



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



Foothill Transit Going Good Places



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Foothill Transit

West Covina, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Prepared by Foothill Transit Finance Department

FOOTHILL TRANSIT

A JOINT POWERS AUTHORITY



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INTRODUCTION

Executive Board Memorandum

To: **Executive Board**

Date: **February 28, 2023**

Subject: **Fiscal Year 2022 Annual Comprehensive Financial Report**

Enclosed is the Annual Comprehensive Financial Report of Foothill Transit for the fiscal year ended June 30, 2022. 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, 2022, 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, 2022, 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 359 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 continued to have economic impacts on Foothill Transit during FY2021-2022. Fare revenues improved over the prior year but continued to trend lower than the pre-pandemic years. To encourage ridership, Foothill Transit conducted a very successful fare sale in the spring of 2022. The sale increased ridership and Foothill Transit ended the year at approximately 60% 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 FY2021/2022, 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 and other emergency federal 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 hydrogen fuel cell 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the sixteenth 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 Annual Comprehensive 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.

Sincerely,



Michelle Lopes Caldwell
Director of Finance and Treasurer



Doran Barnes
Chief Executive Officer



Foothill Transit Leadership

Executive Board

Chair

Corey Calaycay
Cluster 1 - Claremont

Vice Chair

Cory Moss
Cluster 4 - Industry

Board Member

Gary Boyer
Cluster 2 - Glendora

Board Member

Becky Shevlin
Cluster 3 - Monrovia

Board Member

Cynthia Sternquist
Cluster 5 - County of Los Angeles

Executive Board Alternates

Cluster 1 - San Dimas

Emmett Badar

Cluster 2 - West Covina

Dario Castellanos

Cluster 3 - Duarte

Vacant

Cluster 4 - La Puente

Valerie Muñoz

Cluster 5 - County of Los Angeles

Sam Pedroza

Governing Board

CLUSTER 1

Claremont

Councilmember Corey Calaycay
Alternate: Mayor Pro Tem Ed Reece

La Verne

Mayor Pro Tem 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 Eric Ching

CLUSTER 2

Azusa

Councilmember Edward J. Alvarez
Alternate: Vacant

Baldwin Park

Mayor Pro Tem Daniel Damian
Alternate: Mayor Emmanuel J. Estrada

Covina

Councilmember John C. King
Alternate: Mayor Patricia Cortez

Glendora

Mayor Pro Tem Gary Boyer
Alternate: Councilmember Michael Allawos

Irwindale

Councilmember H. Manuel Ortiz
Alternate: Councilmember Manuel R. Garcia

West Covina

Mayor Pro Tem Rosario Diaz
Alternate: Councilmember Letty Lopez-Viado

CLUSTER 3

Arcadia

Mayor Pro Tem Paul Cheng
Alternate: Councilmember Sho Tay

Bradbury

Councilmember Richard G. Barakat
Alternate: Councilmember Elizabeth Bruny

Duarte

VACANT
Alternate: Councilmember Toney Lewis

Monrovia

Mayor 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: Mayor Charlie Klinakis

