

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2021 and 2020



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Foothill Transit

West Covina, California

Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020

Prepared by Foothill Transit Finance Department

FOOTHILL TRANSIT
(A JOINT POWERS AUTHORITY)

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Introduction



Executive Board Memorandum

To: **Executive Board**

Date: **December 17, 2021**

Subject: **Fiscal Year 2020/2021 Comprehensive Annual Financial Report**

Enclosed is the Comprehensive Annual Financial Report of Foothill Transit for the fiscal year ended June 30, 2021. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Foothill Transit. To the best of management's knowledge and belief, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain an understanding of Foothill Transit's financial activities.

In addition to the financial audit, Foothill Transit is required to conduct an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditor's reports on internal control structure and compliance with applicable laws and regulations are included with this report.

Independent Audit. The accounting firm of Crowe LLP was selected to perform an annual independent audit of Foothill Transit's financial statements. The goal of the independent audit is to provide reasonable assurance that Foothill Transit's financial statements for the fiscal year ended June 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that Foothill Transit's financial statements for fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related Uniform Guidance. The auditor's report on the basic financial statements and schedules, including reports specifically related to the single audit, are included in this document.

Management's Representations. This report consists of management representations concerning Foothill Transit's finances. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, Foothill Transit's management has established a comprehensive internal control framework designed to ensure that the assets of Foothill Transit are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefit likely to be derived; and (2) the



valuation of the costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management's Discussion and Analysis. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A that begins on page 5, and should be read in conjunction with it.

Reporting Entity. Foothill Transit, a joint powers authority of 22 cities and the County of Los Angeles, is a public transit provider located in the San Gabriel and Pomona Valleys in Los Angeles County. Foothill Transit operates a fleet of 361 buses transporting 9.8 million passengers with 12.3 million vehicle service miles. The entire fleet is equipped with bicycle racks and is wheelchair accessible and 100 percent of the buses are powered by either compressed natural gas (CNG) or electricity. Foothill Transit's investment transactions are conducted in conformance with internal investment policies and the State of California Government Code. The Executive Board has assigned the responsibility for investing to the Director of Finance and Treasurer.

The Governing Board approves the Business Plan and Budget by June 30th of each fiscal year. The approved budget establishes the legal level of appropriation. The budget includes operating and capital funding to implement the policy directions contained in the previously Board adopted plans such as the Short Range Transportation Plan (SRTP).

Local Economy. Foothill Transit provides service in the San Gabriel and Pomona Valleys located in Los Angeles County (LA County). LA County and its 88 cities represent a dynamic, multicultural economy with a diverse workforce and top universities and colleges throughout. According to the LA Economic Development Corporation (LAEDC) LA County is the entertainment, manufacturing, and international trade capital of the US. With nearly \$544 billion in annual output, LA County ranks among the world's largest economies.

The transportation and trade industry is very extensive and is one of the prominent industries in LA County. International trade continues to play an important role in the economy. The San Pedro Bay ports of Los Angeles and Long Beach and Los Angeles International Airport are the largest container ports and the busiest air cargo terminals in the nation, respectively. Transportation improvements are focused on alleviating congestion problems and improving air quality in these important corridors. Over 160,000 LA County workers support this international trade center.

The worldwide Covid-19 pandemic severely impacted the entire year FY2020/2021. Although fare collection, which had been discontinued in March of 2020 and was reinstated in November of 2020, fare revenues remained low in all of FY2020-2021 as ridership slowly gained momentum. Foothill Transit ended the year at approximately 40% of pre-pandemic ridership levels.

The majority of Foothill Transit's funding is provided from local sales taxes. Although there was a modest increase in sales tax collections during FY2020/2021, the budget was prepared

with revenues, service, and fares at current levels to balance the budget. Additionally, Foothill Transit covered all fare revenue losses with Federal Cares Act funding.

New capital acquisitions and/or construction projects and those carried forward from the previous year, include park and ride parking structure(s), new replacement CNG buses and zero emission electric buses. The park and ride facilities will allow greater utilization of current bus service potentially increasing fare revenue. The purchase of replacement CNG buses will reduce operational expenses, and the zero emission buses will reduce maintenance costs and eliminate all emissions currently attributed to compressed natural gas buses. Sufficient funding (grants) has been dedicated for the completion of these projects.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Foothill Transit for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the fifteenth consecutive year that Foothill Transit has received this prestigious award. This certificate of award is the highest form of recognition for excellence in state and local government financial reporting.

In order to receive this award, Foothill Transit must publish an easily readable and well organized comprehensive financial report whose content conforms to the program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement for Excellence in Financial Reporting is valid for a one year period only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to determine eligibility for continued recognition.

Acknowledgments. The preparation of this report would not have been possible without the efficient and dedicated service of the entire Foothill Transit Team. We wish to express our sincere appreciation for the hard work and long hours that contributed to the preparation of this report. Appreciation is also extended to the Executive Board and the various team members for their cooperation and dedicated service that made it possible to produce a report of the highest standards.

Sincerely,



Michelle Lopes Caldwell
Director of Finance and Treasurer



Doran Barnes
Chief Executive Officer

Foothill Transit Leadership

Executive Board

Chair

Cynthia Sternquist
Cluster 5 - County of Los Angeles

Vice Chair

Corey Calaycay
Cluster 1 - Claremont

Board Member

Gary Boyer
Cluster 2 - Glendora

Board Member

Becky Shevlin
Cluster 3 - Monrovia

Board Member

Cory C. Moss
Cluster 4 - Industry

Executive Board Alternates

Cluster 1 - San Dimas

Emmett Badar

Cluster 2 - West Covina

Dario Castellanos

Cluster 3 - Duarte

Tzeitel Paras-Caracci

Cluster 4 - La Puente

Valerie Muñoz

Cluster 5 - County of Los Angeles

Jimmy Lin

Governing Board

CLUSTER 1

Claremont

Councilmember Corey Calaycay
Alternate: Councilmember Ed Reece

La Verne

Councilmember Rick Crosby
Alternate: Mayor Tim Hepburn

Pomona

Councilmember Victor Preciado
Alternate: Councilmember John Nolte

San Dimas

Mayor Emmett Badar
Alternate: Councilmember John Ebner

Walnut

Councilmember Linda Freedman
Alternate: Councilmember Nancy Tragarz

CLUSTER 2

Azusa

Councilmember Edward J. Alvarez
Alternate: VACANT

Baldwin Park

Councilmember Daniel Damian
Alternate: Mayor Emmanuel J. Estrada

Covina

Councilmember John C. King
Alternate: Mayor Pro Tem Patricia Cortez

Glendora

Mayor Pro Tem Gary Boyer
Alternate: Mayor Pro Tem Michael Allawos

Irwindale

Councilmember Albert Ambriz
Alternate: Mayor Pro Tem Larry Burrola

West Covina

Mayor Pro Tem Dario Castellanos
Alternate: Councilmember Tony Wu

CLUSTER 3

Arcadia

VACANT

Alternate: Mayor Sho Tay

Bradbury

Councilmember Richard G. Barakat

Alternate: Mayor D. Montgomery Lewis

Duarte

Councilmember Tzeitel Paras-Caracci

Alternate: Councilmember Toney Lewis

Monrovia

Councilmember Becky Shevlin

Alternate: VACANT

Pasadena

Councilmember Felicia Williams

Alternate: VACANT

Temple City

Councilmember Fernando Vizcarra

Alternate: Councilmember William Man

CLUSTER 4

El Monte

Mayor Jessica Ancona

Alternate: Councilmember Maria Morales

Diamond Bar

Mayor Steve Tye

Alternate: Mayor Pro Tem Nancy A. Lyons

Industry

Mayor Cory C. Moss

Alternate: Mayor Pro Tem Catherine Marucci

La Puente

Mayor Pro Tem Valerie Muñoz

Alternate: Councilmember Violeta Lewis

South El Monte

Councilmember Hector Delgado

Alternate: Mayor Gloria Olmos

CLUSTER 5

County of Los Angeles

Jimmy Lin

(Representing Supervisor Janice Hahn)

Cynthia Sternquist

(Representing Supervisor Kathryn Barger)

Sam Pedroza

(Representing Supervisor Hilda Solis)

