



**Foothill Transit**  
Going Good Places

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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



**Foothill Transit**

West Covina, California

**Comprehensive Annual Financial Report**  
For the Fiscal Years Ended June 30, 2020 and 2019

Prepared by Foothill Transit Finance Department

**FOOTHILL TRANSIT**  
(A JOINT POWERS AUTHORITY)

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## INTRODUCTION



## EXECUTIVE BOARD MEMORANDUM

To: **Executive Board**

**December 18, 2020**

Subject: **Fiscal Year 2019/2020 Comprehensive Annual Financial Report**

Enclosed is the Comprehensive Annual Financial Report of Foothill Transit for the fiscal year ended June 30, 2020. 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, 2020, 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, 2020, are fairly presented in conformity with generally accepted accounting principles (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's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A that begins on page 4, 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 375 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.

One of the biggest economic changes seen during the first nine months of FY2019/2020 budget year was the increase in new and used car sales and leases. According to the California New Car Dealers Association, "The combination of very low fuel prices, high demand for light trucks and strong consumer affordability..." were the major reasons for the unprecedented increases. While indicators of strong economic growth, this change led to decreased public transportation ridership.

The last three months of FY2019/2020 were severely impacted by the worldwide COVID-19 pandemic. In March 2020, Foothill Transit implemented rear door boarding and discontinued fare collection to reduce interactions between customers and bus operators. After LA County

## Foothill Transit Comprehensive Annual Financial Report

implemented “stay at home orders”, Foothill Transit reduced all commuter express service to meet reduced demand. These actions impacted the key performance and financial indicators for FY2019/2020.

The majority of Foothill Transit’s funding is provided from local sales taxes. Although there was a modest increase in sales tax collections during FY2019/2020, the budget was prepared with revenues, service, and fares at current levels to balance the budget.

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

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Foothill Transit for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the fourteenth consecutive year that Foothill Transit has received this prestigious award. This certificate of award is the highest form of recognition for excellence in state and local government financial reporting.

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

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

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

Sincerely,



**Michelle Lopes Caldwell**  
Director of Finance and Treasurer



**Doran Barnes**  
Executive Director

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## Foothill Transit Leadership

### Governing Board

#### CLUSTER 1

##### Claremont

Councilmember Corey Calaycay  
*Alternate:* Councilmember Ed Reece

##### La Verne

Councilmember Rick Crosby  
*Alternate:* Councilmember Tim Hepburn

##### Pomona

Councilmember Robert S. Torres  
*Alternate:* Mayor Tim Sandoval

##### San Dimas

Mayor Emmett Badar  
*Alternate:* Councilmember John Ebner

##### Walnut

Councilmember Andrew Rodriguez  
*Alternate:* Councilmember Nancy Tragarz

#### CLUSTER 2

##### Azusa

Councilmember Edward J. Alvares  
*Alternate:* Mayor Pro Tem Uriel Macias

##### Baldwin Park

VACANT  
*Alternate:* Mayor Pro Tem Paul C. Hernandez

##### Covina

Mayor Pro Tem Jorge A. Marquez  
*Alternate:* Councilmember John C. King

##### Glendora

Councilmember Gary Boyer  
*Alternate:* Mayor Michael Allawos

##### Irwindale

Mayor Albert Ambriz  
*Alternate:* Mayor Pro Tem Larry Burrola

##### West Covina

Councilmember Dario Castellanos  
*Alternate:* Mayor Tony Wu

#### CLUSTER 3

##### Arcadia

Mayor Roger Chandler  
*Alternate:* Mayor Pro Tem Sho Tay

##### Bradbury

Councilmember Richard G. Barakat  
*Alternate:* Mayor Pro Tem D. Montgomery Lewis