South El Monte

Councilmember Hector Delgado
Alternate: Mayor Gloria Olmos

CLUSTER 5

County of Los Angeles

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

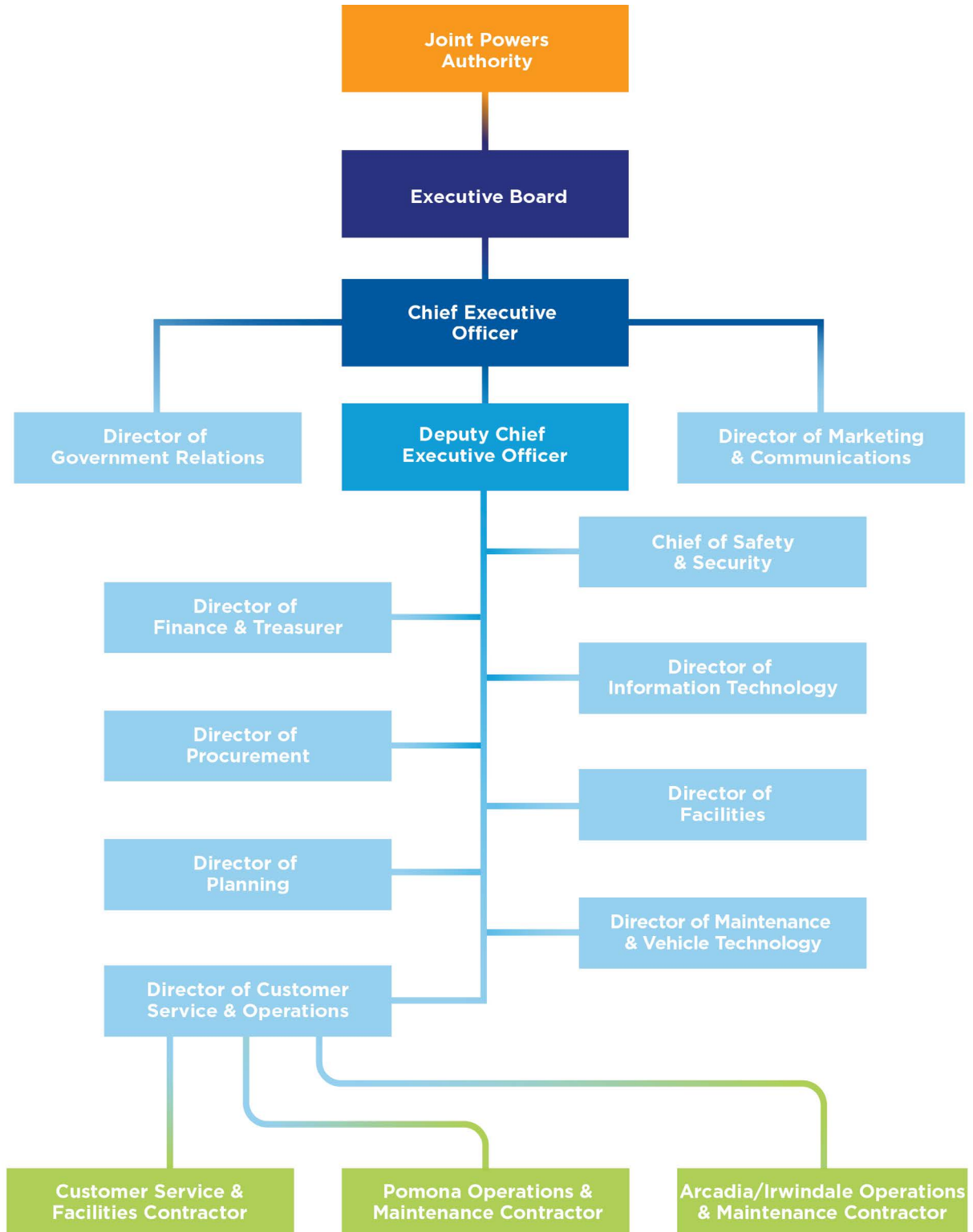
Joseph Raquel

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended**

June 30, 2021

Christopher P. Morrell

Executive Director/CEO



FINANCIAL SECTION

Transit	CASH EFECTIVO 現金	tap	FARES TARIFAS 票價
	\$1.75	\$1.50	
	0.75	\$0.50	

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Foothill Transit, as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

(Continued)

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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2023 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 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 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
February 22, 2023



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Management's Discussion And Analysis

JUNE 30, 2022

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 year ended June 30, 2022. 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, 2022. 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 year ended June 30, 2022, 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 year ended June 30, 2022, 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 year's 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 29 of this report.

FINANCIAL HIGHLIGHTS

During fiscal year 2021-2022, Foothill Transit's net position decreased \$21,861,610 (7.78%) from the previous year resulting primarily from a decrease in capital asset investments.



In fiscal year 2021-2022, Foothill Transit received \$30,154,105 of Federal Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) revenues which were used to fund loss of farebox revenues and other operating expenses. In fiscal year 2021-2022, operating expenses before impairment loss and depreciation increased \$2,436,475 (2.4%) over the previous year. This increase was attributed primarily to increased Purchase Transportation fuel costs.

Foothill Transit’s assets exceeded its liabilities at June 30, 2022, by \$259,127,226 (net position).

CONDENSED STATEMENT OF NET POSITION

	2022	2021
Assets:		
Non-Capital Assets	\$ 145,723,363	\$ 139,839,773
Capital assets, net	213,666,929	237,403,502
Total assets	\$ 359,390,292	\$ 377,243,275
Liabilities:		
Current liabilities	37,070,676	48,113,378
Noncurrent liabilities	61,464,460	48,141,061
Total liabilities	\$ 98,558,729	\$ 96,254,439
Net Position:		
Net Investment in capital assets	212,823,851	228,270,186
Unrestricted:		
Board designated - capital projects	46,303,375	52,718,650
Total net position	\$ 259,127,226	\$ 280,988,836

See discussion below

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Foothill Transit’s assets exceeded liabilities by \$259,127,226 as of June 30, 2022. Most of this is attributable to Foothill Transit’s \$23,804,726 net investment in capital assets (property, plant, and equipment) as of June 30, 2022.

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, 2022, totaled \$46,303,375, representing amounts that are designated by the Board for future capital projects.

Foothill Transit’s net position decreased by \$21,861,610 during fiscal year 2021-2022. This decrease is primarily due to the disposition of capital assets funded with capital grant revenues.

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

	2022	2021
Operating revenues - farebox and bus pass	\$ 7,480,849	\$ 4,002,178
Operating revenues - other	1,015,753	583,392
Operating grants	95,152,662	96,489,075
Other revenues (expenses)	2,209,284	3,707,418
Total revenues	\$ 105,858,548	\$ 104,782,063
Operating expenses before impairment loss and depreciation	104,401,456	101,964,981
Depreciation & amortization	31,957,808	32,032,002
Total operating expenses	\$ 136,359,264	\$ 136,286,087
Loss before capital grants	(30,500,716)	(31,504,024)
Capital grants	10,928,210	47,354,596
Impairment loss	(2,289,104)	(2,289,104)
Change in net position	(21,861,610)	15,850,572
Net position at the beginning of the year	280,988,836	265,138,264
Net position at the end of the year	\$ 259,127,226	\$ 280,988,836

See discussion below

REVENUES

Operating revenues in fiscal year 2022 increased \$3,478,671 (86.92%) over fiscal year 2021. The increase in operating revenue is a result of slight increase in ridership and the fare sale in FY2022. Operating grant revenues decreased \$1,336,413 and capital grant revenues decreased \$36,426,386 in fiscal year 2022. 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 2022 resulted in the acquisition of 4 CNG buses, construction of the Mt. San Antonio College Transit Center, installation of CAD/AVL equipment in buses and bus repair and rehabilitation.