Senior Management

Chief Executive Officer

Doran J. Barnes

Deputy Chief Executive Officer

Kevin Parks McDonald

Chief of Safety and Security

John Curley

Director of Customer Service and Operations

LaShawn King Gillespie

Director of Maintenance and Vehicle Technology

Roland Cordero

Director of Marketing and Communications

Felicia Friesema

Director of Information Technology

Donald Luey

Director of Procurement

Christopher Pieper

Director of Finance and Treasurer

Michelle Lopes Caldwell

Director of Planning

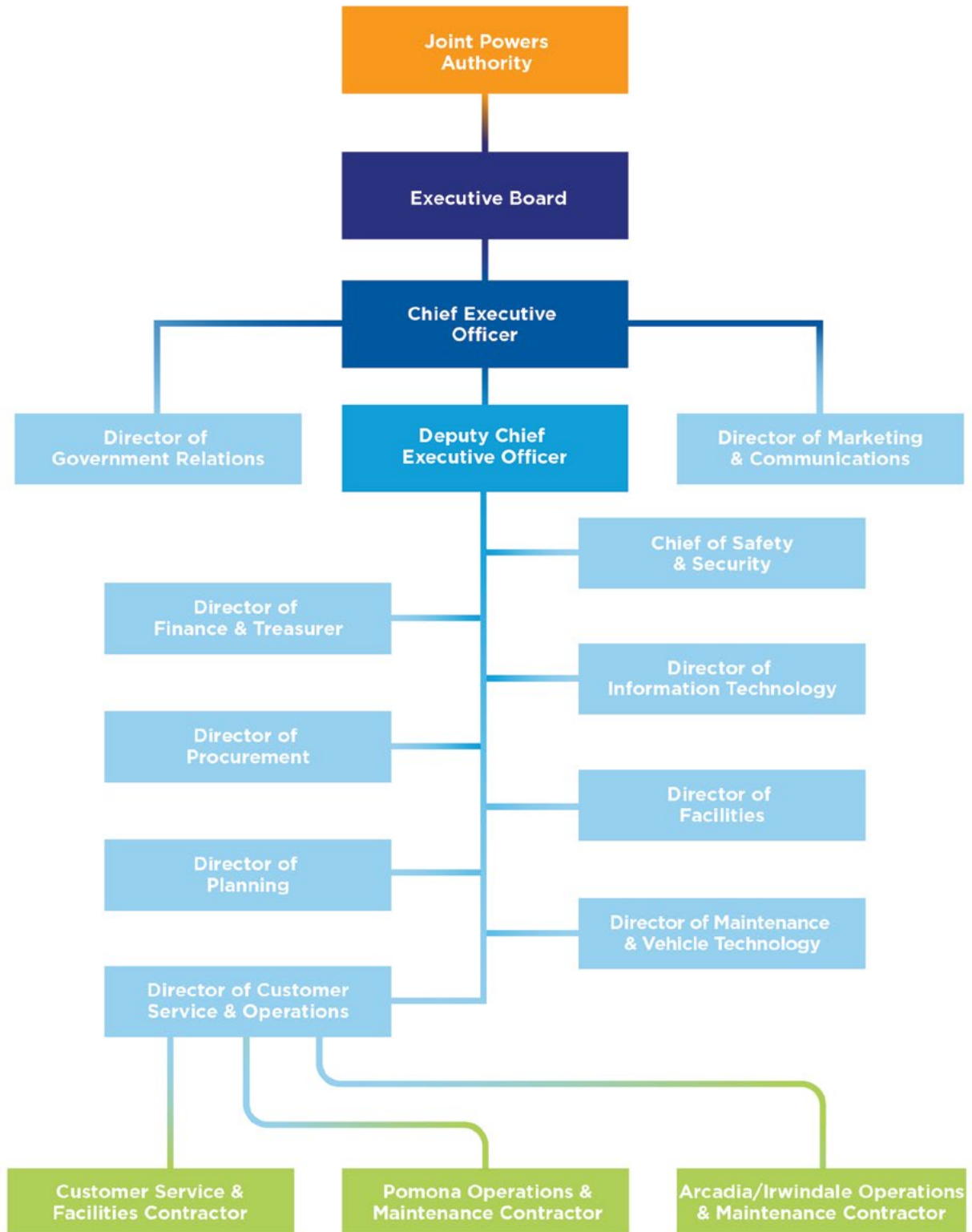
Joseph Raquel

Director of Facilities

Sharlane Bailey

Director of Government Relations

Yoko Igawa





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Foothill Transit
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Foothill Transit (A Joint Powers Authority)
West Covina, California

Report on the Financial Statements

We have audited the accompanying financial statements of Foothill Transit, A Joint Powers Authority (Foothill Transit) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Foothill Transit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foothill Transit as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Foothill Transit's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the introduction and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021 on our consideration of Foothill Transit'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 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 Foothill Transit'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 Foothill Transit's internal control over financial reporting and compliance.



Crowe LLP

Los Angeles, California
December 6, 2021

Management's Discussion And Analysis

JUNE 30, 2021, AND 2020

The following section of the annual financial report of Foothill Transit includes an overview and analysis of Foothill Transit's financial position and activities for the years ended June 30, 2021 and 2020. This discussion and analysis should be considered in conjunction with the basic financial statements which it accompanies. These statements are the responsibility of the management of Foothill Transit.

INTRODUCTION TO THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Foothill Transit presents its basic financial statements using the economic resources measurement focus and accrual basis of accounting. As a special purpose government engaged in business-type activity, Foothill Transit's basic financial statements include Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. The notes to financial statements, supplementary information, and required supplementary information, including this section, support these statements. All sections must be considered together to obtain a complete understanding of the financial position and results of operations of Foothill Transit.

Statement of Net Position: The Statement of Net Position includes all assets and liabilities of Foothill Transit, with the difference between the two reported as net position. Assets and liabilities are reported on an accrual basis at cost or fair value, as applicable, as of June 30, 2021 and 2020. This statement also identifies major categories of restrictions on the net position of Foothill Transit.

Statement of Revenues, Expenses, and Changes in Net Position: The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred by Foothill Transit during the years ended June 30, 2021, and 2020 on an accrual basis.

Statement of Cash Flows: The Statement of Cash Flows presents the changes in Foothill Transit's cash and cash equivalents for the years ended June 30, 2021, and 2020 summarized by operating, capital and related financing, non-capital financing, and investing activities. The statement is prepared using the direct method of reporting cash flows and, therefore, presents gross rather than net amounts for the years' activities.

Foothill Transit's basic financial statements can be found on pages 9 through 11 of this report. The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 25 of this report.



FINANCIAL HIGHLIGHTS

During fiscal year 2020-2021, Foothill Transit’s net position increased \$15,850,572 (6.84%) from the previous year resulting primarily from the capital contributions of \$47,354,596 that were funded by federal, state, and local grants.

In fiscal year 2020-2021, Foothill Transit received 33,017,520 of Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act revenues which were used to fund loss of farebox revenues and other operating expenses. In fiscal year 2020-2021, operating expenses before impairment loss and depreciation increased \$3,152,248 (3.19%) over the previous year. This increase was attributed primarily to increases for purchased transportation and fuel.

Foothill Transit’s assets exceeded its liabilities at June 30, 2021, by \$280,988,836 (net position).

CONDENSED STATEMENT OF NET POSITION

	2021	2020	2019
Non-Capital Assets	\$ 139,839,773	\$ 119,179,873	\$ 112,104,942
Capital assets, net	237,403,502	225,071,295	224,058,977
Total assets	\$ 377,243,275	\$ 344,251,168	\$ 336,163,919
Current liabilities	48,113,378	14,897,241	12,138,484
Noncurrent liabilities	48,141,061	64,215,663	62,274,173
Total liabilities	\$ 96,254,439	\$ 79,112,904	\$ 74,412,657
Net Position:			
Net Investment in capital assets	228,270,186	223,606,295	224,058,977
Unrestricted:			
Board designated - capital projects	52,718,650	41,531,969	37,692,321
Total net position	\$280,988,836	\$ 265,138,264	\$261,751,298

See discussion below

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Foothill Transit’s assets exceeded liabilities by \$280,988,836 as of June 30, 2021, and by \$265,138,264 as of June 30, 2020. Most of this is attributable to Foothill Transit’s \$228,270,186 and \$223,606,295 net investment in capital assets (property, plant, and equipment) as of June 30, 2021, and 2020.

Foothill Transit uses capital assets to provide transportation services; consequently, these assets are not available for future spending. These capital assets were procured with federal, state, and local grant funds. The remaining unrestricted net position at June 30, 2021, and 2020 totaled \$52,718,650 and \$41,531,969 respectively, representing amounts that are designated by the Board for future capital projects.

Foothill Transit’s net position increased by \$15,850,572 during fiscal year 2020-2021 and by \$3,386,966 during fiscal year 2019-2020. These increases are primarily due to the addition of capital assets funded with capital grant revenues.

**CONDENSED SUMMARY OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

	2021	2020	2019
Operating revenues - farebox and bus pass	\$ 4,002,178	\$ 11,926,027	\$ 16,079,596
Operating revenues - other	583,392	1,076,944	1,241,842
Operating grants	96,489,075	84,223,911	78,569,945
Other revenues (expenses)	3,707,418	3,497,566	4,503,405
Total revenues	\$ 104,782,063	\$ 100,724,448	\$100,394,788
Operating expenses before impairment loss and depreciation	101,964,981	98,812,733	96,820,287
Impairment loss	2,289,104	-	-
Depreciation	32,032,002	25,064,956	24,835,228
Total operating expenses	\$ 136,286,087	\$ 123,877,689	\$ 121,655,515
Loss before capital grants	(31,504,024)	(23,153,241)	(21,504,983)
Capital grants	47,354,596	26,540,207	36,046,101
Change in net position	15,850,572	3,386,966	14,541,118
Net position at the beginning of the year	265,138,264	261,751,298	247,210,180
Net position at the end of the year	\$280,988,836	\$265,138,264	\$261,751,298

See discussion below

REVENUES

Operating revenues in fiscal year 2021 decreased \$8,417,401 (64.73%) over 2020 and fiscal year 2020 operating revenues decreased \$4,318,467 (24.93%) over 2019. The decrease in operating revenue is a result of decline in ridership and fare collection resulting from the COVID-19 pandemic. Operating grant revenues increased \$12,265,164 and capital grant revenues increased \$20,814,389 in fiscal year 2021. Operating grant revenues increased \$5,653,966 and capital grant revenues decreased \$9,505,894 in fiscal year 2020. These grant revenues subsidized Foothill Transit's operating and capital expenses.

Because Foothill Transit requires subsidies to fund operating and capital expenses in excess of operating revenues, any increases or decreases in unfunded expenses will also require an increase or decrease in related grant funding. Capital grant contributions in fiscal year 2021 resulted in the acquisition of 42 CNG and 2 electric buses, construction of the Mt. San Antonio College Transit Center and bus repair and rehabilitation. The capital grant contributions in fiscal year 2020 included acquisition of 10 CNG buses, battery-electric bus chargers, construction of the Mt. San Antonio College Transit Center and bus repair and rehabilitation.

Total operating expenses before impairment loss and depreciation increased \$3,152,248 (3.19%) in fiscal year 2021 and \$1,992,446 (2.06%) in fiscal year 2020. In fiscal year 2020, Purchased Transportation costs increased \$2,582,271 due to rate increases of operating contracts for both the Arcadia and Pomona Yards (*see Note 7*).



CAPITAL ASSETS

As of June 30, 2021, and 2020, Foothill Transit had \$237,403,502 and \$225,071,295 invested in capital assets (net of accumulated depreciation), respectively. This represents a 5.48% increase in fiscal year 2021 and a 0.45% increase in fiscal year 2020. These assets include land, facilities, transit buses, other operating equipment, vehicles, and furniture and fixtures identified below. Depreciation expense increased \$6,967,046 in fiscal year 2021 and increased \$229,728 in fiscal year 2020, which is attributable to the first year depreciation of CAD/AVL equipment installed on the fleet.

