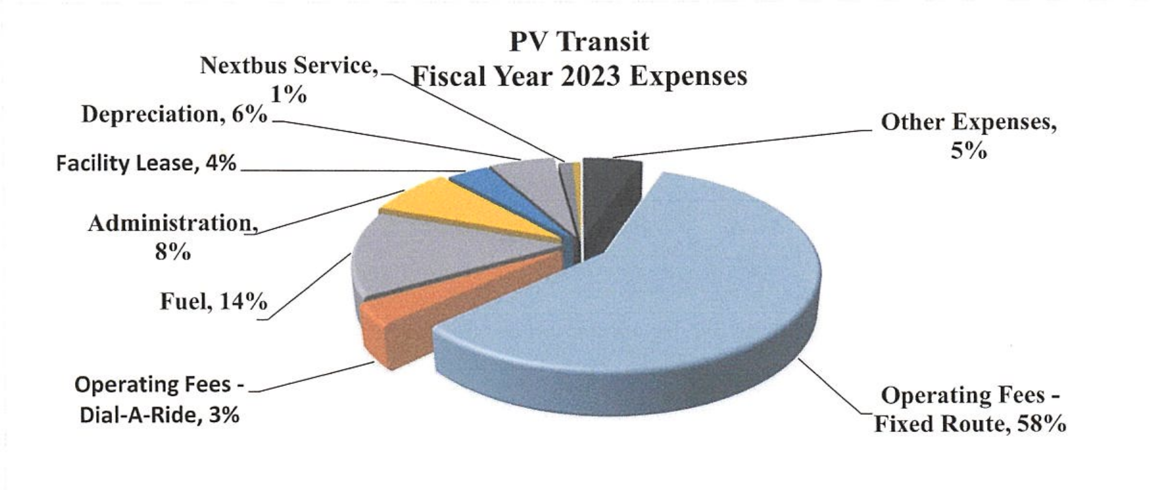
Operating Expenses

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 66% of total operating expenses. Expenses for fuel (compressed natural gas (CNG) and propane (LPG)) consists of 10% 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, 2028 for a total contract value of $8,756,583.


PV Transit
Fiscal Year 2025 Expenses
Nextbus Service, 1%
Marketing, 1%
Depreciation, 5%
Other Expenses, 7%
Facility Lease, 4%
Fuel, 10%
Administration, 7%
Operating Fees - Fixed Route, 63%
Operating Fees - Dial-A-Ride, 2%


PV Transit
Fiscal Year 2024 Expenses
Nextbus Service, 1%
Marketing, 0%
Depreciation, 4%
Other Expenses, 5%
Facility Lease, 4%
Administration, 8%
Fuel, 14%
Operating Fees - Fixed Route, 61%
Operating Fees - Dial-A-Ride, 3%


PV Transit
Fiscal Year 2023 Expenses
Nextbus Service, 1%
Depreciation, 6%
Other Expenses, 5%
Facility Lease, 4%
Administration, 8%
Fuel, 14%
Operating Fees - Dial-A-Ride, 3%
Operating Fees - Fixed Route, 58%

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 2025 was $322,714 and the remaining unrestricted net position of $3,444,237 is designated for vehicle replacement. The Authority's operating reserve at the end of 2024 was $302,700 and the remaining unrestricted net position of $3,964,269 is designated for vehicle replacement. The amount designated for vehicle replacement has decreased $239,296 over the past three fiscal years and is expected to be further reduced as vehicles are replaced. As noted in the previous section, the Authority has replacement vehicles scheduled for delivery in the next two fiscal years. The vehicle replacement schedule may be impacted by supply chain issues.

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.

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PALOS VERDES PENINSULA TRANSIT AUTHORITY
Statements of Net Position
June 30, 2025 and 2024

	2025	2024
Assets:		
Current assets:		
Cash and cash equivalents	$ 2,616,736	$ 3,820,433
Due from other governments	1,188,915	545,768
Accounts receivable	34,857	39,517
Prepaid expenses	60,003	33,023
Total current assets	3,900,511	4,438,741
Non-current assets:		
Capital assets, net of accumulated depreciation	1,054,202	607,529
Total non-current assets	1,054,202	607,529
Total assets	4,954,713	5,046,270
Liabilities:		
Accounts payable	133,560	171,772
Total liabilities	133,560	171,772
Net position:		
Net investment in capital assets	1,054,202	607,529
Unrestricted	3,766,951	4,266,969
Total net position	$ 4,821,153	$ 4,874,498