##### Duarte

Councilmember Tzeitel Paras-Caracci  
*Alternate:* Councilmember Toney Lewis

##### Monrovia

Councilmember Becky Shevlin  
*Alternate:* VACANT

##### Pasadena

Councilmember Margaret McAustin  
*Alternate:* Mayor Terry Tornek

##### Temple City

Councilmember Fernando Vizcarra  
*Alternate:* Councilmember William Man

#### CLUSTER 4

##### El Monte

Councilmember Jessica Ancona  
*Alternate:* Mayor Pro Tem Maria Morales

##### Diamond Bar

Mayor Steve Tye  
*Alternate:* Mayor Pro Tem Nancy A. Lyons

##### Industry

Mayor Cory C. Moss  
*Alternate:* VACANT

##### La Puente

Councilmember Valerie Muñoz  
*Alternate:* Mayor Pro Tem Violeta Lewis

##### South El Monte

Councilmember Hector Delgado  
*Alternate:* Mayor Gloria Olmos

#### CLUSTER 5

##### County of Los Angeles

Jimmy Lin  
*(Representing Supervisor Janice Hahn)*

Cynthia Sternquist  
*(Representing Supervisor Kathryn Barger)*

Sam Pedroza  
*(Representing Supervisor Hilda Solis)*

### Executive Board

#### Chair

Cynthia Sternquist  
*Cluster 5 - County of Los Angeles*

#### Vice Chair

Corey Calaycay  
*Cluster 1 - Claremont*

#### Board Member

Gary Boyer  
*Cluster 2 - Glendora*

#### Board Member

Becky Shevlin  
*Cluster 3 - Monrovia*

#### Board Member

Cory C. Moss  
*Cluster 4 - Industry*

### Executive Board Alternates

#### Cluster 1 - San Dimas

Emmett Badar

#### Cluster 2 - West Covina

Dario Castellanos

#### Cluster 3 - Duarte

Tzeitel Paras-Caracci

#### Cluster 4 - La Puente

Valerie Muñoz

#### Cluster 5 - County of Los Angeles

Jimmy Lin

### Senior Management

#### Executive Director

Doran J. Barnes

#### Deputy Executive Director

Kevin Parks McDonald

#### 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

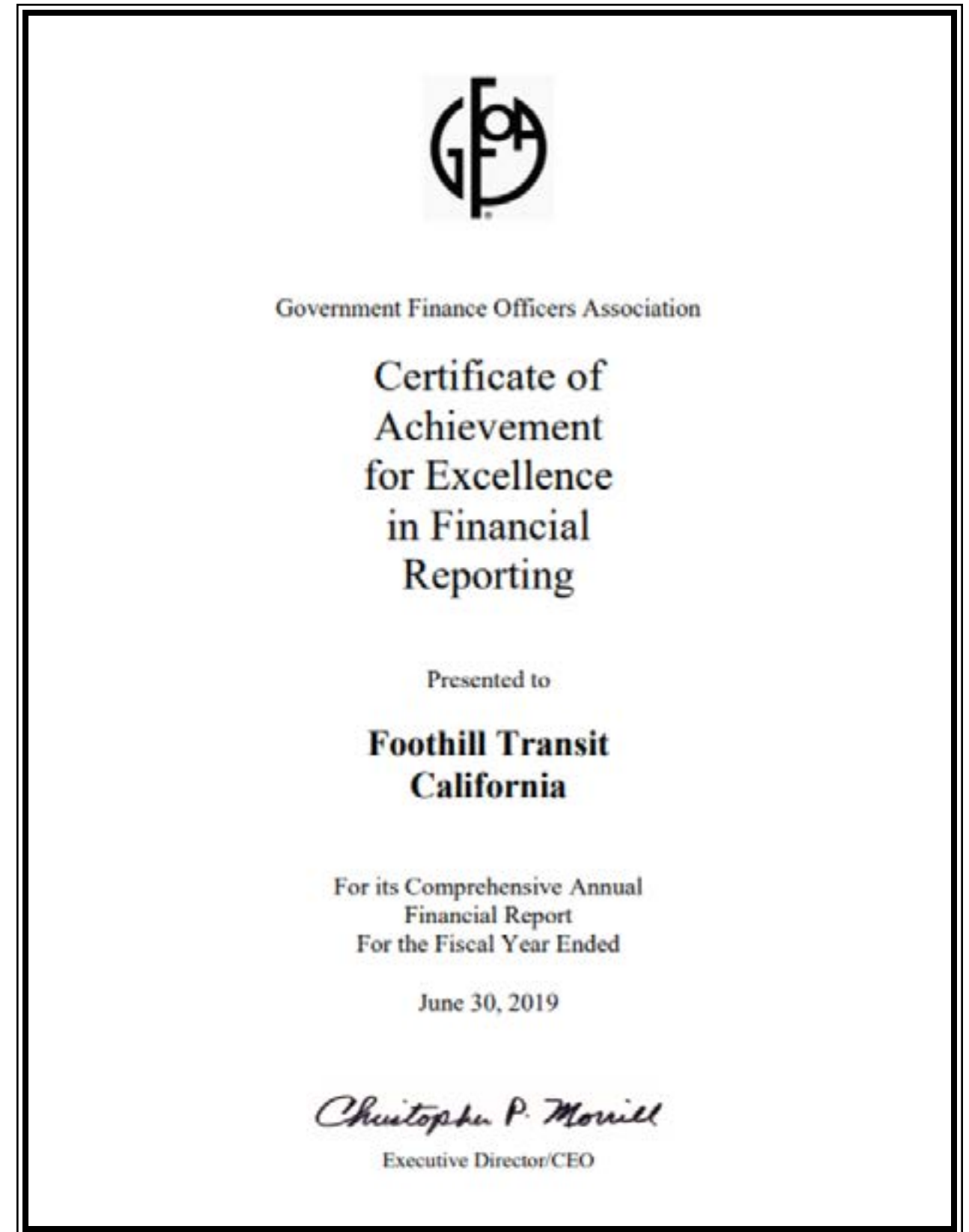
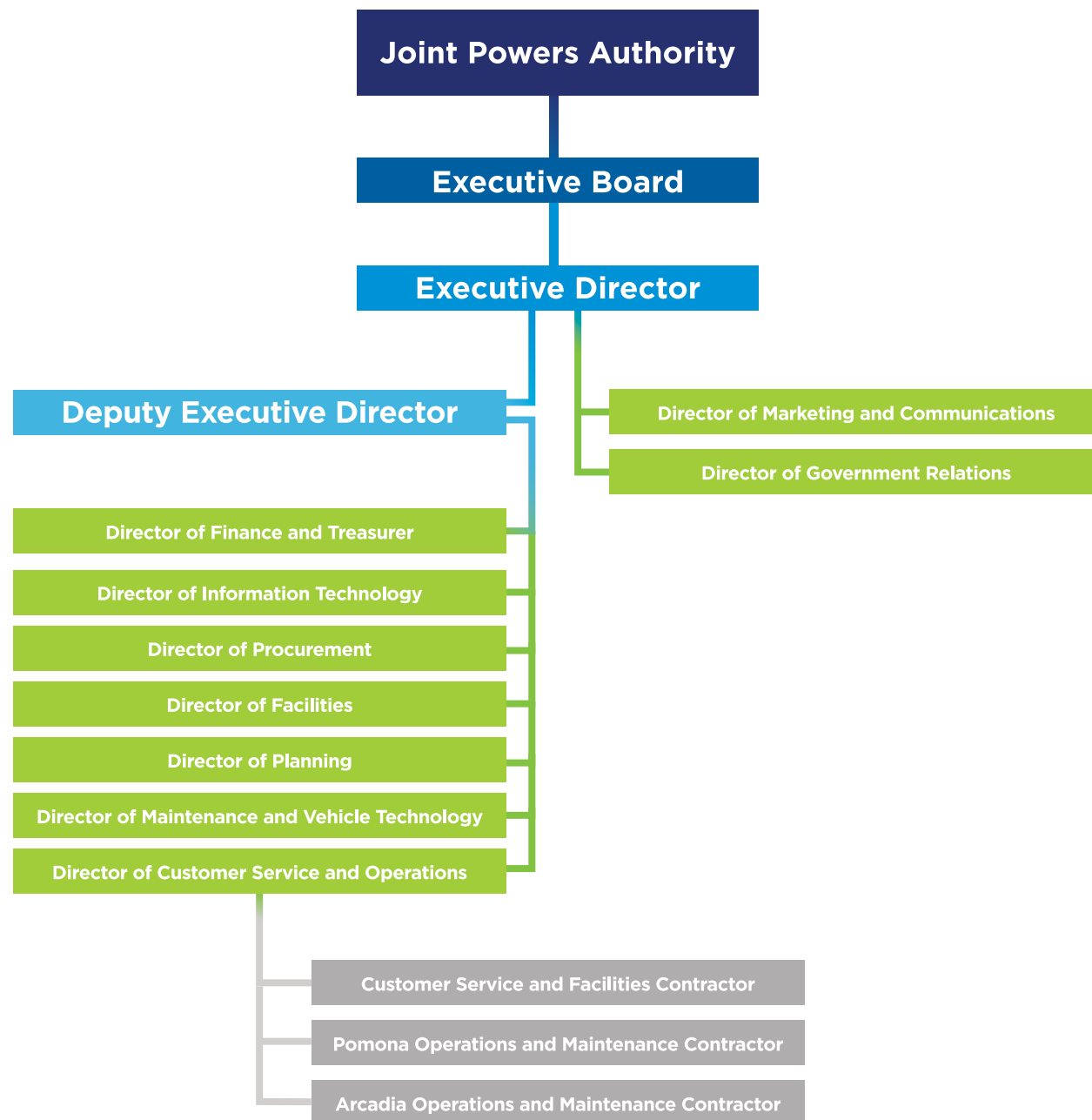
Joseph Raquel

#### Director of Facilities

Sharlane Bailey

#### Director of Government Relations

David Reyno







**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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

### Other Matters

#### Required Supplementary Information

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

#### Supplementary Information

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

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

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2020 on our consideration of Foothill Transit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Foothill Transit's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Foothill Transit's internal control over financial reporting and compliance.



Crowe LLP

Los Angeles, California  
December 4, 2020

## Management’s Discussion And Analysis

### JUNE 30, 2020 AND 2019

The following section of the annual financial report of Foothill Transit includes an overview and analysis of Foothill Transit’s financial position and activities for the years ended June 30, 2020 and 2019. 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, 2020 and 2019. This statement also identifies major categories of restrictions on the net position of Foothill Transit.

**Statement of Revenues, Expenses, and Changes in Net Position:** The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred by Foothill Transit during the years ended June 30, 2020 and 2019, on an accrual basis.

**Statement of Cash Flows:** The Statement of Cash Flows presents the changes in Foothill Transit’s cash and cash equivalents for the years ended June 30, 2020 and 2019, summarized by operating, capital and related financing, non-capital financing, and investing activities. The statement is prepared using the direct method of reporting cash flows and, therefore, presents gross rather than net amounts for the years’ activities.

Foothill Transit’s basic financial statements can be found on pages 10 through 12 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 13 through 26 of this report.

### FINANCIAL HIGHLIGHTS

- During fiscal year 2019–2020, Foothill Transit’s net position increased \$3,386,966 (1.29%) from the previous year resulting primarily from the capital asset acquisitions of \$12,837,376 and disposals of \$8,328,963, exclusive of depreciation. The capital additions were funded by federal, state, and local grants.