	2021	2020	2019
Land	\$ 14,137,570	\$ 14,137,570	\$ 14,137,570
Construction in progress	2,180,762	34,938,273	21,269,476
Facilities	64,481,600	51,733,091	52,420,273
Transit buses	141,191,511	120,363,644	131,438,334
Other operating equipment	15,215,076	3,688,745	4,488,193
Vehicles	137,554	159,373	237,830
Furnitures and fixtures	59,429	50,599	67,301
Total	\$ 237,403,502	\$225,071,295	\$224,058,977

All assets have been purchased with federal, state, or local grants awarded to Foothill Transit. Significant capital projects with activity during fiscal years 2021 and 2020 include the following:

- Bus Fleet Replacement**
- Mt. San Antonio College Transit Center**
- Bus Repair and Rehabilitation**
- CAD/AVL**

More detailed information about Foothill Transit’s capital assets can be found in Note 6 in the accompanying notes to financial statements.

LONG TERM DEBT

As of June 30, 2021, 2020, and 2019, Foothill Transit had no long-term debt.

FURTHER INFORMATION

This report has been designed to provide a general overview of Foothill Transit’s financial condition and related issues. For those with an interest in Foothill Transit’s finances, inquiries should be directed to the Director of Finance and Treasurer, 100 South Vincent Avenue, Suite 200, West Covina, CA 91790.

BASIC FINANCIAL STATEMENT
Statement of Net Position June 30, 2021, and 2020

Assets	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 24,457,330	\$ 26,751,988
Due from other governmental agencies	15,760,317	8,329,928
Receivables	1,098,615	82,853
Interest receivable	60,341	170,765
Prepaid items	1,448,968	1,432,356
Total current assets	\$ 42,825,571	\$ 36,767,890
Noncurrent assets:		
Cash and cash equivalents	94,963,213	78,142,918
Restricted cash and cash equivalents	1,465,189	2,623,399
Investments	-	995,396
Note receivable	585,800	650,270
Capital assets - nondepreciable	16,318,332	49,075,843
Capital assets - depreciable	473,421,191	425,744,707
Less accumulated depreciation and amortization	252,336,021	249,749,255
Total noncurrent assets	\$ 334,417,704	\$ 307,483,278
Total assets	\$ 377,243,275	\$ 344,251,168
Liabilities and net position	2021	2020
Current liabilities:		
Accounts payable and accrued liabilities	\$ 23,656,048	\$ 14,897,241
Unearned revenue	24,457,330	26,751,988
Total current liabilities	48,113,378	41,649,229
Noncurrent liabilities:		
Unearned revenue	48,141,061	37,463,675
Total liabilities	\$ 96,254,439	\$ 79,112,904
Net position:		
Net investment in capital assets	228,270,186	223,606,295
Unrestricted	52,718,650	41,531,969
Total net position	280,988,836	265,138,264
Total liabilities and net position	\$ 377,243,275	\$ 344,251,168

See notes to financial statements



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2021, and 2020

	2021	2020
Operating revenues:		
Farebox and bus pass	\$ 4,002,178	\$ 11,926,027
Special services	-	418,110
Other revenue	583,392	658,834
Total operating revenue	\$ 4,585,570	\$ 13,002,971
Operating expenses:		
Operating expenses before depreciation:		
Purchased transportation	79,729,353	77,147,082
Fuel costs	6,903,912	6,334,538
Salary and benefits	7,680,697	7,498,942
Special services	10,919	343,302
Professional services	3,219,092	3,320,881
Advertising	383,219	544,026
General and administrative	4,037,789	3,623,962
Operating expenses before impairment loss and depreciation	101,964,981	98,812,733
Impairment Loss	2,289,104	-
Depreciation expense	32,032,002	25,064,956
Total operating expenses	\$ 136,286,087	\$ 123,877,689
Operating loss	(131,700,517)	(110,874,718)
Non-operating revenues (expenses):		
Operating grants	96,489,075	84,223,911
Interest income	457,482	1,169,000
Net decline in fair value of investments	-	34,008
Property management income	317,129	78,928
Gain on disposal of assets	115,725	337,923
Excise tax refund	4,118,003	2,784,739
General fund Proposition A exchange	(2,512,500)	(2,400,000)
LCFS credit revenue	1,211,579	1,492,968
Total operating grants and non-operating revenue (expenses)	\$ 100,196,493	\$ 87,721,477
Loss before capital contributions	(31,504,024)	(23,153,241)
Capital contributions	\$ 47,354,596	\$ 26,540,207
Change in net position	\$ 15,850,572	\$ 3,386,966
Net position at beginning of year	\$ 265,138,264	\$ 261,751,298
Net position at end of year	\$ 280,988,836	\$ 265,138,264

See notes to financial statements

STATEMENT OF CASH FLOWS
Years Ended June 30, 2021, and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from customers	\$ 4,211,692	\$ 8,849,908
Payments for transit operations	(82,819,777)	(76,657,909)
Payments for fuel costs	(6,903,912)	(6,334,539)
Payments to employees	(7,680,697)	(7,498,942)
Payments to other vendors	(6,366,302)	654,899
Net cash from operating activities	(99,558,996)	(80,986,583)
Cash flows from non-capital financing activities:		
Operating grants received	105,275,144	88,421,320
Receipts for excise tax credit	4,118,003	2,784,739
Proceeds from Proposition A exchange	837,500	800,000
Proceeds from other nonoperating revenue	1,211,579	1,492,968
Net cash from non-capital financing activities	111,442,226	93,499,027
Cash flows from capital and related financing activities:		
Receipts from capital grants	36,040,462	29,499,114
Payments for capital assets	(36,552,423)	(28,843,613)
Proceeds from sale of capital assets	115,726	766,820
Proceeds from rental property	317,129	78,928
Net cash from capital and related financing activities	(79,106)	1,501,249
Cash flows from investing activities:		
Proceeds from maturing investments	1,000,000	23,965,992
Investment earnings	563,302	1,192,436
Net cash from investing activities	1,563,302	25,158,428
Net increase in cash and cash equivalents	13,367,426	39,172,121
Cash and cash equivalents at beginning of year	107,518,305	68,346,184
Cash and cash equivalents at end of year	\$ 120,885,731	\$ 107,518,305
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$(131,700,517)	\$(110,874,718)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	32,032,002	25,064,956
Impairment Loss	2,289,104	-
Changes in operating assets and liabilities:		
Change in due from other governmental agencies	67,603	(5,092,288)
Change in receivables	(952,963)	1,429,096
Change in prepaid items	(16,612)	3,324,247
Change in operating accounts payable and accrued liabilities	(1,277,613)	5,162,124
Total adjustments	32,141,521	29,888,135
Net cash from operating activities	\$ (99,558,996)	\$ (80,986,583)
Non-cash investing and financing activities:		
Capital asset purchase in account payable	\$ 11,422,421	\$ 1,465,000
Capital grants included in due from other governmental agencies	\$ 10,873,875	\$ 1,838,722
Change in fair value of investments	\$ -	\$ 34,008

See notes to financial statements



NOTES TO FINANCIAL STATEMENTS

June 30, 2021, and 2020

NOTE 1: ORGANIZATION

Foothill Transit was established in 1988 as a governmental entity under a joint exercise of powers agreement and currently includes 22 cities in the San Gabriel Valley and Pomona Valleys and the County of Los Angeles. Foothill Transit's governing board membership includes one city council member and one alternate from each of the 22 cities in Foothill Transit's service area as well as three appointed representatives for the County of Los Angeles. A five member Executive Board provides guidance and direction regarding day-to-day policy issues. Four elected officials representing four clusters of cities, and a fifth member elected by the appointed Los Angeles County representatives, comprise Foothill Transit's Executive Board.

Through its independent service contractors, Foothill Transit operates a fleet of 361 buses from its Arcadia and Pomona, California facilities. Foothill Transit has been authorized by the Regional Transportation Planning Agency, the Los Angeles County Metropolitan Transportation Authority (LACMTA), to plan, operate, and contract for cost-effective public transit services.

Foothill Transit is a joint powers authority managed by a staff of transportation professionals with purchased transportation services provided by independent contractors. Substantially all insurable risks associated with Foothill Transit's operations are covered through these contracts. Foothill Transit is not considered to be a component unit of any other reporting entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accounting policies of Foothill Transit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. All of the activities are accounted for as an enterprise fund for financial reporting purposes. Enterprise funds are used to account for activities (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or for other purposes.

Foothill Transit accounts for its activities using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period incurred.

b. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

c. Classification of Current and Noncurrent Assets and Liabilities

Foothill Transit considers assets to be current that can reasonably be expected to be realized in cash or sold or consumed within a year. Current liabilities are obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities. All other assets and liabilities are classified as noncurrent.

d. Cash and Cash Equivalents

For the statement of cash flows, Foothill Transit considers cash, demand deposits, and investment pools to be cash and cash equivalents. All cash invested in the state investment pool Local Agency Investment Fund (LAIF), is reported at amortized cost. Cash may or may not be restricted as to use, depending upon the specific purposes for which such assets are held.

e. Investments

Foothill Transit reports investment securities and similar assets held for investment purposes at fair value. Changes in the fair value of investments are reported as net appreciation or decline in fair value of investments in the statements of revenues, expenses, and changes in net position.

f. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are expensed as utilized or incurred.

g. Capital Assets

Capital assets which include property, buses, vehicles, furniture and fixtures, and equipment are defined by Foothill Transit as assets with an initial value exceeding \$500 and having an estimated useful life of more than one year. Capital assets are valued at historical cost. Donated assets are valued at acquisition value at the date of donation. Foothill Transit did not receive any donated capital assets during fiscal years 2021 and 2020.

Capital assets are depreciated over their estimated useful lives using the straight-line method. The following estimated useful lives are used for Foothill Transit's capital assets:

Facility	20 to 31.5 years
Other improvements	3 to 7 years
Transit buses and rehabilitation costs	6 to 14 years
Other operating equipment	3 to 9 years
Vehicles	5 to 7 years
Furniture and fixtures	7 years

h. Compensated Absences

All eligible employees, full and part-time, accrue paid time off (PTO) in accordance with the California Paid Sick Leave requirements. Part-time employees earn one hour of PTO for each 30 hours worked. Full-time employees earn PTO each pay period; the number of hours accrued are according to each employee's years of service. Unused PTO is available to be carried forward or cashed out annually according to the guidelines, and is paid out upon separation.



i. Unearned Revenue

Unearned revenue is composed entirely of TDA, LCTOP and Proposition 1B grant funds which Foothill Transit has received in advance for operations, capital acquisition, or construction but which have not been expended and, therefore, not earned at June 30, 2021, and 2020. A portion of these balances are restricted by the grantor for capital projects.

j. Net Position

Foothill Transit's net position is classified into the following categories:

Net Investment in Capital Assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt, and retainages and accounts payable attributable to the acquisition, construction, or improvement of those assets.