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

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Charges for services	$ 222,571	$ 271,071
Route 225/226 operating support	619,990	630,713
Governmental sources	30,100	30,905
Total operating revenues	872,661	932,689
Operating expenses:		
Operator fees	2,097,764	1,965,055
Contract administration	226,645	220,044
Fuel purchases	289,774	392,346
Marketing and promotions	19,888	15,458
Other operating expenses	241,595	176,928
Depreciation	155,562	125,268
Total operating expenses	3,031,228	2,895,099
Operating loss	(2,158,567)	(1,962,410)
Nonoperating revenues (expenses):		
Interest income	138,163	190,521
Gain (Loss) on FMV adjustment	2,942	(10,774)
Prop A incentive funding - Metropolitan Transportation Authority	597,142	500,406
Member contributions	1,366,975	1,289,598
Other expense - Prop A Exchange	-	(500,000)
Other income - Prop A Exchange	-	666,667
Total nonoperating revenues (expenses)	2,105,222	2,136,418
Change in net position	(53,345)	174,008
Net position, beginning of year	4,874,498	4,700,490
Net position, end of year	$ 4,821,153	$ 4,874,498

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

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Statements of Cash Flows
For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received from customers	$ 227,231	$ 265,122
Cash received from route 225/226 operating support	689,030	439,678
Cash received from (paid to) government agencies	(345,095)	31,144
Cash paid to suppliers for goods and services	(2,940,858)	(2,758,300)
Net cash used for operating activities	(2,369,692)	(2,022,356)
Cash flows from noncapital financing activities:		
Prop A incentive funding received	125,101	595,427
Member contributions received	1,502,024	1,154,549
Cash received for Prop A exchange	-	666,667
Cash paid for Prop A exchange	-	(500,000)
Net cash provided by noncapital financing activities	1,627,125	1,916,643
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(602,235)	-
Net cash provided by capital and related financing activities	(602,235)	-
Cash flows from investing activities:		
Interest received	138,163	190,521
Change in fair value of investments	2,942	(10,774)
Net cash provided by (used for) investing activities	141,105	179,747
Net increase (decrease) in cash and cash equivalents	(1,203,697)	74,034
Cash and cash equivalents, beginning of year	3,820,433	3,746,399
Cash and cash equivalents, end of year	$ 2,616,736	$ 3,820,433

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

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Statements of Cash Flows (Continued)
For the years ended June 30, 2025 and 2024

Reconciliation of operating loss to net cash used for operating activities	**2025**	**2024**
Operating loss	$ (2,158,567)	$ (1,962,410)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	155,562	125,268
(Increase) decrease in assets:		
Accounts receivable	4,660	(5,949)
Due from other governments	(306,155)	(190,796)
Prepaid expenses	(26,980)	(10,371)
Increase (decrease) in liabilities:		
Accounts payable	(38,212)	21,902
Total adjustments	(211,125)	(59,946)
Net cash used for operating activities	$ (2,369,692)	$ (2,022,356)

The accompanying notes are an integral part of these 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 $1,188,915 and $545,768 as of June 30, 2025 and 2024, respectively.

3. Capital Assets

Capital assets are comprised of transportation equipment (vehicles) and leasehold improvements and are stated at cost. Donated capital assets are recorded at acquisition value as of the date received. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 and a useful life 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)

- 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, 2025 and 2024.

- 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 following are the new Governmental Accounting Standards Implemented for the Year Ended June 30, 2025:

- GASB Statement No. 101 - Compensated Absences. The primary objective of this Statement is to establish accounting and financial reporting guidance for compensated absences, which are leave benefits that are attributable to services already rendered, relate to rights that accumulate, and are more likely than not to be used for time off or otherwise paid to employees. The Statement requires governments to recognize a liability for certain types of compensated absences, such as vacation, sick leave, and paid time off, when the leave is earned rather than when it is taken.

  The adoption of GASB Statement No. 101 did not result in a restatement of beginning net position, as the entity does not have compensated absences.

- GASB Statement No. 102 - Certain Risk Disclosures. The primary objective of this Statement is to provide users of financial statements with better insight into risks that could have a material impact on the government's ability to provide services or meet obligations. These risks include concentrations in revenue sources, investments, or loans; constraints imposed by external parties or legislation; and other conditions that may expose the entity to significant vulnerabilities.