- In fiscal year 2019–2020, operating expenses before depreciation increased \$1,502,574 (1.55%) over the previous year. This increase was attributed primarily to increases for purchased transportation and salaries and benefits.
- Foothill Transit’s assets exceeded its liabilities at June 30, 2020, by \$265,138,264 (net position).

### CONDENSED STATEMENT OF NET POSITION

	2020	2019	2018
Non-Capital assets	\$ 119,179,873	\$ 112,104,942	\$ 113,012,748
Capital assets, net	225,071,295	224,058,977	212,589,926
<b>Total assets</b>	<b>344,251,168</b>	<b>336,163,919</b>	<b>325,602,674</b>
Current liabilities	14,897,241	12,138,484	14,958,907
Noncurrent liabilities	64,215,663	62,274,173	63,433,587
<b>Total liabilities</b>	<b>79,112,904</b>	<b>74,412,621</b>	<b>78,392,494</b>
<b>Net position:</b>			
Net investment in capital assets	223,606,295	224,058,977	210,364,476
Unrestricted:			
Board designated - capital projects	41,531,969	37,692,321	36,845,704
<b>Total net position</b>	<b>\$ 265,138,264</b>	<b>\$ 261,751,298</b>	<b>\$ 247,210,180</b>

See discussion below

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Foothill Transit’s assets exceeded liabilities by \$265,138,264 as of June 30, 2020, and by \$261,751,298 as of June 30, 2019. Most of this is attributable to Foothill Transit’s \$223,606,295 and \$224,058,977 net investment in capital assets (property, plant, and equipment) as of June 30, 2020, and 2019.

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, 2020, and 2019 totaled \$41,531,969 and \$37,692,321 respectively representing amounts that are designated by the Board for future capital projects.

Foothill Transit’s net position increased by \$3,386,966 during fiscal year 2019–2020 and by \$14,541,118 during fiscal year 2018–2019. These increases are primarily due to the addition of capital assets funded with capital grant revenues.



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

	2020	2019	2018
Operating revenues - farebox and bus pass	\$ 11,926,027	\$ 16,079,596	\$ 16,343,392
Operating revenues - other	587,072	1,241,842	1,344,772
Operating grants	84,223,911	78,569,945	74,676,246
Other revenues (expenses)	3,497,566	4,503,405	(389,315)
<b>Total revenues</b>	<b>100,234,576</b>	<b>100,150,532</b>	<b>91,975,095</b>
<b>Operating expenses:</b>			
Operating expenses before depreciation	98,322,861	96,820,287	93,218,066
Depreciation	25,064,956	24,835,228	26,316,229
<b>Total operating expenses</b>	<b>123,387,817</b>	<b>121,655,515</b>	<b>119,534,295</b>
Loss before capital grants	(23,153,241)	(21,504,983)	(27,559,200)
Capital grants	26,540,207	36,046,101	27,778,636
Change in net position	3,386,966	14,541,118	219,436
Net position at the beginning of the year	261,751,298	247,210,180	246,990,744
<b>Net position at the end of the year</b>	<b>\$ 265,138,264</b>	<b>\$ 261,751,298</b>	<b>\$ 247,210,180</b>

**REVENUES**

Operating revenues in fiscal year 2020 decreased \$4,808,339 (27.06%) over 2019 and fiscal year 2019 operating revenues decreased \$366,726 (2.07%) over 2018. The decrease in operating revenue is a result of decline in ridership and fare collection resulting from the COVID-19 pandemic. Operating grant revenues increased \$5,898,222 and capital grant revenues decreased \$9,505,894 in fiscal year 2020. Operating grant revenues increased \$3,649,443 and capital grant revenues increased \$8,267,465 in fiscal year 2019. 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 2020 resulted in the acquisition of 10 CNG buses, bus electric chargers, construction of the Mt. San Antonio College Transit Center and bus repair and rehabilitation. The capital grant contributions in fiscal year 2019 were 34 CNG buses, construction of the Covina Transit Center and bus repair and rehabilitation.

Total operating expenses before depreciation increased \$1,502,574 (1.55%) in fiscal year 2020 and \$3,602,221 (3.86%) in fiscal year 2019. In fiscal year 2020, Purchased Transportation costs increased \$1,828,833 due to rate increases of operating contracts for both the Arcadia and Pomona Yards (see Note 7).

**CAPITAL ASSETS**

As of June 30, 2020, and 2019, Foothill Transit had \$225,071,295 and \$224,058,977 invested in capital assets (net of accumulated depreciation), respectively. This represents a 0.45% increase in fiscal year 2020 and a 5.39% increase in fiscal year 2019. These assets include land, facilities, transit buses, other operating equipment, vehicles, and furniture and fixtures identified below. Depreciation expense increased \$229,728 in fiscal year 2020 and decreased \$1,481,001 in fiscal year 2019, which is attributable to the age of the bus fleet.

	2020	2019	2018
Land	\$ 14,137,570	\$ 14,137,570	\$ 14,137,570
Construction in progress	34,938,273	21,269,476	10,142,910
Facilities	51,733,091	52,420,273	57,264,916
Transit buses	120,363,644	131,438,334	126,624,016
Other operating equipment	3,688,745	4,488,193	4,160,128
Vehicles	159,373	237,830	169,208
Furniture and fixtures	50,599	67,301	91,178
	<b>\$ 225,071,295</b>	<b>\$ 224,058,977</b>	<b>\$ 212,589,926</b>

All assets have been purchased with federal, state, or local grants awarded to Foothill Transit. Significant capital projects with activity during fiscal years 2020 and 2019 include the following:

- Bus Fleet Replacement
- Mt. San Antonio College Transit Center
- Bus Repair and Rehabilitation
- Bus Electric Chargers

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, 2020, 2019, and 2018, 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 STATEMENTS**

Statements Of Net Position June 30, 2020 And 2019

ASSETS	2020	2019
<b>Current assets:</b>		
Cash and cash equivalents	\$ 26,751,988	\$ 47,811,665
Due from other governmental agencies	8,329,928	11,589,643
Receivables	82,853	1,574,736
Interest receivable	170,765	178,192
Prepaid items	1,432,356	4,756,603
<b>Total current assets</b>	<b>36,767,890</b>	<b>65,910,839</b>
<b>Noncurrent assets:</b>		
Cash and cash equivalents	78,142,918	17,367,300
Restricted cash and cash equivalents	2,623,399	3,167,219
Investments	995,396	24,943,389
Note receivable	650,270	716,195
Capital assets - nondepreciable	49,075,843	35,407,046
Capital assets - depreciable	425,744,707	421,236,294
Less accumulated depreciation and amortization	249,749,255	232,584,363
<b>Total noncurrent assets</b>	<b>307,483,278</b>	<b>270,253,080</b>
<b>Total assets</b>	<b>344,251,168</b>	<b>336,163,919</b>
<b>Liabilities and net position</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 14,897,241	\$ 12,138,484
Unearned revenue	26,751,988	47,811,665
<b>Total current liabilities</b>	<b>41,649,229</b>	<b>59,950,149</b>
<b>Noncurrent liabilities:</b>		
Unearned revenue	37,463,675	14,462,472
<b>Total liabilities</b>	<b>79,112,904</b>	<b>74,412,621</b>
<b>Net position:</b>		
Net investment in capital assets	223,606,295	221,655,610
Unrestricted	41,531,969	40,095,688
<b>Total net position</b>	<b>265,138,264</b>	<b>261,751,298</b>
<b>Total liabilities and net position</b>	<b>\$ 344,251,168</b>	<b>\$ 336,163,919</b>