Restricted

Net position that has external constraints placed on it by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through contribution provision of enabling legislation.

Unrestricted

Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." Unlike the restricted net position, the Board has discretion in determining the use and establishing minimum/maximum balance requirements for the unrestricted cash and investment portion of net position. The Board may at any time change or eliminate amounts established for these purposes. Foothill Transit had unrestricted Board designated net position of \$52,718,650 and \$41,531,969 as of June 30, 2021 and 2020, representing amounts that are designated for future capital projects.

k. Net Position Flow Assumption

Sometimes Foothill Transit will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Foothill Transit's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Operating and Non-operating Grant Revenues and Expenses

Foothill Transit distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with Foothill Transit's principal ongoing operations. The principal operating revenues are passenger fares charged for transportation services, which are recognized at the time services are performed and revenues pass through fare systems. Operating expenses include the cost of transportation services, maintenance of capital assets and facilities, administrative expenses, and depreciation reported on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Operating assistance grants are included as non-operating revenues in the year in which a related reimbursable expense is incurred or in unearned revenue for use in a subsequent fiscal year.

During fiscal years 2021, and 2020, Foothill Transit exchanged general funds for Proposition A Local Return funds from the City of West Covina, City of Diamond Bar, City of San Gabriel and Temple City. During fiscal year 2021, \$1,350,000 general funds were exchanged for \$1,800,000 Proposition A funds with the City of West Covina, \$600,000 general funds were exchanged for \$800,000 Proposition A funds with the City of Diamond Bar and \$562,500 general funds were exchanged for \$750,000 Proposition A funds with Temple City. In fiscal year 2020, \$1,650,000 general funds were exchanged for \$2,200,000 Proposition A funds with the City of West Covina and \$750,000 general funds were exchanged for \$1,000,000 Proposition A funds with the City of San Gabriel. All Proposition A funds were allocated for transit operations.

Foothill Transit's policy is to report revenue from capital grants separately after non-operating revenues as the related expenses are incurred. Assets acquired with capital grant funds are included in capital assets. Capital grant monies received prior to an expense being incurred are recorded as unearned revenue.

m. Grants and Subsidies

Grant and subsidy revenues are recorded when earned. Grant sources currently include Los Angeles County Propositions A and C, Measure R and Measure M, which are local sales tax initiatives passed by the voters of Los Angeles County and then granted out to Foothill Transit, State Local Transportation Funds (LTF) described below and Federal Transit Administration (FTA) capital assistance.

Foothill Transit receives grant funds from these various County, State, and Federal entities. Funds received from such entities are subject to certain required terms and conditions of the underlying grant agreements and are subject to audit by the grantor agencies. Amounts received under such grants and contractual agreements are subject to change based upon the results of such audits.

Transportation Development Act (TDA), including Low-Carbon Transit Operations Program (LCTOP), and State Transit Assistance (STA) funds are received for both operating and capital expenses. These funds are derived from the State Local Transportation Funds (LTF) and are allocated to Foothill Transit using the regionally adopted Formula Allocation Procedures. These funds can be used for capital and operating purposes, however Foothill Transit's goal is to use them to the extent possible as a local match on federally funded capital projects.

n. Non-Exchange Transactions

Foothill Transit recognizes all capital grants as capital contributions in the statements of revenues, expenses, and changes in net position.

o. Recent Event

In December 2019, a novel strain of Coronavirus created a worldwide pandemic. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the operations and business results of Foothill Transit. Subsequent to June 30, 2021, Foothill Transit was awarded \$30,154,105 in CRRSAA funding to help offset some of the additional costs incurred.



The extent to which the coronavirus may impact business activity, including ridership and operating grants, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

p. Recent Accounting Pronouncements Implemented

GASB Statement No. 84, Fiduciary Activities - The provisions of this Statement were initially effective for periods beginning after December 15, 2018; however, GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, postponed the effective date by 12 months upon its issuance in May 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The adoption of this Standard did not have an impact on Foothill Transit’s financial statements.

GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61 - This statement requires majority equity interests in legally separate organizations, which meet the definition of an investment, to be measured at fair value using the equity method of accounting. Foothill Transit has determined that it does not have any such investments.

GASB Statement No. 93, Replacement of Interbank Offered Rates - This statement addresses the accounting and financial reporting implications that result from the replacement of an IBOR. The adoption of the paragraphs effective for the fiscal year ending June 30, 2021 did not have an impact on Foothill Transit’s financial statements.

Implementation Guide - 2019-2, Fiduciary Activities - This guide provides clarification of certain requirements included in GASB Statement 84, Fiduciary Activities. Foothill Transit has implemented the requirements of this guidance as part of adoption of GASB Statement 84, Fiduciary Activities.

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and investments at June 30, 2021, and 2020, were reported in the accompanying financial statements as follows:

	2021	2020
Cash and cash equivalents, current	\$ 24,457,330	\$ 26,751,988
Cash and cash equivalents, noncurrent	96,963,213	78,142,918
Restricted cash and cash equivalents, noncurrent	1,465,189	2,263,399
Investments	-	995,369
Cash and cash equivalents and investments	\$ 120,885,732	\$ 108,513,701

Deposits

At June 30, 2021, the carrying amount of Foothill Transit’s deposits was \$120,885,732 and the bank balance was \$120,336,242. The difference of \$549,490 represents outstanding checks and other reconciling items. At June 30, 2020, the carrying amount of Foothill Transit’s deposits was \$107,518,305 and the bank balance was \$107,651,528. The difference of \$133,223 represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure the entity's deposits by pledging first trust deed mortgage notes having a value of 150% of the entity's total deposits. The Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department Of Banking.

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California, as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

As a public agency, Foothill Transit's investment practices are prescribed by various provisions of the California Government Code and the Act, as well as by administrative policies. Foothill Transit's statement of investment policy is approved by the Board and describes the Treasurer's investment authority, practices, and limitations. The basic investment policy objectives, in order of importance, are safety of principal, liquidity, and return on investment.

Under provision of Foothill Transit's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Checking Account Demand Deposits
- Passbook Savings Account Demand Deposits
- Money Market Mutual Funds
- Local Agency Investment Fund (LAIF) Demand Deposits
- Obligations of the U.S. Government, its agencies, and instrumentalities
Federal Agency obligations
- Municipal Securities (California cities and local agencies) rated "A" or better
by Moody's or S&P
- Certificates of Deposit
- Negotiable Certificates of Deposits, federally insured with the issuer
- Repurchase Agreements used solely for short-term investments not to
exceed 30 days
- Bonds issued by any city, county, or local agency in California or by
the State of California



Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or Foothill Transit's investment policy.

Investments in State Investment Pool

Foothill Transit is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The value of the position in the investment pool is the same as the value of the pool shares and is reported at amortized cost. LAIF is principally invested in obligations of federal government agencies, U.S. Treasury securities, certificates of deposit, and commercial paper. LAIF's fund manager considers the credit risk as minimal. LAIF is protected against fraudulent acts by the state's self-insurance program. At June 30, 2021, and 2020, Foothill Transit maintained \$73,904,236 and \$61,408,172 of cash equivalents in LAIF, respectively.

Credit Risk

Foothill Transit's investment policy limits investments in municipal securities, negotiable certificates of deposits, and banker's acceptances to those rated "A" or better and repurchase agreements and bonds to those rated in the highest category by Moody's or S&P. As of June 30, 2021, and 2020, Foothill Transit's investments did not include these types of investments.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2021, and 2020, none of Foothill Transit's deposits or investments were exposed to custodial credit risk due to the requirement of the California Government Code to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling.

Concentration of Credit Risk

Concentration risk is the risk associated with the magnitude of investment in any one issuer. As of June 30, 2021, Foothill Transit invested solely in the LAIF fund with an investment pool. LAIF is principally invested in obligations of federal government agencies, U.S Treasury securities, certificates of deposit and commercial paper. The LAIF fund manager considers the credit risk minimal.

Interest Rate Risk:

As a means of limiting its exposure to fair value losses arising from rising interest rates, Foothill Transit's investment policy limits the authority's portfolio to maturities of less than five years. Foothill Transit has elected to use the segmented time distribution method of disclosure for its interest rate risk. The maturity of Foothill Transit's investment in LAIF is based on the average maturity of LAIF's investments.

Fair Value Measurement:

Foothill Transit categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure 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.

As of June 30, 2021, and 2020, Foothill Transit held no U.S. Treasury securities in 2021 and \$955,396 in 2020. The investments are based on quoted market prices of similar securities with similar due dates using the market approach (Level 2 inputs).