Total operating expenses before impairment loss and depreciation increased \$2,436,475 (2.39%) in fiscal year 2022. In fiscal year 2022, Purchased Transportation costs decreased \$1,642,026 (2%) due to decrease in service provided by third party providers for both the Arcadia and Pomona Yards (see Note 7).



CAPITAL ASSETS

As of June 30, 2022, Foothill Transit had \$212,823,851 invested in capital assets (net of accumulated depreciation). This represents a 6.7% decrease in fiscal year 2022. These assets include land, facilities, transit buses, other operating equipment, vehicles, and furniture and fixtures identified below. Depreciation and amortization expense decreased \$74,194 in fiscal year 2022.

	2022	2021
Land	\$ 14,137,570	\$ 14,137,570
Construction in progress	5,709,336	2,180,762
Facilities	60,946,901	64,481,600
Right-to-use building	35,501	35,501
Transit buses	120,171,515	141,191,511
Other operating equipment	12,242,774	15,215,076
Right-to-use equipment	32,652	32,652
Vehicles	345,358	137,554
Furniture and fixtures	45,322	59,429
Total	\$ 213,666,929	\$ 237,471,655

All assets have been purchased with federal, state, or local grants awarded to Foothill Transit. GASB 87 was implemented on July 1, 2021. As a result, Right-to-use lease assets are included in the capital assets. Significant capital projects with activity during fiscal year 2022 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, 2022

Assets	2022
Current Assets:	
Cash and cash equivalents	\$ 25,807,997
Due from other governmental agencies	8,242,245
Receivables	1,241,864
Lease receivable	369,058
Interest receivable	138,751
Prepaid items	496,320
Total current assets	\$ 36,296,235
Noncurrent assets:	
Cash and cash equivalents	92,351,733
Restricted cash and cash equivalents	288,912
Investments	14,935,542
Note receivable	517,633
Lease receivable	1,333,308
Capital assets - nondepreciable	19,846,906
Capital assets - depreciable	468,325,169
Less accumulated depreciation and amortization	274,505,146
Total noncurrent assets	\$ 323,094,057
Total assets	\$ 359,390,292
Total liabilities and net position	
2022	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 11,219,399
Lease payable	43,280
Unearned revenue	25,807,997
Total current liabilities	\$ 37,070,676
Noncurrent liabilities:	
Lease payable	23,593
Unearned revenue	61,464,460
Total liabilities	\$ 98,558,729
Deferred inflow of resources - leases	\$ 1,704,337
Net Position:	
Net investment in capital assets	212,823,851
Unrestricted	46,303,375
Total net position	\$ 259,127,226
Total liabilities, deferred inflow of resources and net position	\$ 359,390,292

See notes to financial statements



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2022

	2022
Operating revenues:	
Farebox and bus pass	\$ 7,480,849
Special services	308,459
Other revenue	707,294
Total operating revenue	\$ 8,496,602
Operating expenses:	
Purchased transportation	78,087,327
Fuel costs	8,778,741
Salary and benefits	8,390,546
Special services	266,301
Professional services	3,877,795
Advertising	596,174
General and administrative	4,404,572
Operating expenses before impairment loss, depreciation, and amortization	104,401,456
Depreciation expense	31,926,283
Amortization expense	31,525
Total operating expenses	\$ 136,359,264
Operating loss	(127,862,662)
Non-operating revenues (expenses):	
Operating grants	95,152,662
Excise tax refund	1,154,855
LCFS credit revenue	1,052,236
Gain on disposal of assets	416,508
Interest income on investments	331,407
Interest income on leases	77,357
Interest expense on leases	(2,863)
Property management	(70,216)
General fund Prop A exchange	(750,000)
Impairment Loss	(2,289,104)
Total operating grants and non-operating revenue (expenses)	\$ 95,072,842
Loss before capital contributions	(32,789,820)
Capital contributions	\$ 10,928,210
Change in net position	\$ (21,861,610)
Net position at beginning of year	\$ 280,988,836
Net position at end of year	\$ 259,127,226