  Upon evaluation, management determined that there were no concentrations, constraints, or vulnerabilities that met the disclosure criteria under GASB Statement No. 102 for the current fiscal year. The entity has incorporated the applicable disclosure considerations in accordance with the new requirements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Effects of New Pronouncements (continued)

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. 103, *Financial Reporting Model Improvements* is effective for fiscal years beginning after June 15, 2025.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets* is effective for fiscal years beginning after June 15, 2025.

(2) DETAILED NOTES ON ENTERPRISE FUND

(a) Cash and Cash Equivalents

Cash and cash equivalent components are as follows:

	2025	2024
Deposits in Bank	$ 158,821	$ 906,677
Local Agency Investment Fund (LAIF)	2,457,915	2,913,756
Total cash and cash equivalents	$ 2,616,736	$ 3,820,433

Authorized Investments

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

Custodial Credit Risk

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 remaining bank balance exceeding $250,000 is uncollateralized and uninsured.

(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. Currently, LAIF does not have an investment rating. LAIF has a minimum $5,000 transaction amount in increments of $1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of $10 million or more.

The total amount invested in all public agencies in LAIF as of June 30, 2025 and 2024, was $24.5 billion and $22.0 billion, respectively. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2025 and 2024 had a balance of $178.1 billion and $178.0 billion, respectively. Of those amounts, 3.81% in 2025 and 3.00% in 2024 were invested in medium-term and short-term structured notes and asset backed securities. The average maturity of PMIA investments as of June 30, 2025 and 2024 was 248 and 217 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 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.

(2) DETAILED NOTES ON ENTERPRISE FUND (continued)

(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.

Revenues received from other governments during the fiscal year and the related receivables at June 30, 2025, are listed below.

	Revenue	Due From Other Governments
City Participation		
Rancho Palos Verdes	$ 903,149	$ -
Rolling Hills Estates	177,523	-
Palos Verdes Estates	286,303	-
Total city participation	1,366,975	-
Operating support, governmental sources, and incentive funding[1]		
Los Angeles County - Public Works	406,100	406,100
Los Angeles County - Metropolitan Transportation Authority	841,132	782,815
Total operating support, governmental sources, and incentive funding	1,247,232	1,188,915
Total government revenues and due from other governments	$ 2,614,207	$ 1,188,915

(1) Revenue received from Los Angeles County – Public Works and Los Angeles County Metropolitan Transportation Authority are presented as route 225/226 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 225/226 operating support and $30,100 which are presented as governmental sources. The Los Angeles County Metropolitan Transportation Authority provides $243,990 of funds which are presented as 225/226 operating support and $597,142 which are presented as Prop A incentive funding.

(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, 2024, are listed below.

	Revenue	Due From Other Governments
City Participation:		
Rancho Palos Verdes	$ 852,027	$ 135,049
Rolling Hills Estates	167,474	-
Palos Verdes Estates	270,097	-
Total city participation	1,289,598	135,049
Other Income - Prop A Exchange		
City of El Monte[1]	666,667	-
Total other income - Prop A exchange	666,667	-
Operating support, governmental sources, and incentive funding[2]		
Los Angeles County - Public Works	406,905	30,905
Los Angeles County - Metropolitan Transportation Authority	755,119	379,814
Total operating support, governmental sources, and incentive funding	1,162,024	410,719
Total government revenues and due from other governments	$ 3,118,289	$ 545,768

(1) On May 31, 2023, the Authority and City of El Monte, 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 $666,667 of uncommitted Proposition A Local Return funds in exchange for $500,000 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 225/226 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 225/226 operating support and $30,905 which are presented as governmental sources. The Los Angeles County Metropolitan Transportation Authority provides $254,713 of funds which are presented as 225/226 operating support and $500,406 which are presented as Prop A incentive funding.

(2) DETAILED NOTES ON ENTERPRISE FUND (continued)

(c) Capital Assets

Following is a summary of capital assets activity for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Vehicles	$ 3,751,231	$ 602,235	$ -	$ 4,353,466
Leasehold improvement	12,449	-	-	12,449
Accumulated depreciation	(3,156,151)	(155,562)	-	(3,311,713)
Capital asset, net	$ 607,529	$ 446,673	$ -	$ 1,054,202

Depreciation expense for the year ended June 30, 2025, was $155,562.