Foothill Transit had the following investments at fair value and remaining maturities as of June 30, 2021 and 2020:

Investment Type	2021			2020		
	Fair Value	Less Than 1 Year	1 to 5 Years	Fair Value	Less Than 1 Year	1 to 5 Years
US Treasury	-	-	-	\$ 995,396	\$ 995,396	-



NOTE 4: REVENUE AND RECEIVABLES FROM OTHER GOVERNMENTAL AGENCIES

For the years ending June 30, 2021, and 2020, operating grants earned from other governmental agencies consisted of the following:

Operating Grants	2021	2020
State and local grants:		
Proposition A Formula Subsidy	\$ 16,936,688	\$ 16,560,017
Measure R	9,244,532	12,245,224
Measure M	9,114,613	12,655,574
Transportation Development Act	7,763,971	17,102,951
Proposition A Bus Service Continuation Program	4,477,996	5,318,480
State Transit Assistance	3,600,033	5,265,596
Proposition A Local Return Exchange	3,350,000	3,200,000
Senate Bill 1 - STA	3,005,197	3,804,918
Proposition C Base Restructuring	2,052,977	2,099,785
CRD Subsidy	1,840,000	1,840,000
Proposition C BSIP - Overcrowding Relief	955,809	977,602
Proposition C 5% Transit Security	787,627	1,042,060
Proposition C Transit Service Expansion - Line 690	342,112	349,912
CalTrans - LCTOP	-	1,751,792
Total state and local operating grants	\$ 63,471,555	\$ 84,223,911
Federal grants:		
FTA Section 5307 - CARES Act	33,017,520	-
Total federal operating grants	33,017,520	-
Total operating grants	\$ 96,489,075	\$ 84,223,911

For the years ending June 30, 2021, and 2020, capital grants earned from other governmental agencies consisted of the following:

Capital Grants	2021	2020
State and local grants:		
Proposition C - MOSIP	\$ 5,464,142	\$ 5,776,324
Proposition 1B	5,175,163	1,799,074
Transportation Development Act	2,913,382	6,804,937
Toll Revenue Grant	1,406,786	343,302
Senate Bill 1 - SGR	1,111,274	1,351,601
Measure M Capital	58,319	-
Other	43,752	3,546,132
Total state and local capital grants	16,172,818	19,621,370
Federal grants:		
FTA Section 5307	31,066,294	5,679,760
FTA Section 5339	115,484	204,581
FTA Section 5312	-	1,034,496
Total federal capital grants	31,181,778	6,918,837
Total capital grants	\$ 47,354,596	\$ 26,540,207

Other governmental agencies amounts due are recorded when earned based on operating grant and capital grant revenue recognition. Management believes that no provision for an allowance was necessary at June 30, 2021, and 2020.

Governmental Agencies	2021	2020
State and local agencies		
Transportation Development Act	\$ 1,781,729	\$ 2,224,634
Toll Revenue Grant	1,407,657	872
Proposition C MOSIP	1,386,175	628,502
State Transportation Assistance	900,008	1,316,399
Senate Bill 1 - State Transit Assistance	751,300	951,230
Senate Bill 1 - State of Good Repair	199,616	349,534
Proposition C Call For Projects	73,872	73,872
Other Receivables	44,024	-
Antelope Valley Transportation Authority	32,062	13,634
Measure M Capital	5,832	-
Los Angeles Department of Transportation	5,739	19,865
Pass Sales	2,134	11,280
CRD Subsidy	-	1,840,000
City of Duarte	-	50,493
Proposition 1B	-	22,181
Total state and local agencies	6,590,148	7,502,496
Federal agencies		
Section 5307 Capital Grant - FTA	9,150,060	669,487
Section 5312 Capital Grant - FTA	20,109	55,338
Section 5339 Capital Grant - FTA	-	102,607
Total federal agencies	9,170,169	827,432
Total due from governmental agencies	\$ 15,760,317	\$ 8,329,928

NOTE 5: RECEIVABLES

At June 30, 2021, and 2020, receivables consist of the following and are expected to be collected within one year:

	2021	2020
Keolis Transit Services	\$ 506,105	\$ -
Trade Receivables (Pass Sales)	366,311	3,797
TAP Sales	126,971	18,271
Miscellaneous	92,910	55,443
Merchant Services	6,318	5,342
Total receivables	\$ 1,098,615	\$ 82,853

Receivables are recorded when earned based on operating revenue recognition. Management believes that no provision for an allowance was necessary at June 30, 2021, and 2020.



NOTE 6: CAPITAL ASSETS

Changes in the capital assets by category for the years ended June 30, 2021, are as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 14,137,570	\$ -	\$ -	\$ 14,137,570
Construction in progress	34,938,273	-	(32,757,511)	2,180,762
Total capital assets not being depreciated	49,075,843	-	(32,757,511)	16,318,332
Depreciable capital assets				
Facility	112,314,532	17,680,640	-	129,995,172
Transit Buses	262,816,602	45,084,812	(31,841,312)	276,060,102
Other operating equipment	48,742,653	17,114,988	(345,788)	65,511,853
Vehicles	995,529	45,852	(89,520)	951,861
Furniture and fixtures	875,391	26,812	-	902,203
Total depreciable capital assets	425,744,707	79,953,104	(32,276,620)	473,421,191
Accumulated depreciation				
Facility	(60,581,441)	(4,932,130)	-	(65,513,571)
Transit buses	(142,452,958)	(21,425,561)	29,009,928	(134,868,591)
Other operating equipment	(45,053,908)	(5,588,658)	345,788	(50,296,778)
Vehicles	(836,156)	(67,672)	89,520	(814,308)
Furniture and fixtures	(824,792)	(17,981)	-	(842,773)
Total accumulated depreciation and amortization	(249,749,255)	(32,032,002)	29,445,236	(252,336,021)
Depreciable capital assets, net	175,995,452	47,921,101	(2,831,384)	221,085,170
Total capital assets, net	\$ 225,071,295	\$ 47,921,101	\$(35,588,895)	\$ 237,403,502

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, management evaluates events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. For the year ended June 30, 2021, Foothill Transit recorded \$2,289,104 of impairment loss relating to electric transit buses that are not expected to meet their expected service utility due to ongoing performance and maintenance issues. No impairment was recorded in the year ended June 30, 2020.

Changes in the capital assets by category for the years ended June 30, 2020, are as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Capital assets not being depreciated				
Land	\$ 14,137,570	\$ -	\$ -	\$ 14,137,570
Construction in progress	21,269,476	13,668,797	-	34,938,273
Total capital assets not being depreciated	35,407,046	13,668,797	-	49,075,843
Depreciable capital assets				
Facility	109,091,235	3,223,297	-	112,314,532
Transit Buses	261,460,740	8,817,281	(7,461,419)	262,816,602
Other operating equipment	48,725,705	794,971	(778,023)	48,742,653
Vehicles	1,085,050	-	(89,521)	995,529
Furniture and fixtures	873,564	1,827	-	875,391
Total depreciable capital assets	421,236,294	12,837,376	(8,328,963)	425,744,707
Accumulated depreciation				
Facility	(56,670,962)	(3,910,479)	-	(60,581,441)
Transit buses	(130,022,406)	(19,463,073)	7,032,521	(142,452,958)
Other operating equipment	(44,237,512)	(1,594,419)	778,023	(45,053,908)
Vehicles	(847,220)	(78,456)	89,520	(836,156)
Furniture and fixtures	(806,263)	(18,529)	-	(824,792)
Total accumulated depreciation and amortization	(232,584,363)	(25,064,956)	7,900,064	(249,749,255)
Depreciable capital assets, net	188,651,931	(12,227,580)	(428,899)	175,995,452
Total capital assets, net	\$224,058,977	\$1,441,217	(\$428,899)	\$225,071,295

NOTE 7: PURCHASED TRANSPORTATION

Foothill Transit provides bus service through third party providers for its facilities in Arcadia and Pomona. Keolis was awarded a four-year option commencing on July 1, 2021, for the operating services at the Pomona Facility. Transdev was awarded a two-year extension on their existing contract commencing on July 1, 2020, for the operating services at the Arcadia/ Irwindale Facility.

The operating contracts with Keolis and Transdev compensate the contractors based on contractually determined rates per bus revenue miles and hours. They also receive a fixed fee for indirect overhead. The Pomona service expense was \$30,109,928 and \$30,379,952 for the years ended June 30, 2021, and 2020, respectively. Foothill Transit's related expense for service at the Arcadia Facility was \$49,619,425 and \$46,767,130 for the years ended June 30, 2021, and 2020, respectively. On a combined basis, the contractors provided performance bonds totaling approximately \$19.4 million for the protection of Foothill Transit.



NOTE 8: COMMITMENTS AND CONTINGENCIES

a. Operating Lease Commitments

Foothill Transit leases certain facilities under long-term lease agreements. Foothill Transit leases space for a Transit Store in the Puente Hills Mall. This lease was executed on July 5, 2013, and expires on August 31, 2023, with renewable options for ten years. Monthly rent includes a base amount of \$2,674 plus additional charges for marketing, taxes and insurance. Currently, the additional charges total \$4,902 for a total monthly rent of \$7,576. Rent expense for the years ended June 30, 2021, and 2020, was \$101,792 and \$102,293.

Foothill Transit leases a parcel of land for parking, short-term shelter for coach operators and electrical charging station in downtown Los Angeles. The lease agreement commenced on June 1, 2019 and expires on June 30, 2029 with three (3) ten years renewable options. The monthly rent is for \$15,800 and rent expense for the years ended June 30, 2021 and 2020, was \$189,600.

b. Operating Commitments

Foothill Transit has a commitment for the operation and maintenance of the Pomona facility for \$237,204,871 commencing on July 1, 2021 for four years until June 30, 2025. Foothill Transit also has a commitment for the operation and maintenance of the Arcadia/Irwindale facility for \$53,379,600 for the fiscal year ending June 30, 2022.

c. Legal Matters

In the ordinary course of business, Foothill Transit is subject to certain lawsuits and other potential legal actions. In the opinion of management, such matters will not have a material effect on the financial statements of Foothill Transit.

NOTE 9: OPERATING LEASE INCOME

Foothill Transit is the lessor in several operating leases for surplus office space in the administrative offices building, included in the Facility Depreciable Assets (in Note 6). Two of the administrative offices building’s six floors are leased. The first floor is leased to Chase Bank and the fourth floor is leased to three different entities. The leases expire at various dates between August 2023 and April 2028. The historical cost of the two leased floors approximates \$5,982,412, representing one third of the building cost. At June 30, 2021, and 2020, the carrying value of the leased space was \$2,908,381 and \$3,106,710, net of accumulated depreciation of \$3,074,031 and \$2,875,702, respectively.

The future minimum lease rentals in the aggregate for each of the seven succeeding fiscal years are:

Year Ending June 30	Lease Revenue
2022	\$ 448,532
2023	442,817
2024	351,676
2025	324,769
2026	308,791
2027	308,791
2028	318,055
Total	\$ 2,503,431

NOTE 10: RISK MANAGEMENT

Foothill Transit carries commercial insurance to protect against potential losses, including coverage for the following: commercial general liability, excess liability, public officials and employee liability, computer equipment (including media and data protection), commercial property (including personal property and business income), and pollution liability (including loss remediation or legal expense coverage).