See notes to financial statements

STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

	2022
Cash flows from operating activities:	
Receipts from customers	\$ 7,864,615
Payments for transit operations	(85,617,513)
Payments for fuel costs	(8,778,741)
Payments to employees	(8,390,546)
Payments to other vendors	(8,983,097)
Net cash from operating activities	(103,905,282)
Cash flows from non-capital financing activities:	
Operating grants received	109,288,239
Receipts for excise tax credit	1,154,855
Proceeds from Proposition A exchange	250,000
Proceeds from other nonoperating revenue	1,052,237
Net cash from non-capital financing activities	111,745,331
Cash flows from capital and related financing activities:	
Receipts from capital grants	18,473,508
Payments for capital assets	(14,532,408)
Proceeds from sale of capital assets	416,508
Proceeds from rental property	(88,801)
Principal paid on leases	(34,198)
Net cash from capital and related financing activities	4,234,609
Cash flows from investing activities:	
Purchase of investments	(14,935,542)
Proceeds from maturing investments	-
Investment earnings	423,795
Net cash from investing activities	(14,511,747)
Net increase in cash and cash equivalents	(2,437,089)
Cash and cash equivalents at beginning of year	120,885,731
Cash and cash equivalents at end of year	\$ 118,448,642
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$(130,151,766)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	31,957,808
Impairment Loss	2,289,104
Changes in operating assets and liabilities:	
Change in due from other governmental agencies	(488,736)
Change in receivables	159,392
Change in prepaid items	(137,843)
Change in operating accounts payable and accrued liabilities	(7,533,241)
Total adjustments	26,246,484
Net cash from operating activities	\$(103,905,282)
Non-cash investing and financing activities:	
Capital asset purchase in account payable	\$ 7,222,004
Capital grants included in due from other governmental agencies	\$ 3,329,068

See notes to financial statements



NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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 359 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. However, lease liabilities, expenditures related to compensated absences, and claims and judgements are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving Foothill Transit the right to use leased assets, are reported as expenditures. Issuance of long-term debt and financing through leases are reported as other financing sources.

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 except for intangible right-to-use lease assets, the measurement of which is discussed below. Donated assets are valued at acquisition value at the date of donation. Foothill Transit did not receive any donated capital assets during fiscal year 2022.

Capital assets are depreciated/amortized 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
Right to use building	2 to 8 years
Other operating equipment	3 to 9 years
Right to use equipment	2 to 5 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. As of June 30, 2022, the accrual for compensated absences was \$1,324,411 and was included in accounts payable and accrued liabilities.

	2022
Beginning balance- June 1, 2021	\$ 1,338,952
Add: Current year accruals	866,906
Less: Used in the current year	881,447
Ending balance- June 30,2022	\$ 1,324,411

i. Unearned Revenue

Unearned revenue is composed entirely of TDA and LCTOP 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, 2022. 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 \$46,303,375 as of June 30, 2022 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.

I. 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 year 2022, Foothill Transit exchanged \$750,000 general funds for \$1,000,000 Proposition A Local Return funds from the City of San Gabriel. The 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) 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.



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. Leases

Lessee: Foothill Transit recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statement. Foothill Transit recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, Foothill Transit initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

Key estimates and judgments related to leases include how Foothill Transit determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

Foothill Transit uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, Foothill Transit generally uses the estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that Foothill Transit is reasonably certain to exercise.

Foothill Transit monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported on the statement of net position.

Lessor: Foothill Transit recognizes a lease receivable and a deferred inflow of resources in the financial statement.

At the commencement of a lease, Foothill Transit initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Foothill Transit determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. Foothill Transit uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Foothill Transit monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

p. 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 and continues to have a significant impact on the operations and business results of Foothill Transit. Foothill Transit was awarded \$48,462,033 in American Rescue Plan Act (ARPA) funding to help offset some of the additional costs incurred. This funding agreement was executed on 05/10/2022.

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.

q. Recent Accounting Pronouncements Implemented

GASB Statement No. 87, Leases, - has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Foothill Transit adopted this standard for the fiscal year ended June 30, 2022. The adoption of this standard changed the accounting and reporting of Foothill Transit leases. Foothill Transit is now reporting the present value of future lease payments in the Lease receivables and Deferred inflows of resources on the statement of net position. See note 11 for further information on the impact of the adoption of GASB Statement 87.

GASB Statement No. 89, Accounting for Interest Cost incurred before the End of a Construction Period, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements statements are effective for reporting periods beginning after December 15, 2020. Foothill Transit adopted this standard for the fiscal year ended June 30, 2022. The adoption of the standard has no impact on Foothill Transit's financial statements.

GASB Statement No. 91, Conduit Debt Obligations - This statement provides a single method of reporting conduit debt obligations. This statement achieves objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving



required note disclosures. The adoption of the paragraphs effective for the fiscal year ending June 30, 2022, did not have an impact on Foothill Transit's financial statements.

GASB Statement No. 92 Omnibus 2020 I - This guide establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, post-employment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements and derivative instruments. The initial requirements of this Statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 were effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. Foothill Transit adopted paragraphs 4, 5, 11 and 13 of this statement in fiscal year 2020. Foothill Transit adopted the remaining paragraphs of this standard for fiscal year ended June 30, 2022. The adoption of this standard has no impact on Foothill Transit's financial statements.

GASB Statement No. 93, Replacement Interbank Offered Rates (IBOR) - This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for paragraphs 11b, 13, and 14 were effective for reporting periods beginning after June 15, 2020. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and reporting periods thereafter. The adoption of the remaining paragraphs 11b, 13, and 14 has no impact on Foothill Transit's financial statements.

GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The adoption of this standard has no impact on Foothill Transit's financial statements.

GASB Statement No. 96, Subscription-based Information Technology Arrangements (SBITAs) establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on Foothill Transit's financial statements.

GASB Statement No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans and

(2) paragraph 5 of this Statement are effective immediately. (b) The requirements in paragraphs 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Foothill Transit adopted paragraphs 4 and 5 of this statement in fiscal year 2020 and the remaining paragraphs of this statement in fiscal year 2022. The adoption of the standard has no impact on Foothill Transit's financial statements.

GASB Statement No. 98, The Annual Comprehensive Financial Report, establishes the new term annual comprehensive financial report and its acronym ACFR and replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for reporting periods ending after December 15, 2021. Foothill Transit adopted this standard for the fiscal year ended June 30, 2022. The adoption of this standard changes the term of Foothill Transit's report to Annual Comprehensive Financial (ACFR).

GASB Statement No. 99, Omnibus 2022, enhances comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of non-monetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance, (b) The requirements in paragraphs 11-25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Foothill Transit adopted paragraphs 26-32 in fiscal year 2022. The adoption of the above requirements has no impact on Foothill Transit's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement on Foothill Transit's financial statements.

GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on Foothill Transit's financial statements.

GASB Statement No. 101, Compensated Absences, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognitions and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this



statement on Foothill Transit’s financial statements.

NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and investments at June 30, 2022, were reported in the accompanying financial statements as follows:

Deposits

At June 30, 2022, the carrying amount of Foothill Transit’s deposits was \$133,384,184

	2022
Cash and cash equivalents, current	\$ 25,807,997
Cash and cash equivalents, noncurrent	92,351,733
Restricted cash and cash equivalents, noncurrent	288,912
Investments	14,935,542
Cash and cash equivalents and investments	\$ 133,384,184

and the bank balance was \$133,384,096. The difference of \$88 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, 2022, Foothill Transit maintained \$74,110,578 of cash equivalents in LAIF.

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, 2022, Foothill Transit’s investments did not include these types of investments. Foothill Transit’s investments in U.S. Treasury bills were rated as “AAA” by Moody’s as of June 30, 2022.

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, 2022, 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, 2022, 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. As of June 30, 2022, more than five percent of Foothill Transit’s investments were in U.S. Treasury bills totaling \$14,935,542.

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, 2022, Foothill Transit held \$14,935,542 U.S. Treasury securities. 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, 2022:

Remaining Investment Maturities	2022		
	Fair Value	Less Than 1 Year	1 to 5 Years
US Treasury	\$14,935,542	\$14,935,542	-

NOTE 4: REVENUE AND RECEIVABLES FROM OTHER GOVERNMENTAL AGENCIES

For the year ending June 30, 2022, operating grants earned from other governmental agencies consisted of the following:

Operating Grants	2021
State and local grants:	
Proposition A Formula Subsidy	\$ 17,435,533
Measure R	12,255,473
Measure M	12,213,722
Transportation Development Act	8,114,830
Proposition A Bus Service Continuation Program	5,033,010
State Transit Assistance	2,344,930
Senate Bill 1 - STA	2,145,839
Proposition C Base Restructuring	2,094,037
Proposition C 5% Transit Security	1,037,303
Proposition A Local Return Exchange	1,000,000
Proposition C BSIP - Overcrowding Relief	974,926
Proposition C Transit Service Expansion - Line 690	348,954
Total state and local operating grants	\$ 64,998,557
Federal grants:	
FTA Section 5307	30,154,105
Total federal operating grants	\$ 30,154,105
Total operating grants	\$ 95,152,662

For the year ending June 30, 2022, capital grants earned from other governmental agencies consisted of the following:

Capital Grants	2022
State and local grants:	
Transportation Development Act	\$ 5,827,316
Proposition C - MOSIP	1,896,136
Senate Bill 1 - SGR	1,068,407
Measure M Capital	177,726
California State Transportation LCTOP Grant	57,690
Total state and local capital grants	\$ 9,027,275
Federal grants:	
FTA Section 5339	1,861,225
FTA Section 5312	39,710
Total federal capital grants	1,900,935
Total capital grants	\$ 10,928,210



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 on June 30, 2022.

Governmental Agencies	2022
State and local agencies	
Transportation Development Act	\$ 3,286,667
Proposition C MOSIP	1,150,346
State Transit Assistance	586,231
Senate Bill 1 - State Transit Assistance	484,982
Senate Bill 1 - State of Good Repair	455,912
Toll Revenue Grant	421,489
Proposition C Call For Projects	73,872
California State Transportation LCTOP Grant	57,690
Measure M Capital	55,995
City of Duarte	54,423
Antelope Valley Transportation Authority	32,062
Pass Sales	15,163
Other Receivables	6,943
Los Angeles Department of Transportation	5,739
Total state and local agencies	\$ 6,687,514
Federal agencies	
Section 5339 Capital Grant - FTA	845,534
Section 5307 Capital Grant - FTA	669,487
Section 5312 Capital Grant - FTA	39,710
Total federal agencies	\$ 1,554,731
Total due from governmental agencies	\$ 8,242,245

NOTE 5: RECEIVABLES

At June 30, 2022, receivables consist of the following and are expected to be collected within one year:

	2022
Keolis Transit Services	\$ 597,173
Trade Receivables (Pass Sales)	366,845
TAP Sales	141,099
City of Azusa	113,426
Miscellaneous	23,321
Total receivables	\$ 1,241,864

Receivables are recorded when earned based on operating revenue recognition. Management believes that no provision for an allowance was necessary at June 30, 2022.