See notes to financial statements

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Years Ended June 30, 2020 and 2019

	2020	2019
<b>Operating revenues:</b>		
Farebox and bus pass	\$ 11,926,027	\$ 16,079,596
Special services	418,110	534,612
Dial-A-Ride	-	511,739
Other revenue	168,962	195,491
<b>Total operating revenue</b>	<b>12,513,099</b>	<b>17,321,438</b>
<b>Operating expenses:</b>		
<b>Operating expenses before depreciation:</b>		
Purchased transportation	76,657,210	74,828,377
Fuel costs	6,334,538	7,100,807
Salary and benefits	7,498,942	6,898,462
Special services	343,302	393,277
Dial-A-ride	-	498,697
Professional services	3,320,881	3,477,230
Advertising	544,026	445,698
General and administrative	3,656,962	3,177,739
Operating expenses	98,322,861	96,820,287
Depreciation expense	25,064,956	24,835,228
<b>Total operating expenses</b>	<b>123,387,817</b>	<b>121,655,515</b>
Operating loss	(110,874,718)	(104,334,077)
<b>Non-operating revenues (expenses):</b>		
Operating grants	84,223,911	78,325,689
Interest income	1,169,000	1,094,748
Net decline in fair value of investments	34,008	513,032
Property management income	78,928	7,083
Gain on disposal of assets	337,923	71,329
Excise tax refund	2,784,739	2,815,887
General fund Prop A exchange	(2,400,000)	(1,650,000)
Other	1,492,968	1,651,326
<b>Total operating grants and non-operating revenue (expenses)</b>	<b>87,721,477</b>	<b>82,829,094</b>
Loss before capital contributions	(23,153,241)	(21,504,983)
<b>Capital contributions</b>	<b>26,540,207</b>	<b>36,046,101</b>
<b>Change in net position</b>	<b>3,386,966</b>	<b>14,541,118</b>
<b>Net position at beginning of year</b>	<b>261,751,298</b>	<b>247,210,180</b>
<b>Net position at end of year</b>	<b>\$ 265,138,264</b>	<b>\$ 261,751,298</b>

See notes to financial statements

**STATEMENTS OF CASH FLOWS** Years Ended June 30, 2020 and 2019

	2020	2019
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 8,849,908	\$ 16,129,915
Payments for transit operations	(76,657,909)	(74,828,378)
Payments for fuel costs	(6,334,539)	(7,100,808)
Payments to employees	(7,498,942)	(6,763,756)
Payments to other vendors	654,899	(14,526,974)
<b>Net cash from operating activities</b>	<b>(80,986,583)</b>	<b>(87,090,001)</b>
<b>Cash flows from non-capital financing activities</b>		
Operating grants received	88,421,320	77,927,778
Receipts for excise tax credit	2,784,739	2,815,887
Proceeds from Prop A exchange	800,000	550,000
Proceeds from nonoperating revenue	1,492,968	1,651,326
<b>Net cash from non-capital financing activities</b>	<b>93,499,027</b>	<b>82,944,991</b>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from capital grants	29,499,114	30,150,093
Payments for capital assets	(28,843,613)	(36,317,358)
Proceeds from sale of capital assets	766,820	71,329
Proceeds from rental property	78,928	7,080
<b>Net cash from capital and related financing activities</b>	<b>1,501,249</b>	<b>(6,088,856)</b>
<b>Cash flows from investing activities:</b>		
Purchase of investments	-	(1,963,659)
Proceeds from maturing investments	23,965,992	3,486,000
Investment earnings	1,192,436	442,255
<b>Net cash from investing activities</b>	<b>25,158,428</b>	<b>1,964,596</b>
Net increase in cash and cash equivalents	39,172,121	(8,269,270)
Cash and cash equivalents at beginning of year	68,346,184	76,615,454
<b>Cash and cash equivalents at end of year</b>	<b>\$ 107,518,305</b>	<b>\$ 68,346,184</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (110,874,718)	\$ (104,334,077)
<b>Adjustments to reconcile operating loss to net cash from operating activities:</b>		
Depreciation and amortization	(25,064,956)	(1,163,717)
<b>Changes in operating assets and liabilities:</b>		
Change in due from other governmental agencies	(5,092,288)	(27,806)
Change in receivables	1,429,096	(3,401,293)
Change in prepaid items	3,324,247	(2,998,336)
Change in accounts payable and accrued liabilities	5,162,124	(17,244,076)
Total adjustments	29,888,135	17,244,076
<b>Net cash from operating activities</b>	<b>\$ (80,986,583)</b>	<b>\$ (87,090,001)</b>
<b>Non-cash investing and financing activities:</b>		
Capital asset purchased in account payable	\$ 1,465,000	\$ 2,403,365
Capital grants include in due from other governmental agencies	\$ 1,838,722	\$ 2,581,328
Change in fair value of investments	\$ 34,008	\$ 513,032

See notes to financial statements

**NOTES TO FINANCIAL STATEMENTS** June 30, 2020 and 2019

**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 governs Foothill Transit. 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 375 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 or capital maintenance, public policy, management control, accountability, for other purposes.

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

**b. Use of Estimates**

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

**c. Classification of Current and Noncurrent Assets and Liabilities**

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

**d. Cash and Cash Equivalents**

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

**e. Investments**

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

**f. Prepaid Items**

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

**g. Capital Assets**

Capital assets which include property, buses, vehicles, furniture and fixtures, and equipment are defined by Foothill Transit as assets with an initial value exceeding \$500 and having an estimated useful life of more than one year. Capital assets are valued at historical cost. Donated assets are valued at acquisition value at the date of donation. Foothill Transit did not receive any donated capital assets during fiscal years 2020 and 2019.

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

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

**h. Compensated Absences**

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

**i. Unearned Revenue**

Unearned revenue is composed entirely of TDA, LCTOP and Proposition 1B grant funds which Foothill Transit has received in advance for operations, capital acquisition, or construction but which have not been expended and, therefore, not earned at June 30, 2020, and 2019. 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:

**1. 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.

**2. 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.

**3. 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 \$41,531,969 and \$40,095,688 as of June 30, 2020 and 2019, representing amounts that are designated for future capital projects.

**k. Net Position Flow Assumption**

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

**l. Operating and Non-operating Grant Revenues and Expenses**

Foothill Transit distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services

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

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

During fiscal years 2020 and 2019, Foothill Transit exchanged general funds for Proposition A Local Return funds from the City of West Covina and City of San Gabriel. During fiscal year 2020, \$1,650,000 general funds were exchanged for \$2,200,000 Prop A funds with the City of West Covina and \$750,000 general funds were exchanged for \$1,000,000 Prop A funds with City of San Gabriel. In fiscal year 2019, \$1,650,000 general funds were exchanged for \$2,200,000 with the City of West Covina Prop A funds. All Prop A funds were allocated for transit operations.

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

**m. Grants and Subsidies**

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

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

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

**n. Non-Exchange Transactions**

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

**o. Recent Event**

In December 2019, a novel strain of Coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the operations and business results of Foothill Transit. Subsequent to June 30, 2020, Foothill Transit was awarded \$33,017,520 in CARES Act funding to help offset some of the additional costs incurred. The extent to which the coronavirus may impact business activity, including ridership and operating grants, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

**NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and investments at June 30, 2020 and 2019, were reported in the accompanying financial statements as follows:

	2020	2019
Cash and cash equivalents, current	\$ 26,751,988	\$ 47,811,665
Cash and cash equivalents, noncurrent	78,142,918	17,367,300
Facilities Restricted cash and cash equivalents, noncurrent	2,623,399	3,167,219
Investments	995,396	24,943,389
<b>Cash and cash equivalents and investments</b>	<b>\$ 108,513,701</b>	<b>\$ 93,289,573</b>

**Deposits**

At June 30, 2020, the carrying amount of Foothill Transit’s deposits was \$107,518,305 and the bank balance was \$107,651,528. The difference of \$133,223 represents outstanding checks and other reconciling items. At June 30, 2019, the carrying amount of Foothill Transit’s deposits was \$68,346,184 and the bank balance was \$68,848,209. The difference of \$502,025 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, 2020, and 2019, Foothill Transit maintained \$61,408,172 and \$30,676,197 of cash equivalents in LAIF, respectively.