Foothill Transit also requires its contract transit operators to provide, as a contract requirement, insurance coverage naming Foothill Transit as an additional insured on their commercial general liability, automobile liability, excess liability, and workers compensation policies.

There were no reductions in coverage or claims in excess of coverage during the fiscal years ended June 30, 2021, 2020, and 2019, nor were there any claims payments made during the year or claims payable at the end of the year.

NOTE 11: DEFINED CONTRIBUTION RETIREMENT PLAN

Effective July 1, 2014, Foothill Transit adopted the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust (“the 401(a) Plan”) and the ICMA Retirement Corporation Governmental 457 Deferred Compensation Plan and Trust (“the 457 Plan”), for all full-time employees of Foothill Transit. Benefit and contribution terms for the plans are established and may be amended by the Board of Directors; however, the plan is administered by a third party, ICMA Retirement Corporation. Foothill Transit contributes 8% of the employee’s salary to the 401(a) Plan with no matching requirements, plus an additional dollar for dollar employer match of up to 4% more. Foothill Transit contributed \$644,009 and \$640,294 to the 401(a) Plan during fiscal years 2021 and 2020, respectively.

Participants are 100% vested immediately. Employees are permitted to make contributions to the 457 plan, up to applicable Internal Revenue Code limits. There are no employer contributions to the 457 Plan. As of June 30, 2021, and 2020, the balance invested in both plans by both employees and Foothill Transit totaled \$7,429,547 and \$5,943,173, respectively. There was no liability outstanding for either plan as of June 30, 2021, or 2020.

Statistical Section



Financial Section

This part of Foothill Transit's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the agency's overall financial health.

FINANCIAL TRENDS

- 28** These schedules contain trend information to help the reader understand how the agency's financial performance and well-being have changed over time.

REVENUE CAPACITY

- 31** These schedules contain information to help the reader assess the agency's most significant local revenue sources and taxes.

DEBT CAPACITY

- 32** These schedules present information to help the reader assess the affordability of the agency's current levels of outstanding debt and the agency's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

- 34** These schedules offer demographic and economic indicators to help the reader understand the environment within which the agency's financial activities take place.

OPERATING INFORMATION

- 35** These schedules contain service and infrastructure data to help the reader understand how the information in the agency's financial report relates to the services the agency provides and the activities it performs.



FINANCIAL TRENDS - Net Position

Last Ten Fiscal Years

Fiscal Year	Net Investment in Capital Assets	Unrestricted	Total Net Position
2012	\$ 152,006,110	\$ 24,751,704	\$ 176,757,814
2013	148,897,686	25,382,942	174,280,628
2014	184,208,626	23,779,619	207,988,245
2015	201,831,874	29,455,331	231,287,205
2016	200,276,321	37,861,516	238,137,837
2017	210,142,128	36,848,616	246,990,744
2018	210,364,476	36,845,704	247,210,180
2019	221,655,610	40,095,688	261,751,298
2020	223,606,295	41,531,969	265,138,264
2021	\$ 228,270,186	\$ 52,718,650	\$ 280,988,836

Source: Foothill Transit Finance Department

FINANCIAL TRENDS - Change in Net Position

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expense	Operating Income (Loss)	Nonoperating Revenues/ Expenses	Income/ (Loss) Before Contributions	Capital Contributions	Change in Net Position
2012	19,585,484	80,246,868	(60,661,384)	42,831,809	(17,829,575)	17,269,306	(560,269)
2013	19,550,489	82,534,239	(62,983,750)	44,012,132	(18,971,618)	16,494,432	(2,477,186)
2014	19,907,140	88,037,934	(68,130,794)	45,949,812	(22,180,982)	55,888,599	33,707,617
2015	20,070,304	96,020,737	(75,950,433)	56,182,234	(19,768,196)	43,067,156	23,298,960
2016	18,531,384	101,711,307	(83,179,923)	62,643,667	(20,536,256)	27,386,888	6,850,632
2017	17,571,558	112,415,920	(94,844,362)	72,848,673	(21,995,689)	30,848,596	8,852,907
2018	17,688,164	119,534,295	(101,846,131)	74,286,931	(27,559,200)	27,778,636	219,436
2019	17,321,438	121,655,515	(104,334,077)	82,829,094	(21,504,983)	36,046,101	14,541,118
2020	13,002,971	123,877,689	(110,874,718)	87,721,477	(23,153,241)	26,540,207	15,850,572
2021	4,585,570	136,286,087	(131,700,517)	100,196,493	(29,214,920)	47,354,596	15,850,572

Source: Foothill Transit Finance Department

FINANCIAL TRENDS - Operating Revenue by Source

Last Ten Fiscal Years

Fiscal Year	Farebox and Bus Pass Revenue	Special Services	Dial-A-Ride	Liquidated Damages	City of Duarte Service	Other Revenue	Total
2012	18,496,259	204,227	729,537	97,100	-	58,361	19,585,484
2013	18,441,434	254,517	714,543	33,000	-	106,995	19,550,489
2014	18,845,702	259,313	699,493	-	-	102,632	19,907,140
2015	18,890,298	337,229	693,605	26,550	-	122,622	20,070,304
2016	17,144,739	391,381	701,303	77,111	-	216,850	18,531,384
2017	16,082,346	346,487	868,758	133,800	-	140,167	17,571,558
2018	16,343,392	301,318	737,582	107,950	-	197,922	17,688,164
2019	16,079,596	534,612	511,739 ¹	51,900	-	143,591	17,321,438
2020	11,926,026	418,110	-	68,650	489,872	100,313	12,513,099
2021	4,002,178 ²	- ²	-	36,150	519,174	28,068 ²	4,585,570

Source: Foothill Transit Finance Department

¹ Dial-A-Ride program ended 06/30/2019

² Revenues were affected due to COVID

FINANCIAL TRENDS - Other Revenues and Expenditures

Last Ten Fiscal Years

Fiscal Year	Operating Grants	Interest	Gain (Loss) on Disposal of Assets	Net decline in Fair Value of Investments	Proposition A Exchange ³	Other Revenues (Expenses)	Excise Tax Refund ¹	Property Management Revenue (Expense)	Total Other Revenue
2012	43,206,876	75,137	3,154	-	-	(197,324)	-	(256,034)	42,831,809
2013	43,775,320	101,057	320,719	-	-	-	-	(184,964)	44,012,132
2014	45,821,966	113,695	155,520	-	-	-	-	(141,369)	45,949,812
2015	50,816,890	142,093	214,472	-	-	-	4,928,098	80,681	56,182,234
2016	57,267,820	399,728	18,730	-	-	1,024,267 ²	3,854,145	78,977	62,643,667
2017	68,777,964	466,489	121,056	-	(1,335,866)	1,918,382 ²	2,852,756	47,892	72,848,673
2018	74,676,246	717,557	74,164	(547,040)	(1,500,000)	804,069 ²	-	61,935	74,286,931
2019	78,325,689	1,094,748	71,329	513,032	(1,650,000)	1,651,326 ²	2,815,887	7,083	82,829,094
2020	84,223,911	1,169,000	337,923	34,008	(2,400,000)	1,492,968 ²	2,784,739	78,928	87,721,477
2021	96,489,075	457,482	115,726	-	(2,512,500)	1,211,579 ²	4,118,003	317,129	100,196,493

Source: Foothill Transit Finance Department

¹ Compressed Natural Gas (CNG) fuel tax refund.

² Other Revenue includes Low Carbon Fuel Standard credits

³ Proposition A fund exchange was made from general funds



FINANCIAL TRENDS - Operating Expenses

Last Ten Fiscal Years

Fiscal Year	Purchased Transportation	Fuel Cost	Salaries & Benefits	Special Services	Dial-A-Ride Expenditures	Professional Services	Advertising	General & Administrative	Depreciation Expense	Impairment Loss	Total
2012	44,700,314	5,899,524	7,293,707 ¹	131,384	718,033	1,264,497	318,188	2,288,971	17,632,250	-	80,246,868
2013	44,936,529	5,834,816	7,927,140 ¹	168,930	702,729	1,187,901	397,940	2,406,636	18,971,618	-	82,534,239
2014	47,199,412	5,944,334	5,282,937	144,953	687,442	3,561,061 ²	401,793	2,635,020	22,180,982	-	88,037,934
2015	52,737,534	5,223,294	5,463,016	233,241	681,421	3,717,814 ²	419,360	2,848,762	24,696,294	-	96,020,736
2016	56,166,308	5,385,427	6,133,544	267,684	688,961	3,722,103 ²	577,093	3,355,518	25,414,669	-	101,711,307
2017	66,266,768	6,185,549	6,386,062	266,925	856,305	3,464,219 ²	418,213	3,140,918	25,430,961	-	112,415,920
2018	72,828,345	5,682,454	6,663,141	257,260	737,582	3,238,546 ²	415,579	3,395,159	26,316,229	-	119,534,295
2019	74,828,377	7,100,807	6,898,462	393,277	498,697	3,477,230 ²	445,698	3,177,739	24,835,228	-	121,655,515
2020	76,657,210	6,334,538	7,498,942	343,302	- ³	3,320,881 ²	511,026	3,656,962	25,064,956	-	123,387,817
2021	79,729,353	6,903,912	7,680,697	10,919	- ³	3,219,092 ²	383,219	4,037,789	32,032,002	2,289,104	136,286,087

Source: Foothill Transit Finance Department

¹ Represents management expenses paid to private contractor for day-to-day administrative and operational functions