NOTE 6: CAPITAL ASSETS

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

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 14,137,570	\$ -	\$ -	\$ 14,137,570
Construction in progress	2,180,762	3,528,574	-	5,709,336
Total capital assets not being depreciated	\$ 16,318,332	\$ 3,528,574	\$ -	\$ 19,846,906
Capital assets being depreciated				
Facility	129,995,172	1,459,926	-	131,455,098
Right-to-use leased building	61,536	-	-	61,536
Transit Buses	276,060,102	2,442,978	(11,904,892)	266,598,188
Other operating equipment	65,511,853	2,696,511	(172,894)	68,035,470
Right-to-use leased equipment	38,143	-	-	38,143
Vehicles	951,861	279,029	-	1,230,890
Furniture and fixtures	902,203	3,641	-	905,844
Total depreciable capital assets	\$ 473,520,870	\$ 6,882,085	\$ (12,077,786)	\$ 468,325,169
Accumulated depreciation and amortization				
Facility	(65,513,571)	(4,994,626)	-	(70,508,197)
Right-to-use leased building	-	(26,035)	-	(26,035)
Transit buses	(134,868,591)	(21,173,871)	9,615,789	(146,426,673)
Other operating equipment	(50,296,778)	(5,668,812)	172,894	(55,792,696)
Right-to-use leased equipment	-	(5,491)	-	(5,491)
Vehicles	(814,308)	(71,224)	-	(885,532)
Furniture and fixtures	(842,773)	(17,749)	-	(860,522)
Total accumulated depreciation and amortization	\$(252,336,021)	\$ (31,957,808)	\$ 9,788,683	\$(274,505,146)
Depreciable capital assets, net	\$ 221,184,849	\$ (25,075,723)	\$ (2,289,103)	193,820,023
Total capital assets, net	\$ 237,503,181	\$ (21,547,149)	\$ (2,289,103)	\$ 213,666,929

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, 2022, 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.



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. However, the contract with Keolis was amended subsequently to change the expiration to April 29, 2023. (see note 12). Transdev was awarded a four-year term contract commencing on July 31, 2022, 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 \$28,770,430 for the year ended June 30, 2022. Foothill Transit's related expense for service at the Arcadia Facility was \$49,316,897 for the year ended June 30, 2022. On a combined basis, the contractors provided performance bonds totaling approximately \$20 million for the protection of Foothill Transit.

NOTE 8: COMMITMENTS AND CONTINGENCIES

a. Operating Commitments

Foothill Transit has a commitment for the operation and maintenance of the Pomona facility for \$175,680,800 commencing on July 1, 2017, four base years and three option years until June 30, 2023. Foothill Transit also has a commitment for the operation and maintenance of the Arcadia/ Irwindale facility for four years for \$243,158,208 for the fiscal year ending June 30, 2026.

Pomona

Description	Related Year	Before June 30,2022	After June 30, 2022
Start - up	-	\$ 384,830	\$ -
Base Year 1	07/1/17 - 06/30/18	27,755,633	-
Base Year 2	07/1/18 - 06/30/19	28,688,112	-
Base Year 3	07/1/19 - 06/30/20	29,243,660	-
Base Year 4	07/1/20 - 06/30/21	29,715,706	-
Option Year 1	07/1/21 - 06/30/22	29,711,573	-
Option Year 2	07/1/22 - 06/30/23	-	30,181,286
Total		\$ 145,499,514	\$ 30,181,286

Arcadia/Irwindale

Description	Related Year	Before June 30,2022	After June 30, 2022
Start - up	-	-	\$ -
Base Year 1	07/1/22 - 06/30/23	-	52,536,385
Base Year 2	07/1/23 - 06/30/24	-	60,395,065
Base Year 3	07/1/24 - 06/30/25	-	63,449,217
Base Year 4	07/1/25 - 06/30/26	-	66,777,541
Total		\$ -	\$ 243,158,208

b. 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: 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, 2022, nor were there any claims payments made during the year or claims payable at the end of the year.

NOTE 10: 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 \$1,423,704 to the 401(a) Plan during fiscal year 2022.

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, 2022, the balance invested in both plans by both employees and Foothill Transit totaled \$1,972,016. There was no liability outstanding for either plan as of June 30, 2022.

NOTE 11: LEASES

a. Leases Receivable

Foothill Transit leases excess office space in its headquarters building through five leases. The remaining lease terms range from two to 8 years. Foothill Transit will receive total monthly payments of \$39,692. Foothill Transit recognized \$386,544 in lease revenue and \$77,357 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, Foothill Transit’s receivable for lease payments was \$1,702,366. Also, Foothill Transit had deferred inflows of resources associated with these leases that will be recognized as revenue over their lease terms. As of June 30, 2022, the balance of the deferred inflow of resources was \$1,704,337.