**Credit Risk**

Foothill Transit’s investment policy limits investments in municipal securities, negotiable certificates of deposits, and banker’s acceptances to those rated “A” or better and repurchase agreements and bonds to those rated in the highest category by Moody’s or S&P. As of June 30, 2020, and 2019, Foothill Transit’s investments did not include these types of investments. Foothill Transit’s investments in U.S. Government agencies were rated AAA by Moody’s as of June 30, 2020, and 2019. As of June 30, 2020, and 2019, Foothill Transit’s investment in LAIF has not been rated by a nationally recognized statistical rating organization.

**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, 2020, and 2019, 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, 2020, Foothill Transit did not have more than five percent of its investments in one issuer. As of June 30, 2019, more than five percent of Foothill Transit’s investments were in Federal Home Loan Mortgage Corporation and Federal Home Loan Banks, totaling \$18,961,650 and \$4,993,100, respectively.

**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, 2020, and 2019, Foothill Transit held U.S. Treasury securities of \$995,396 and \$988,639, respectively, and government agency obligations of \$0 and \$23,954,750, respectively. All of the investments are based on quoted market prices of similar securities with similar due dates using the market approach (Level 2 inputs).

Foothill Transit has the following investments at fair value and remaining maturities as of June 30:

**Remaining Investment Maturities**

Investment Type	2020			2019		
	Fair Value	Less Than 1 Year	1 to 5 Years	Fair Value	Less Than 1 Year	1 to 5 Years
US Treasury	\$ 995,396	\$ 995,396	\$ -	\$ 988,639	\$ 988,639	\$ -
Government Callable Notes	-	-	-	23,954,750	-	23,954,750
<b>Total</b>	<b>\$ 995,396</b>	<b>\$ 995,396</b>	<b>\$ -</b>	<b>\$ 24,943,389</b>	<b>\$ 988,639</b>	<b>\$ 23,954,750</b>

**NOTE 4: REVENUE AND RECEIVABLES FROM OTHER GOVERNMENTAL AGENCIES**

For the years ending June 30, 2020, and 2019, operating grants earned from other governmental agencies consisted of the following:

Operating Grants	2020	2019
<b>State and local grants:</b>		
Transportation Development Act	\$ 17,102,951	\$ 20,441,829
Proposition A Formula Subsidy	16,560,017	16,230,456
Measure M	12,665,574	11,425,141
Measure R	12,245,224	11,316,362
Proposition A Bus Service Continuation Program	5,318,480	4,968,084
State Transit Assistance	5,265,596	4,084,632
Senate Bill 1 - STA	3,429,055	2,404,874
Proposition A Local Return Exchange	3,200,000	2,200,000
Proposition C Base Restructuring	2,099,785	2,052,977
CRD Subsidy	1,840,000	-
Proposition C 5% Transit Security	1,042,060	1,003,576
Proposition C BSIP - Overcrowding Relief	977,602	955,809
CalTrans-LCTOP OP	1,751,792	587,349
Proposition C Transit Service Expansion - Line 690	349,912	342,112
SBI-STA BSCP	375,863	263,081
AQMD/MSRC - Clean Air Grant	-	49,407
<b>Total operating grants</b>	<b>\$ 84,223,911</b>	<b>\$ 78,325,689</b>

For the years ending June 30, 2020, and 2019, capital grants earned from other governmental agencies consisted of the following:

Capital Grants	2020	2019
<b>State and local grants:</b>		
Transportation Development Act	\$ 6,804,937	\$ 2,662,016
Proposition C - MOSIP	5,776,324	6,894,030
Other	3,546,132	79,646
Proposition 1B	1,799,074	3,787,752
Senate Bill 1 - SGR	1,351,601	1,869,479
Toll Revenue Grant	343,302	12,477
<b>Total state and local capital grants</b>	<b>19,621,370</b>	<b>15,305,400</b>
<b>Federal grants:</b>		
FTA Section 5307	5,679,760	19,437,566
FTA Section 5312	1,034,496	-
FTA Section 5339	204,581	539,110
FTA Section 5309	-	764,025
<b>Total federal capital grants</b>	<b>6,918,837</b>	<b>20,740,701</b>
<b>Total capital grants</b>	<b>\$26,540,207</b>	<b>\$36,046,101</b>

Other governmental agencies amounts due are recorded when earned based on operating grant and capital grant revenue recognition. Management believes that no provision for an allowance was necessary at June 30, 2020 and 2019.

State and Local Agencies	2020	2019
Transportation Development Act	\$ 2,224,634	\$ 2,091,592
CRD Subsidy	1,840,000	-
State Transit Assistance	1,316,399	1,021,158
Senate Bill 1 - State Transit Assistance	951,230	2,465,224
Proposition C MOSIP	628,502	3,188,238
Senate Bill 1 - State of Good Repair	349,534	413,658
Proposition C Call For Projects	73,872	73,872
City of Duarte	50,493	1,119,445
Proposition 1B	22,181	7,583
Los Angeles Department of Transportation	19,865	70,035
Antelope Valley Transportation Authority	13,634	9,611
Pass Sales	11,280	30,532
Toll Revenue Grant	872	6,186
Pass Sales - Metrolink	-	7,342
<b>Federal agencies</b>		
Section 5307 Capital Grant - FTA	669,487	546,057
Section 5312 Capital Grant - FTA	102,607	-
Section 5339 Capital Grant - FTA	55,338	539,110
<b>Total Due from Governmental Agencies</b>	<b>\$ 8,329,928</b>	<b>\$ 11,589,643</b>

**NOTE 5: RECEIVABLES**

At June 30, 2020, and 2019, receivables consist of the following and are expected to be collected within one year:

	2020	2019
Miscellaneous	\$ 55,443	\$ 72,871
TAP Sales	18,271	324,044
Merchant Services	5,342	55,549
Trade Receivables (Pass Sales)	3,797	1,122,272
	<b>\$ 82,853</b>	<b>\$ 1,574,736</b>

Receivables are recorded when earned based on operating revenue recognition. Management believes that no provision for an allowance was necessary at June 30, 2020 and 2019.