Following is a summary of capital assets activity for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Vehicles	$ 3,751,231	$ -	$ -	$ 3,751,231
Leasehold improvement	12,449	-	-	12,449
Accumulated depreciation	(3,030,883)	(125,268)	-	(3,156,151)
Capital asset, net	$ 732,797	$ (125,268)	$ -	$ 607,529

Depreciation expense for the year ended June 30, 2024, was $125,268.

(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:

	2025	**2024**
Designated for operating reserves	$ 322,714	$ 302,700
Designated for vehicle replacement	3,444,237	3,964,269
Total unrestricted net position	$ 3,766,951	$ 4,266,969

(2) DETAILED NOTES ON ENTERPRISE FUND (continued)

(e) Short-term 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 $9,232 and is subject to automatic annual adjustments of three percent (3%) effective December 1 of each year. The future minimum payments are as follows:

Fiscal Year Ending June 30:	Lease Payment
2026	$ 112,720

(3) RELATED PARTIES 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, 2025 and 2024 were $1,366,975 and $1,289,598, respectively.

(4) RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Liability coverage for the Authority is provided through the California Joint Powers Insurance Authority (California JPIA). In addition to liability coverage, the California JPIA offers other coverage programs.

Liability and workers' compensation coverage are pooled self-insurance programs administered by the California JPIA on behalf of the member. Pollution legal liability insurance, all risk property insurance, and crime insurance are purchased from commercial insurance companies on behalf of the member. Claims administration for the liability program is provided by Carl Warren & Company. Claims administration for the workers' compensation program is provided by Sedgwick.

All claims are investigated, valued, reserved, defended and/or settled in accordance with generally accepted insurance industry practices. There are no existing claims known to us which would exceed the member's applicable coverage. For the past three years, no claim has exceeded coverage limits for any of the programs indicated above.

SUPPLEMENTARY INFORMATION

PALOS VERDES PENINSULA TRANSIT AUTHORITY
Schedules of Revenues and Expenses by Category
For the years ended June 30, 2025 and 2024

	2025				2024			
	Charter	Dial-a-Ride	Fixed Route	Total	Charter	Dial-a-Ride	Fixed Route	Total
Operating revenues:								
Charges for services	$ 4,905	$ 28,741	$ 188,925	$ 222,571	$ 6,716	$ 34,378	$ 229,977	$ 271,071
Route 225/226 operating support	-	-	619,990	619,990	-	-	630,713	630,713
Governmental sources	-	-	30,100	30,100	-	-	30,905	30,905
Total operating revenues	4,905	28,741	839,015	872,661	6,716	34,378	891,595	932,689
Operating expenses:								
Operator fees	1,466	75,761	2,020,537	2,097,764	1,664	100,807	1,862,584	1,965,055
Contract administration	-	45,329	181,316	226,645	-	44,009	176,035	220,044
Fuel purchases	-	-	289,774	289,774	-	-	392,346	392,346
Marketing and promotions	-	4,341	15,547	19,888	-	3,802	11,656	15,458
Other operating expenses	-	16,487	225,108	241,595	-	14,358	162,570	176,928
Depreciation	-	-	155,562	155,562	-	-	125,268	125,268
Total operating expenses	1,466	141,918	2,887,844	3,031,228	1,664	162,976	2,730,459	2,895,099
Operating income (loss)	$ 3,439	$ (113,177)	$ (2,048,829)	$ (2,158,567)	$ 5,052	$ (128,598)	$ (1,838,864)	$ (1,962,410)

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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*

Independent Auditor's Report

To the Board of Directors
Palos Verdes Peninsula Transit Authority
Rolling Hills, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the financial statements of the Palos Verdes Peninsula Transit Authority (the entity), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated February 2, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we have reported to management of the entity in a separate letter dated February 2, 2026.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 2, 2026

MEMORANDUM

TO: AUTHORITY MEMBERS

FROM: Martin Gombert, Administrator

DATE: February 19, 2026

SUBJECT: Election of Officers

BACKGROUND

The Joint Powers Agreement provides for annual election of Officers.

Shown below is a list of the current Officers:

Mr. Michael Kemps, Chairperson

Ms. Debbie Stegura, Vice Chairperson

Ms. Pam Schachter, Secretary Treasurer

The following offices need to be considered: Chair, Vice-Chair, and Secretary-Treasurer.

RECOMMENDATION

Elect officers for calendar year 2026.