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, 2022, the carrying value of the leased space was \$3,106,710, net of accumulated depreciation of \$2,875,702.

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

Year Ending June 30	Lease Revenue
2023	\$ 442,817
2024	351,676
2025	324,769
2026	308,791
2027	308,791
2028	318,055
2029	318,055
Total	\$ 2,372,954

b. Leases Payable

Foothill Transit has four leases as a lessee for property and equipment with remaining lease terms ranging from 2-8 years. Foothill Transit has the right to use the leased assets and accumulated amortizations as of June 30, 2022. The total initial lease liability was \$61,536. As of June 30, 2022, the value of the lease liability was \$66,873. The properties have useful lives of 25 years, and the equipment useful lives are five years.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 43,280	\$ 2,292	\$ 45,572
2024	19,352	549	19,901
2025	1,577	176	1,753
2026	1,658	96	1,754
2027	1,006	17	1,023
	\$ 66,873	\$ 3,130	\$ 70,003

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 \$2,491 plus additional charges for Common Area Maintenance (CAM), marketing, taxes, insurance and utilities. Currently, the additional charges total \$5,275 for a total monthly rent of \$7,766. Rent expense for the year ended June 30, 2022, was \$93,190.

NOTE 12: SUBSEQUENT EVENTS

The contract with Keolis Transit Services for the Pomona facility was amended to change the expiration date for the option term of the contract from June 30, 2025, to April 29, 2023, as Keolis and Foothill Transit determined and agreed as mutually beneficial for both parties.



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

34 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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

39 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

40 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	Board Designated Capital Project	Total Net Position
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
2022	212,823,851	46,303,375	259,127,226

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
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
2022	8,496,602	138,648,368	(130,151,946)	97,361,946	(32,789,820)	10,928,210	(21,861,610)

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
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
2022	7,480,849 ²	308,459 ²	-	63,200	611,715	32,379 ²	8,496,602

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)	Interest income on lease	Interest expense on lease	Total Other Revenue
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
2022	95,152,662	331,407	416,508	-	(750,000)	1,052,236 ²	1,154,855	(70,216)	77,357 ⁴	(2,863) ⁴	42,831,809

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

⁴ Income and Expense on Lease related to GASB 87 implementation



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	Amortization Expense	Impairment Loss	Total
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
2022	78,087,327	8,778,741	8,390,546	266,301	-	3,877,795	596,174	4,404,572	31,926,283	31,525 ⁴	31,525	138,648,368

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

⁴ Amortization expense pertains to Right-to-use leased building and equipment

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
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
2022	1,896,136	1,900,935	177,726	-	1,068,407	5,827,316	57,690	-	10,928,210

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

Source: Foothill Transit Finance Department

FINANCIAL TRENDS - Tax Revenues - Foothill Transit and Los Angeles County
Last Ten Fiscal Years (In Thousands)

Foothill Transit¹

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
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 ⁷	21,381	3,600	21,415	9,551	9,244	9,115	4,203	78,509	7.22%
2022 ⁷	27,321	2,345	22,469	10,029	13,088	12,214	3,008	90,474	7.19%

Los Angeles County²

Fiscal Year	TDA ³	STA ⁴	Proposition A ⁵	Proposition C ⁵	Measure R ⁵	Measure M ⁵	Senate Bill 1 ⁶	Total
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	308,390	54,337	300,191	94,568	135,000	133,102	61,435	1,087,023
2022 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
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
2022	2,110,826	1,218,713	3,740,291	167,803	243,216	7,480,849

Source: Foothill Transit Finance Department

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

² Funding sources 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
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
2022	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

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
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%
2022	5.20%	9,861	1,337	659,784 ⁴	64,873 ⁴	314.1	12.94%

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	2.20%	1
Los Angeles Unified School District	75,670	1.48%	2	104,300	2.14%	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	1.27%	4
Federal Government	30,600	0.60%	5	43,600	0.89%	5
Kaiser Permanente	41,340	0.81%	6	37,400	0.77%	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	89.70%	
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
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%
2022	359	2	38	794	130.18	8.63	6,852	7.23%

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	54	518	308	21	895
2022	54	483	300	19	856

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 Services, Inc. Keolis Transit America, Inc.
Number of Buses in Fleet:	
Compressed Natural Gas Powered	327
Electric Powered	32
Operational and Maintenance Facilities:	2
Sales Outlets (Transit Stores):	4
Bus Routes/Lines:	
Express	7
Local	31
Bus Stops	1,822
Annual Service Hours ¹	794,370
Annual Passengers ¹	6,852,419
Average Weekday Boardings ¹	21,804

Source: Foothill Transit Finance Department

¹ Fiscal year 2021-2022



COMPLIANCE REPORTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
U.S Department of Transportation			
Direct Programs			
Federal Transit Cluster			
COVID-19 - Section 5307 - CRRSA Act	20.507	CA-2021-160	\$ 30,154,105
Section 5339 - Bus and Bus Facilities Formula Program	20.526	CA-2019-049	1,861,225
Total Federal Transit Cluster	-	-	\$ 32,015,330
Section 5312 - LONO	20.514	CA-2017-089	39,710
Total Federal Expenditures (Total Federal Transit Cluster and U.S. Department of Transportation)			\$ 32,055,040

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, 2022

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, 2022. 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, 2022, and the related notes to the financial statements, which collectively comprise Foothill Transit's basic financial statements, and have issued our report thereon dated February 22, 2023.