² Professional expenses including transit stores and facilities management

³ Dial-A-Ride program ended 06/30/2019

FINANCIAL TRENDS - Capital Assets Grant Contributions

Last Ten Fiscal Years

Fiscal Year	Proposition C	Federal Transit Administration	Measure M	Measure R	Senate Bill 1 - State of Good Repair	Transportation Development Act	Proposition 1B/CARB/LCTOP	Other ¹	Total
2012	5,970,133	10,618,400	-	-	-	113,824	566,949	-	17,269,306
2013	2,578,725	8,678,882	-	-	-	412,909	4,823,916	-	16,494,432
2014	9,609,877	44,339,636	-	-	-	1,078,143	860,943	-	55,888,599
2015	1,921,510	33,933,762	-	-	-	790,151	6,421,733	-	43,067,156
2016	2,652,026	11,029,256	-	-	-	1,931,806	-	-	27,386,888
2017	7,322,862	17,466,212	-	27,368	-	2,645,459	3,386,695	-	30,848,596
2018	7,993,408	10,251,734	-	3,570,412	420,158	2,391,199	3,151,725	-	27,778,636
2019	6,894,030	20,740,701	-	-	1,869,479	2,662,016	3,800,229	79,646	36,046,101
2020	5,776,324	6,918,837	-	-	1,351,601	6,804,937	1,799,074	3,889,434	26,540,207
2021	5,464,142	31,181,778	58,319	-	1,111,274	2,913,382	5,175,163	1,450,538	47,354,596

Source: Foothill Transit Finance Department

¹ LADOT & AVTA share of expenses for capital projects, MTA Farebox grant

FINANCIAL TRENDS - Tax Revenues - Foothill Transit and Los Angeles County

Last Ten Fiscal Years (In Thousands)

Foothill Transit ¹									
Fiscal Year	TDA ³	STA ⁴	Proposition A ⁵	Proposition C ⁵	Measure R ⁵	Measure M ⁵	Senate Bill 1 ⁶	Total	% of LA County
2012	17,434	3,296	17,211	7,851	7,901	-	-	53,693	2.47%
2013	17,441	4,890	16,945	7,971	7,886	-	-	55,133	2.33%
2014	20,830	3,913	17,783	10,808	9,352	-	-	62,686	2.31%
2015	21,866	2,744	18,201	11,089	9,903	-	-	63,803	2.27%
2016	21,548	3,378	18,770	11,320	10,527	-	-	65,542	2.33%
2017	22,941	1,842	20,640	11,675	10,412	-	-	67,510	2.34%
2018	23,116	1,991	21,154	11,245	11,259	9,946	2,864	81,575	2.20%
2019	25,099	4,085	21,199	11,727	11,316	11,425	3,894	88,745	2.23%
2020	26,696	5,266	21,878	4,470	12,245	12,665	3,805	87,025	2.18%
2021	27,321	2,345	22,469	10,029	13,088	12,214	3,008	90,474	7.19%

Los Angeles County ²								
Fiscal Year	TDA ³	STA ⁴	Proposition A ⁵	Proposition C ⁵	Measure R ⁵	Measure M ⁵	Senate Bill 1 ⁶	Total
2012	323,557	64,853	584,632	564,068	638,260	-	-	2,175,370
2013	323,625	123,231	634,154	639,043	644,738	-	-	2,364,791
2014	380,801	115,609	725,902	743,472	749,228	-	-	2,715,012
2015	398,212	93,259	757,434	780,796	782,800	-	-	2,812,501
2016	387,834	107,481	766,981	770,535	776,551	-	-	2,809,382
2017	406,281	58,942	800,299	804,880	811,065	-	-	2,881,467
2018	403,419	52,981	802,055	802,115	809,563	761,900	76,071	3,708,104
2019	422,000	82,456	844,000	844,000	844,000	844,000	99,720	3,980,176
2020	420,334	103,771	841,447	838,836	840,670	844,000	99,719	3,988,777
2021 ⁷	401,289	35,068	306,041	107,520	187,536	176,932	43,645	1,258,031

Source: Foothill Transit Finance Department

¹ Share of Tax Revenues Allocated to Foothill Transit through Formula Allocation Program

² Total LA County Transit Tax Revenues

³ Transportation Development Act (TDA) 1/4% of statewide sales tax revenues allocated to Transportation

⁴ State Transit Assistance (STA) 50% of statewide gasoline taxes allocated to Public Transit

⁵ Los Angeles County sales tax measures, each 1/2% of all sales for a total of 2% for all four

⁶ State Bill 1 funds allocated to Foothill Transit

⁷ Funding sources from sales tax revenues were decreased due to COVID



FINANCIAL TRENDS - Annual Farebox and Bus Pass Revenue

Last Ten Fiscal Years (In Thousands)

Fiscal Year	Cash	Passes	Stored Value	EZ Transit Passes	Other Revenue ¹	Total
2012	11,328,797	3,172,065	2,325,421	1,581,058	88,918	18,496,259
2013	10,885,442	3,178,410	2,335,453	1,456,385	585,744	18,441,434
2014	10,039,652	4,112,118	2,673,097	1,387,708	633,127	18,845,702
2015	9,878,356	4,439,522	2,920,388	1,002,420	649,612	18,890,298
2016	8,988,245	3,717,431	3,112,977	726,594	599,492	17,144,739
2017	8,330,050	3,435,100	3,067,576	651,677	597,943	16,082,346
2018	8,101,339	3,689,301	3,291,450	687,489	573,813	16,343,392
2019	7,112,560	3,868,131	3,945,266	601,786	551,852	16,079,596
2020 ²	4,697,392	2,975,786	3,374,491	515,961	362,397	11,926,027
2021 ²	2,204,095	439,323	1,155,350	72,632	130,778	4,002,178

Source: Foothill Transit Finance Department

¹ Other Revenue includes Access reimbursements, Metrolink transfers, and city subsidies

² Revenues were decreased due to COVID

FINANCIAL TRENDS - Cash Fares

Last Ten Fiscal Years

Fiscal Year	Local			SilverStreak (Local Plus)			Commuter Express ³		
	Adult	Senior/Disabled ¹	Student ²	Adult	Senior/Disabled ¹	Student ²	Adult	Senior/Disabled ¹	Student ²
2012	1.25	0.50	1.25	2.75	1.35	2.75	4.90	4.90	4.90
2013	1.25	0.50	1.25	2.45 ⁴	1.15 ⁴	1.15 ⁴	4.90	4.90	4.90
2014	1.25	0.50	1.25	2.45	1.15	1.15	4.90	4.90	4.90
2015	1.25	0.50	1.25	2.45	1.15	1.15	4.90	4.90	4.90
2016	1.25	0.50	1.25	2.45	1.15	1.15	4.90	4.90	4.90
2017	1.25	0.50	1.25	2.45	1.15	1.15	4.90	4.90	4.90
2018 ⁵	1.50	0.75	1.50	2.75	1.25	2.75	5.00	5.00	5.00
2019	1.50	0.75	1.50	2.75	1.25	2.75	5.00	5.00	5.00
2020 ⁶	1.75	0.75	1.75	3.00	1.50	3.00	5.50	5.50	5.50
2021	1.75	0.75	1.75	3.00	1.50	3.00	5.50	5.50	5.50

Source: Foothill Transit Finance Department

¹ Includes Medicare eligible costumers

² Includes K-12 and college eligible customers

³ Commuter Express Service ONLY operated during peak service periods

⁴ Silver2Silver Program fare adjustment October 2012

⁵ Fare changes effective October 20, 2017

⁶ Fare changes effective September 29, 2019

OUTSTANDING DEBT

Last Ten Fiscal Years

Fiscal Year	Capital Lease	Total Debt
2012	1,000,000	1,000,000
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021	-	-

Source: Foothill Transit Finance Department



DEMOGRAPHIC AND ECONOMIC INFORMATION - Statistics for Los Angeles County

Last Ten Fiscal Years

Fiscal Year	Unemployment Rate ¹	Population ² (000)	School Enrollment ³ (000)	Personal Income ¹		Consumer Price Index ⁵	
				Total (000)	Per Capita	Value	% Change
2012	10.90%	9,911	1,575	455,789	45,800	236.6	1.60%
2013	9.80%	10,013	1,785	466,099	46,530	239.2	1.23%
2014	8.20%	10,069	1,564	472,387	28,337	242.4	1.35%
2015	6.60%	10,170	1,539	544,325	53,521	244.6	0.91%
2016	5.20%	10,138	1,523	554,592	54,530	249.2	1.89%
2017	5.20%	10,231	1,511	555,581	54,628	254.4	2.07%
2018	5.10%	10,284	1,493	558,537	54,918	256.2	0.71%
2019	4.60%	10,253	1,464	555,581	54,628	265.9	3.78%
2020	19.60%	10,173	1,437	584,206	57,442	278.1	4.60%
2021	10.20%	10,044	1,390	683,952 ⁴	67,681 ⁴	289.2	8.77%

Source:

¹ Employment Development Department

² State of California Department of Finance, based on latest data available

³ California Department of Education

⁴ Data not available, amounts increased by CPI

⁵ US Department of Labor Statistics, for Los Angeles County

DEMOGRAPHIC AND ECONOMIC INFORMATION - Ten Principal Employers of Los Angeles County

Employer	2019 ¹			2018		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
County of Los Angeles	95,210	1.87%	1	107,400	2.19%	1
Los Angeles Unified School District	75,670	1.48%	2	104,300	2.13%	2
University of California, Los Angeles	51,010	1.00%	3	65,600	1.34%	3
City of Los Angeles	72,600	1.42%	4	61,900	1.26%	4
Federal Government	30,600	0.60%	5	43,600	0.89%	5
Kaiser Permanente	41,340	0.81%	6	37,400	0.76%	6
State of California	27,990	0.55%	7	29,800	0.61%	7
University of Southern California	22,160	0.43%	8	21,000	0.43%	8
Northrop Grumman Corp.	18,000	0.35%	9	16,600	0.34%	9
Target Corp	20,000	0.39%	10	15,000	0.31%	11
All Other Employers	4,648,120	91.09%		4,378,000	89.41%	
Total	5,102,700	100.00%		4,880,600	100.00%	

Source: Los Angeles Almanac; California Employment Development Department

¹ Most current information available

OPERATING INFORMATION - Operating and Capital Indicators

Last Ten Fiscal Years

Fiscal Year	Buses	Maintenance Facilities	Routes	Vehicle Service Hours(000)	Cost/Vehicle Service Hr.	Boarding/Vehicle Service Hr	Passengers (000)	Farebox Recovery Ratio
2012	314	2	39	672	83.40	20.70	13,909	32.39%
2013	314	2	35	687	91.97	20.50	14,080	29.20%
2014	330	2	35	705	92.62	20.60	14,522	28.91%
2015	330	2	36	760	93.07	19.00	14,596	26.71%
2016	361	2	37	790	95.30	17.00	13,584	22.76%
2017	380	2	39	872	98.47	15.60	13,561	18.73%
2018	373	2	37	863	106.87	14.50	12,544	17.72%
2019	384	2	39	860	111.61	14.00	12,053	16.76%
2020	375	2	39	851	115.19	11.60	9,863	12.17%
2021*	361	2	39	843	120.91	7.23	6,100	3.93%