**NOTE 6: CAPITAL ASSETS**

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

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

Changes in the capital assets by category for the years ended June 30, 2019, are as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
<b>Capital assets not being depreciated</b>				
Land	\$ 14,137,570	\$ -	\$ -	\$ 14,137,570
Construction in progress	10,142,910	11,126,566	-	21,269,476
<b>Total capital assets not being depreciated</b>	<b>24,280,480</b>	<b>11,126,566</b>	<b>-</b>	<b>35,407,046</b>
<b>Depreciable capital assets</b>				
Facility	110,277,249	-	(1,186,014) <sup>(1)</sup>	109,091,235
Transit Buses	246,675,491	24,167,029	(9,381,780)	261,460,740
Other operating equipment	46,667,861	2,057,844	-	48,725,705
Vehicles	946,196	138,854	-	1,085,050
Furniture and fixtures	873,564	-	-	873,564
<b>Total depreciable capital assets</b>	<b>405,440,361</b>	<b>26,363,727</b>	<b>(10,567,794)</b>	<b>421,236,294</b>
<b>Accumulated depreciation</b>				
Facility	(53,012,333)	(3,658,629)	-	(56,670,962)
Transit buses	(120,051,475)	(19,352,711)	9,381,780	(130,022,406)
Other operating equipment	(42,507,733)	(1,729,779)	-	(44,237,512)
Vehicles	(776,988)	( 70,232)	-	(847,220)
Furniture and fixtures	(782,386)	( 23,877)	-	(806,263)
<b>Total accumulated depreciation and amortization</b>	<b>(217,130,915)</b>	<b>24,835,228</b>	<b>9,381,780</b>	<b>(232,584,363)</b>
<b>Depreciable capital assets, net</b>	<b>188,309,446</b>	<b>1,528,499</b>	<b>1,186,014)</b>	<b>188,651,931</b>
<b>Total capital assets, net</b>	<b>\$ 212,589,926</b>	<b>\$ 12,655,065</b>	<b>(\$ 1,186,014)</b>	<b>\$224,058,977</b>

(1) During fiscal year 2019, \$1,186,014 of assets were reclassified from Facility to on Construction in progress.

**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 contract with one four-year option commencing on July 1, 2017, for the operating services at the Pomona 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 mileage and hourly rates are subject to adjustment in June of each year based on changes in the CPI for the year ending the previous May. The Pomona service expense was \$30,379,952 and \$29,950,189 for the years ended June 30, 2020, and

2019, respectively. Foothill Transit's related expense for service at the Arcadia Facility was \$46,277,258 and \$44,878,188 for the years ended June 30, 2020, and 2019, respectively. On a combined basis, the contractors provided performance bonds totaling approximately \$10.5 million for the protection of Foothill Transit.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**a. Operating Lease Commitments**

Foothill Transit leases certain facilities under long-term lease agreements. Foothill Transit leases space for a Transit Store in the Puente Hills Mall. This lease was executed on July 5, 2013, and expires on August 31, 2023, with renewable options for ten years. Monthly rent includes a base amount of \$2,674 plus additional charges for marketing, taxes and insurance. Currently, the additional charges total \$4,902 for a total monthly rent of \$7,576. Rent expense for the years ended June 30, 2020, and 2019, was \$102,293 and \$113,079.

**b. Capital Commitments**

Foothill Transit has a commitment to purchase 24 new CNG Articulated buses for \$22,971,101 and 2 new CNG 35-foot buses for a total cost of \$1,327,494, including sales tax; and two Electric double-decker buses for \$3,386,964.

**c. Legal Matters**

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

**NOTE 9: OPERATING LEASE INCOME**

Foothill Transit is the lessor in several operating leases for surplus office space in the administrative offices building, included in the Facility Depreciable Assets (in Note 6). Two of the administrative offices building's six floors are leased. The first floor is leased to Chase Bank and the fourth floor is leased to three different entities. The leases expire at various dates between August 2023 and April 2027. The historical cost of the two leased floors approximates \$5,982,412, representing one third of the building cost. At June 30, 2020, and 2019, the carrying value of the leased space was \$3,106,710 and \$3,305,039, net of accumulated depreciation of \$2,875,702 and \$2,677,373, respectively.

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

Year Ending June 30	Lease Revenue
2021	\$ 434,226
2022	459,566
2023	462,934
2024	391,143
2025	348,211
2026	348,211
2027	348,211
<b>Total</b>	<b>\$ 2,792,502</b>



**NOTE 10: RISK MANAGEMENT**

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

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

There were no reductions in coverage or claims in excess of coverage during the fiscal years ended June 30, 2020, 2019, and 2018, nor were there any claims payments made during the year or claims payable at the end of the year.

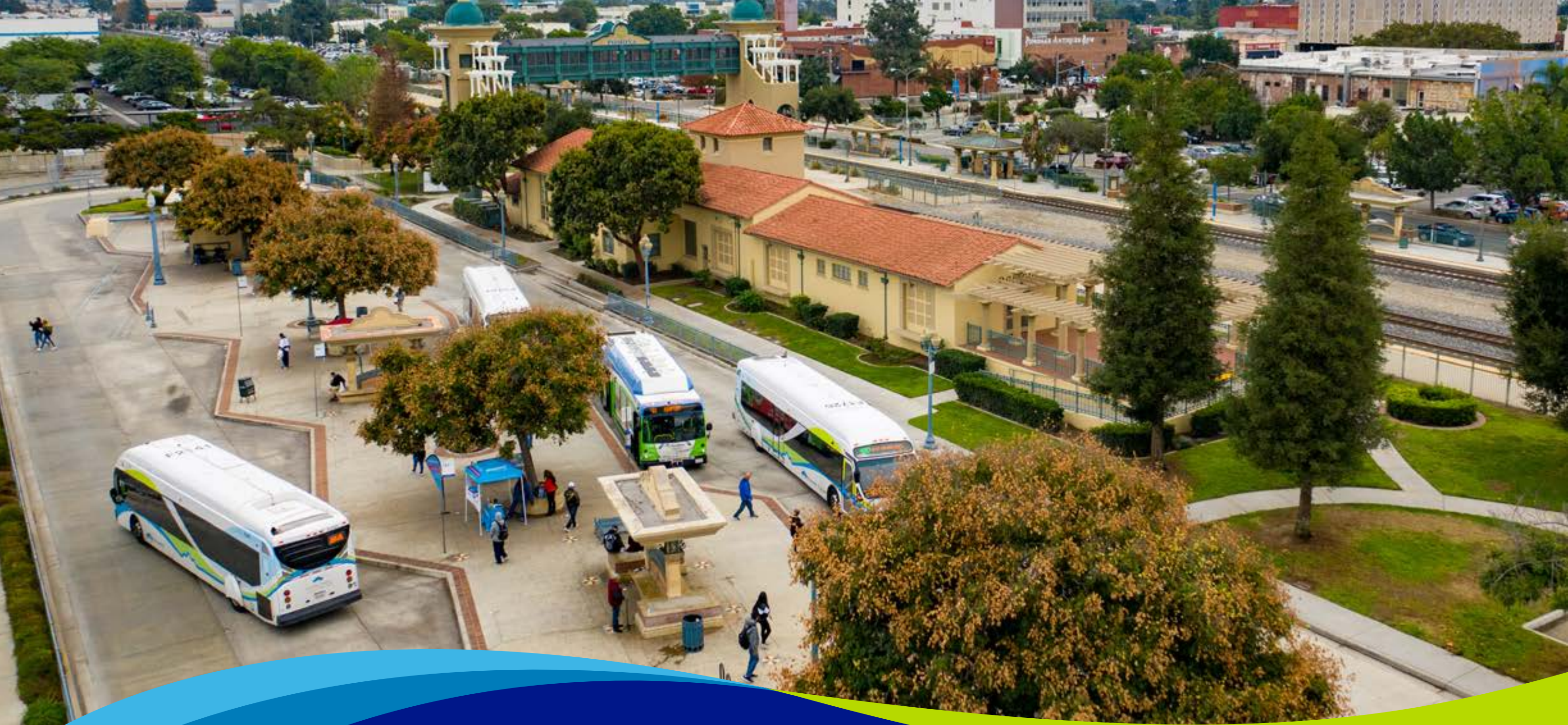
**NOTE 11: DEFINED CONTRIBUTION RETIREMENT PLAN**

Effective July 1, 2014, Foothill Transit adopted the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust (“the 401(a) Plan”) and the ICMA Retirement Corporation Governmental 457 Deferred Compensation Plan and Trust (“the 457 Plan”), for all full-time employees of Foothill Transit. Benefit and contribution terms for the plans are established and may be amended by the Board of Directors; however, the plan is administered by a third party, ICMA Retirement Corporation. Foothill Transit contributes 8% of the employee’s salary to the 401(a) Plan with no matching requirements, plus an additional dollar for dollar employer match of up to 4% more. Foothill transit contributed \$649,404 and \$606,657 to the 401(a) Plan during fiscal years 2020 and 2019, respectively.