Report on 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 certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

(Continued)

Report on Compliance and Other Matters

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

Foothill Transit's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Foothill Transit's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Foothill Transit's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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


Crowe LLP

Los Angeles, California
February 22, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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 Major Federal Program***Opinion on Each Major Federal Program***

We have audited Foothill Transit's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Foothill Transit's major federal program for the year ended June 30, 2022. Foothill Transit's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Foothill Transit complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foothill Transit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Foothill Transit's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Foothill Transit's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foothill Transit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foothill Transit's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Foothill Transit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Foothill Transit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Foothill Transit's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
Crowe LLP

Los Angeles, California
February 22, 2023

FOOTHILL TRANSIT (A JOINT POWER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not
Considered to be material weaknesses X Yes _____ None reported

Noncompliance material to financial
statements noted? _____ Yes X No

Federal Awards

Internal Control over major program:

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 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 programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.507 / 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 964,685

Auditee qualified as low-risk auditee? X Yes _____ No

(Continued)

Section II - Financial Statement Findings

Finding 2022-001 – Financial Accounting and Reporting for Net Investment in Capital Assets (Significant Deficiency)

Criteria:

GASB Statement 69 paragraph 9 defines Net Investment in Capital Assets as follows:

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Condition:

Net Investments in Capital Asset calculation includes Capital Assets net of any related borrowing attributable to those Capital Assets including accounts payable and retainage. The balances related to Capital Assets in accounts payable and retainage were not included in the Net Investment in Capital Assets calculation.

Cause:

Foothill Transit did not have internal controls in place to ensure the proper calculation of Net Investment in Capital Assets.

Context:

Accounts payable in capital assets in the amount of \$155,737 and Retention payable in the amount of \$454,652 was not included in the Net Investment in Capital Assets calculation leading to an overstatement of Net investments in Capital Assets of \$610,389.

Effect or potential effect:

Net investments in Capital Assets was overstated.

Recommendation:

We recommend that Foothill Transit implement internal controls to ensure the calculation of Net Investment in Capital Assets is in line with requirements.

Views of responsible officials and planned corrective actions:

Management agrees with the recommendation and will implement controls to ensure calculations comply with relevant GASB requirements, including those established by GASB 69.

(Continued)

FOOTHILL TRANSIT (A JOINT POWER AUTHORITY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section III - Federal Award Findings and Questioned Costs

None noted.

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 the Transportation Development Act***Opinion on the 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, 2022.

In our opinion, Foothill Transit complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Transportation Development Act program for the year ended June 30, 2022.

Basis for Opinion on the Transportation Development Act

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Transportation Development Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foothill Transit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Transportation Development Act program. Our audit does not provide a legal determination of Foothill Transit's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Transportation Development Act.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foothill Transit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foothill Transit's compliance with the requirements of the Transportation Development Act program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Foothill Transit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Foothill Transit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Foothill Transit's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Transportation Development Act 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
Crowe LLP

Los Angeles, California
February 22, 2023

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

Opinion on 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 the Los Angeles County Metropolitan 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, 2022.

In our opinion, Foothill Transit complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Proposition A and Proposition C Discretionary Programs for the year ended June 30, 2022.

Basis for Opinion on Proposition A and Proposition C Discretionary Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Proposition A and Proposition C Discretionary Programs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foothill Transit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Proposition A and Proposition C Discretionary Programs. Our audit does not provide a legal determination of Foothill Transit's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Proposition A and Proposition C Discretionary Programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foothill Transit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Proposition A and Proposition C Discretionary Programs will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foothill Transit's compliance with the requirements of Proposition A and Proposition C Discretionary Programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Proposition A and Proposition C Discretionary Programs, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Foothill Transit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Foothill Transit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Proposition A and Proposition C Discretionary Programs, but not for the purpose of expressing an opinion on the effectiveness of Foothill Transit's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Proposition A and Proposition C Discretionary Programs on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
Crowe LLP

Los Angeles, California
February 22, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE MEASURE R PROGRAM 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 Measure R Program

Opinion on 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 the 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, 2022.

In our opinion, Foothill Transit complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Measure R Program for the year ended June 30, 2022.

Basis for Opinion on Measure R Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Measure R Program. Our responsibilities under those standards and the Measure R Program are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foothill Transit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance the Measure R Program. Our audit does not provide a legal determination of Foothill Transit's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Measure R Program.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foothill Transit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Measure R Program will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foothill Transit's compliance with the requirements of the Measure R Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Measure R Program, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Foothill Transit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Foothill Transit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Foothill Transit's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
Crowe LLP

Los Angeles, California
February 22, 2023