Source: Foothill Transit Finance Department

*Amounts were affected and reduced due to COVID

OPERATING INFORMATION - Full-Time Equivalent by Functions

Last Seven Fiscal Years

Fiscal Year	Employees	Purchased Transportation			Total
	Administrative Office	Arcadia Facility	Pomona Facility	Transit Stores	FTE
2014	39	n/a	n/a	n/a	n/a
2015	43	n/a	n/a	n/a	n/a
2016	45	424	357	20	846
2017	52	490	360	23	926
2018	52	533	347	23	955
2019	52	533	328	21	934
2020	48	509	330	22	909
2021	48	518	308	21	895

Source: Foothill Transit Finance Department

Note: Prior to FY 2014, Foothill Transit contracted third party contractor to perform management services, thus there were no FTE data available in prior years. Starting FY 2016, the agency began reporting FTE to California State Controller's Office



OPERATING INFORMATION - Miscellaneous Statistics

Last Ten Fiscal Years

Date Formed:	December 1988
Type of Organization:	Joint Powers Authority
Membership:	22 Los Angeles County Cities and County of Los Angeles
Number of Executive Board Members:	5
Number of Employees:	54
Type of Tax Support:	Proposition A ½ of 1% Sales tax Proposition C ½ of 1% Sales tax Measure R ½ of 1% Sales tax Measure M ½ of 1% Sales tax
Service Area:	San Gabriel & Pomona Valleys, Los Angeles County, CA
Contract services provided by:	TransDev Keolis Transit Services, LLC
Number of Buses in Fleet:	
Compressed Natural Gas Powered	327
Electric Powered	34
Operational and Maintenance Facilities:	2
Sales Outlets (Transit Stores):	4
Bus Routes/Lines:	
Express	7
Local	32
Bus Stops	1,819
Annual Service Hours ¹	843,237
Annual Passengers ¹	6,099,989
Average Weekday Boardings ¹	19,114

Source: Foothill Transit Finance Department

¹ Fiscal year 2020-2021

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Compliance Reports



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grand Number	Expenditures
U.S Department of Transportation			
Direct Programs			
Federal Transit Cluster			
COVID-19 - Section 5307 - CARES Act	20.507	CA-2020-234	\$ 33,017,520
Section 5307 - CNG Bus Replacement	20.507	CA-2021-049	28,201,170
Section 5307 - CNG Bus Replacement	20.507	CA-2020-203	2,865,124
Section 5307	20.507	n/a	(29,573)
Section 5339 - Bus and Bus Facilities Formula Program	20.526	CA-2019-049	115,484
Total Federal Expenditures (Total Federal Transit Cluster and U.S. Department of Transportation)			\$ 64,169,725

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used in preparing this schedule

Note b: There were no federal awards expended in the form of noncash assistance and insurance in effect during the year

Note c: Total amount provided to subrecipients during the year was \$0

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021, and 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Foothill Transit, for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Foothill Transit, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Foothill Transit.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Foothill Transit has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2: FEDERAL TRANSIT CLUSTER

These programs were established to assist public transportation corporations with planning, capital, and operating assistance. The programs are reimbursable grants based on an approved application and expenses incurred.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Foothill Transit (A Joint Powers Authority) West Covina, 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, the financial statements of Foothill Transit, A Joint Powers Authority (Foothill Transit) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Foothill Transit's basic financial statements, and have issued our report thereon dated December 6, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foothill Transit's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foothill Transit's internal control. Accordingly, we do not express an opinion on the effectiveness of Foothill Transit'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foothill Transit's financial statements are free of 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*.

(Continued)

Foothill Transit's Response to Findings

Foothill Transit's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Foothill Transit's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.

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

Crowe LLP

Los Angeles, California
December 6, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
Foothill Transit (A Joint Powers Authority) West Covina, California

Report on Compliance for Each Major Federal Program

We have audited Foothill Transit's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Foothill Transit's major federal programs for the year ended June 30, 2021. Foothill Transit's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Foothill Transit's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Foothill Transit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Foothill Transit's compliance.

Opinion on Each Major Federal Program

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

(Continued)

Report on Internal Control Over Compliance

Management of Foothill Transit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Foothill Transit's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Foothill Transit's internal control over compliance.

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

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

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



Crowe LLP

Los Angeles, California
December 6, 2021

FOOTHILL TRANSIT, A JOINT POWERS AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

 X Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

Assistance Listing Numbers
20.507 / 20.526

Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,925,092

Auditee qualified as low-risk auditee?

 X Yes _____ No

SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

2021-001 Capital Asset Depreciation (Significant Deficiency)

Criteria: Capital assets should be depreciated over their estimated useful lives beginning on the date that they are placed into service. Accounting principles generally accepted in the United States of America required management to design, implement, and maintain internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: Depreciation expense and accumulated depreciation were overstated by \$5.2 million.

Context: \$11.4 million of CAD/AVL assets were placed into service in fiscal year 2021. Management's calculation of depreciation expense for the CAD/AVL assets utilized incorrect placed-in-service dates ranging from 2016 to 2021.

Effect: Management's calculation of depreciation expense did not reflect the appropriate date the assets were placed into service.

Cause: Management calculates depreciation expense utilizing formulas within a manual Excel spreadsheet. Incorrect dates were used to begin depreciation for CAD/AVL assets that were placed into service in fiscal year 2021. The process for preparing and reviewing the manual spreadsheet did not include verifying the accuracy of the date the capital asset was placed into service.

Recommendation: We recommend that management design and implement an internal control to review the accuracy of the capital asset calculations that determine significant balances recorded in the financial statements. Management may consider the implementation of a fixed asset accounting information system or module in order to track and accurately calculate amounts related to capital assets to avoid errors in manual calculations.

Management's response and planned corrective action: Management agrees that we overestimated the depreciation for 2021 for the new CAD/AVL system. However, we do not agree that the Excel spreadsheet that has served as the calculator for the past 20 years was the reason for the error. We have added an additional accounting review to this process to review the accuracy of the input calculations in the future. When the Crowe auditors asked us about the variance in the depreciation expense balance, management immediately investigated and corrected the error and reissued the revised depreciation expense and accumulated depreciation prior to final year-end closing.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

None

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE TRANSPORTATION
DEVELOPMENT ACT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
Foothill Transit (A Joint Powers Authority)
West Covina, California

Report on Compliance with Transportation Development Act

We have audited Foothill Transit's compliance with the types of compliance requirements described in the Transportation Development Act (TDA) Conformance Auditing Guide, the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Guidelines, and the Low Carbon Transit Operations Program (LCTOP) Final Guidelines published by the State of California Department of Transportation (collectively, "Transportation Development Act"), that could have a direct and material effect on Foothill Transit's compliance with the Transportation Development Act for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the Transportation Development Act program. However, our audit does not provide a legal determination of Foothill Transit's compliance.

Opinion on the Transportation Development Act Program

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Development Act program for the year ended June 30, 2021.

(Continued)

Report on Internal Control Over Compliance

Management of Foothill Transit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Foothill Transit's internal control over compliance with the types of requirements that could have a direct and material effect on the Transportation Development Act program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Transportation Development Act program and to test and report on internal control over compliance in accordance with the Transportation Development Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Foothill Transit's internal control over compliance.

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

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

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



Crowe LLP

Los Angeles, California
December 6, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE PROPOSITION A AND
PROPOSITION C DISCRETIONARY PROGRAMS, AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE

To the Board of Directors
Foothill Transit (A Joint Powers Authority)
West Covina, California

Report on Compliance with Proposition A and Proposition C Discretionary Programs

We have audited Foothill Transit's compliance with the types of compliance requirements described in the Proposition A and Proposition C Local Return Guidelines and the Memorandums of Understanding for Proposition A 40% Discretionary Grant Funds and Proposition C 40% Discretionary Funds approved by Los Angeles County Metropolitan Transportation Authority (LACMTA) (collectively "Proposition A and Proposition C Discretionary Programs"), that could have a direct and material effect on Foothill Transit's compliance with the Proposition A and Proposition C Discretionary Programs for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to Proposition A and Proposition C Discretionary Programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the Proposition A and Proposition C Discretionary Programs. However, our audit does not provide a legal determination of Foothill Transit's compliance.

(Continued)

Opinion on the Proposition A and Proposition C Discretionary Programs

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Discretionary Programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Foothill Transit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Foothill Transit's internal control over compliance with the types of requirements that could have a direct and material effect on the Proposition A and Proposition C Discretionary Programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Proposition A and Proposition C Discretionary Programs and to test and report on internal control over compliance in accordance with the Proposition A and Proposition C Discretionary Programs, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Foothill Transit's internal control over compliance.

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

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

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



Crowe LLP

Los Angeles, California
December 6, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE MEASURE R PROGRAM AND
REPORT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
Foothill Transit (A Joint Powers Authority)
West Covina, California

Report on Compliance with Measure R Program

We have audited Foothill Transit's compliance with the types of compliance requirements described in Measure R Local Return Guidelines issued by Los Angeles County Metropolitan Transportation Authority (LACMTA) and the Memorandum of Understanding Article 4 – Audit and Reporting Requirements between LACMTA and Foothill Transit (collectively "Measure R Program"), that could have a direct and material effect on Foothill Transit's compliance with the Measure R Program for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Measure R Program.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the Measure R Program. However, our audit does not provide a legal determination of Foothill Transit's compliance.

Opinion on the Measure R Program

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Measure R Program for the year ended June 30, 2021.

(Continued)

Report on Internal Control Over Compliance

Management of Foothill Transit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Foothill Transit's internal control over compliance with the types of requirements that could have a direct and material effect on the Measure R Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure R Program and to test and report on internal control over compliance in accordance with the Measure R Program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Foothill Transit's internal control over compliance.

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

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

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



Crowe LLP

Los Angeles, California
December 6, 2021