Participants are 100% vested immediately. Employees are permitted to make contributions to the 457 plan, up to applicable Internal Revenue Code limits. There are no employer contributions to the 457 Plan. As of June 30, 2020 and 2019, the balance invested in both plans by both employees and Foothill Transit totaled \$6,948,854 and \$5,943,173, respectively. There was no liability outstanding for either plan as of June 30, 2020, or 2019.

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**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

**46** 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

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

### DEBT CAPACITY

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

### DEMOGRAPHIC AND ECONOMIC INFORMATION

**52** 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

**53** 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.

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**FINANCIAL TRENDS - Net Position**

**Last Ten Fiscal Years**

Fiscal Year	Net Investment in Capital Assets	Unrestricted	Total Net Position
2011	\$ 152,768,075	\$ 24,550,008	\$ 177,318,083
2012	152,006,110	24,751,704	176,757,814
2013	148,897,686	25,382,942	174,280,628
2014	184,208,626	23,779,619	207,988,245
2015	201,831,874	29,455,331	231,287,205
2016	200,276,321	37,861,516	238,137,837
2017	210,142,128	36,848,616	246,990,744
2018	210,364,476	36,845,704	247,210,180
2019	221,655,610	40,095,688	261,751,298
2020	223,606,295	41,531,969	265,138,264

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
2011	18,507,098	77,336,333	(58,829,235)	41,320,176	(17,509,059)	16,687,490	(821,569)
2012	19,585,484	80,246,868	(60,661,384)	42,831,809	(17,829,575)	17,269,306	(560,269)
2013	19,550,489	82,534,239	(62,983,750)	44,012,132	(18,971,618)	16,494,432	(2,477,186)
2014	19,907,140	88,037,934	(68,130,794)	45,949,812	(22,180,982)	55,888,599	33,707,617
2015	20,070,304	96,020,737	(75,950,433)	56,182,234	(19,768,196)	43,067,156	23,298,960
2016	18,531,384	101,711,307	(83,179,923)	62,643,667	(20,536,256)	27,386,888	6,850,632
2017	17,571,558	112,415,920	(94,844,362)	72,848,673	(21,995,689)	30,848,596	8,852,907
2018	17,688,164	119,534,295	(101,846,131)	74,286,931	(27,559,200)	27,778,636	219,436
2019	17,321,438	121,655,515	(104,334,077)	82,829,094	(21,504,983)	36,046,101	14,541,118
2020	12,513,099	123,387,817	(110,874,718)	87,721,477	(23,153,241)	26,540,207	3,386,966

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	Other Revenue	Total
2011	17,238,311	386,031	667,633	124,200	90,923	18,507,098
2012	18,496,259	204,227	729,537	97,100	58,361	19,585,484
2013	18,441,434	254,517	714,543	33,000	106,995	19,550,489
2014	18,845,702	259,313	699,493	-	102,632	19,907,140
2015	18,890,298	337,229	693,605	26,550	122,622	20,070,304
2016	17,144,739	391,381	701,303	77,111	216,850	18,531,384
2017	16,082,346	346,487	868,758	133,800	140,167	17,571,558
2018	16,343,392	301,318	737,582	107,950	197,922	17,688,164
2019	16,079,596	534,612	511,739	51,900	143,591	17,321,438
2020	11,926,026	418,110	-*	68,650	100,313	12,513,099

Source: Foothill Transit Finance Department

\* Dial-A-Ride program ended 06/30/2019

**FINANCIAL TRENDS - Non-operating Revenues and Expenses**

**Last Ten Fiscal Years**

Fiscal Year	Operating Grants	Interest	Gain (Loss) on Disposal of Assets	Net decline in Fair Value of Investments	Prop A Exchange <sup>3</sup>	Other Revenues (Expenses)	Excise Tax Refund <sup>1</sup>	Property Management Revenue (Expense)	Total Other Revenue
2011	41,388,504	36,145	105,429	-	-	-	-	(209,902)	41,320,176
2012	43,206,876	75,137	3,154	-	-	(197,324)	-	(256,034)	42,831,809
2013	43,775,320	101,057	320,719	-	-	-	-	(184,964)	44,012,132
2014	45,821,966	113,695	155,520	-	-	-	-	(141,369)	45,949,812
2015	50,816,890	142,093	214,472	-	-	-	4,928,098	80,681	56,182,234
2016	57,267,820	399,728	18,730	-	-	1,024,267 <sup>2</sup>	3,854,145	78,977	62,643,667
2017	68,777,964	466,489	121,056	-	(1,335,866)	1,918,382 <sup>2</sup>	2,852,756	47,892	72,848,673
2018	74,676,246	717,557	74,164	(547,040)	(1,500,000)	804,069 <sup>2</sup>	-	61,935	74,286,931
2019	78,325,689	1,094,748	71,329	513,032	(1,650,000)	1,651,326 <sup>2</sup>	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 <sup>2</sup>	2,784,739	78,928	87,721,477

Source: Foothill Transit Finance Department

<sup>1</sup> Compressed Natural Gas (CNG) fuel tax refund.

<sup>2</sup> Other Revenue includes Low Carbon Fuel Standard credits

<sup>3</sup> Proposition A fund exchange was made from general funds



**FINANCIAL TRENDS - Operating Expenses**

**Last Ten Fiscal Years**

Fiscal Year	Purchased Transportation	Fuel Cost	Salaries & Benefits	Special Services	Dial-A-Ride Expenditures	Professional Services	Advertising	General & Administrative	Depreciation Expense	Total
2011	42,546,290	6,369,946	6,450,062 <sup>1</sup>	224,755	656,265	1,113,036	216,422	2,250,497	17,509,060	77,336,333
2012	44,700,314	5,899,524	7,293,707 <sup>1</sup>	131,384	718,033	1,264,497	318,188	2,288,971	17,632,250	80,246,868
2013	44,936,529	5,834,816	7,927,140 <sup>1</sup>	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 <sup>2</sup>	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 <sup>2</sup>	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 <sup>2</sup>	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 <sup>2</sup>	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 <sup>2</sup>	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 <sup>2</sup>	445,698	3,177,739	24,835,228	121,655,515
2020	76,657,210	6,334,538	7,498,942	343,302	- <sup>3</sup>	3,320,881 <sup>2</sup>	511,026	3,656,962	25,064,956	123,387,817

Source: Foothill Transit Finance Department

<sup>1</sup> Represents management expenses paid to private contractor for day-to-day administrative and operational functions

<sup>2</sup> Professional expenses including transit stores and facilities management

<sup>3</sup> Dial-A-Ride program ended 06/30/2019

**FINANCIAL TRENDS - Capital Assets Grant Contributions**

**Last Ten Fiscal Years**

Fiscal Year	Proposition C	Federal Transit Administration	Measure R	Senate Bill 1 - State of Good Repair	Transportation Development Act	Prop 1B/ CARB/ LCTOP	Other <sup>1</sup>	Total
2011	2,734,459	12,998,934	-	-	637,113	316,984	-	16,687,490
2012	5,970,133	10,618,400	-	-	113,824	566,949	-	17,269,306
2013	2,578,725	8,678,882	-	-	412,909	4,823,916	-	16,494,432
2014	9,609,877	44,339,636	-	-	1,078,143	860,943	-	55,888,599
2015	1,921,510	33,933,762	-	-	790,151	6,421,733	-	43,067,156
2016	2,652,026	11,029,256	-	-	1,931,806	11,773,800	-	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

Source: Foothill Transit Finance Department

<sup>1</sup> LADOT & AVTA share of expenses for capital projects, MTA Farebox grant

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

**Last Ten Fiscal Years (In Thousands)**

Fiscal Year	Foothill Transit <sup>1</sup>							Total	% of LA County
	TDA <sup>3</sup>	STA <sup>4</sup>	Prop A <sup>5</sup>	Prop C <sup>5</sup>	Measure R <sup>5</sup>	Measure M <sup>5</sup>	Senate Bill 1 <sup>6</sup>		
2011	14,254	3,825	14,170	7,620	6,663	-	-	46,532	2.29%
2012	17,434	3,296	17,211	7,851	7,901	-	-	53,693	2.47%
2013	17,441	4,890	16,945	7,971	7,886	-	-	55,133	2.33%
2014	20,830	3,913	17,783	10,808	9,352	-	-	62,686	2.31%
2015	21,866	2,744	18,201	11,089	9,903	-	-	63,803	2.27%
2016	21,548	3,378	18,770	11,320	10,527	-	-	65,542	2.33%
2017	22,941	1,842	20,640	11,675	10,412	-	-	67,510	2.34%
2018	23,116	1,991	21,154	11,245	11,259	9,946	2,864	81,575	2.20%
2019	25,099	4,085	21,199	11,727	11,316	11,425	3,894	88,745	2.23%
2020	26,696	5,266	21,878	4,470	12,245	12,665	3,805	87,025	2.18%

Fiscal Year	Los Angeles County <sup>2</sup>							Total
	TDA <sup>3</sup>	STA <sup>4</sup>	Prop A <sup>5</sup>	Prop C <sup>5</sup>	Measure R <sup>5</sup>	Measure M <sup>5</sup>	Senate Bill 1 <sup>6</sup>	
2011	297,280	62,806	557,825	525,786	589,852	-	-	2,033,549
2012	323,557	64,853	584,632	564,068	638,260	-	-	2,175,370
2013	323,625	123,231	634,154	639,043	644,738	-	-	2,364,791
2014	380,801	115,609	725,902	743,472	749,228	-	-	2,715,012
2015	398,212	93,259	757,434	780,796	782,800	-	-	2,812,501
2016	387,834	107,481	766,981	770,535	776,551	-	-	2,809,382
2017	406,281	58,942	800,299	804,880	811,065	-	-	2,881,467
2018	403,419	52,981	802,055	802,115	809,563	761,900	76,071	3,708,104
2019	422,000	82,456	844,000	844,000	844,000	844,000	99,720	3,980,176
2020	420,334	103,771	841,447	838,836	840,670	844,000	99,719	3,988,777

Source: Foothill Transit Finance Department

<sup>1</sup> Share of Tax Revenues Allocated to Foothill Transit through Formula Allocation Program

<sup>2</sup> Total LA County Transit Tax Revenues

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

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

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

<sup>6</sup> State Bill 1 funds allocated to Foothill Transit

**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 <sup>1</sup>	Total
2011	10,965,031	3,230,792	1,836,503	1,172,952	33,033	17,238,311
2012	11,328,797	3,172,065	2,325,421	1,581,058	88,918	18,496,259
2013	10,885,442	3,178,410	2,335,453	1,456,385	585,744	18,441,434
2014	10,039,652	4,112,118	2,673,097	1,387,708	633,127	18,845,702
2015	9,878,356	4,439,522	2,920,388	1,002,420	649,612	18,890,298
2016	8,988,245	3,717,431	3,112,977	726,594	599,492	17,144,739
2017	8,330,050	3,435,100	3,067,576	651,677	597,943	16,082,346
2018	8,101,339	3,689,301	3,291,450	687,489	573,813	16,343,392
2019	7,112,560	3,868,131	3,945,266	601,786	551,852	16,079,596
2020	4,697,392	2,975,786	3,374,491	515,961	362,397	11,926,027

Source: Foothill Transit Finance Department

<sup>1</sup> Other Revenue includes Access reimbursements, Metrolink transfers, and city subsidies

**FINANCIAL TRENDS - Cash Fares**

**Last Ten Fiscal Years**

Fiscal Year	Local			SilverStreak (Local Plus)			Commuter Express <sup>3</sup>		
	Adult	Senior/Disabled <sup>1</sup>	Student <sup>2</sup>	Adult	Senior/Disabled <sup>1</sup>	Student <sup>2</sup>	Adult	Senior/Disabled <sup>1</sup>	Student <sup>2</sup>
2011	1.25	0.50	1.25	2.75	1.35	2.75	4.90	4.90	4.90
2012	1.25	0.50	1.25	2.75	1.35	2.75	4.90	4.90	4.90
2013	1.25	0.50	1.25	2.45 <sup>4</sup>	1.15 <sup>4</sup>	1.15 <sup>4</sup>	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 <sup>5</sup>	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 <sup>6</sup>	1.75	0.75	1.75	3.00	1.50	3.00	5.50	5.50	5.50

Source: Foothill Transit Finance Department

<sup>1</sup> Includes Medicare eligible costumers

<sup>2</sup> Includes K-12 and college eligible customers

<sup>3</sup> Commuter Express Service ONLY operated during peak service periods

<sup>4</sup> Silver2Silver Program fare adjustment October 2012

<sup>5</sup> Fare changes effective October 20, 2017

<sup>6</sup> Fare changes effective September 29, 2019

**OUTSTANDING DEBT**

**Last Ten Fiscal Years**

Fiscal Year	Capital Lease	Total Debt
2011	1,000,000	1,000,000
2012	1,000,000	1,000,000
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	-	-
2020	-	-

Source: Foothill Transit Finance Department

**DEMOGRAPHIC AND ECONOMIC INFORMATION - Statistics for Los Angeles County**

**Last Ten Fiscal Years**

Fiscal Year	Unemployment Rate <sup>1</sup>	Population <sup>2</sup> (000)	School Enrollment <sup>3</sup> (000)	Personal Income <sup>1</sup>		Consumer Price Index <sup>5</sup>	
				Total (000)	Per Capita	Value	% Change
2011	12.20%	9,860	1,590	420,913	42,564	231.9	2.90%
2012	10.90%	9,911	1,575	455,789	45,800	236.6	1.60%
2013	9.80%	10,013	1,785	466,099	46,530	239.2	1.23%
2014	8.20%	10,069	1,564	472,387	28,337	242.4	1.35%
2015	6.60%	10,170	1,539	544,325	53,521	244.6	0.91%
2016	5.20%	10,138	1,523	554,592 <sup>4</sup>	54,530 <sup>4</sup>	249.2	1.89%
2017	5.20%	10,231	1,511	555,581 <sup>4</sup>	54,628 <sup>4</sup>	254.4	2.07%
2018	5.10%	10,284	1,493	558,537 <sup>4</sup>	54,918 <sup>4</sup>	256.2	0.71%
2019	4.60%	10,253	1,464	555,581 <sup>4</sup>	54,628 <sup>4</sup>	265.9	3.78%
2020	19.60%	10,173	1,437	584,206	57,442	278.1	4.60%

Source:

<sup>1</sup> Employment Development Department

<sup>2</sup> State of California Department of Finance, based on latest data available

<sup>3</sup> California Department of Education

<sup>4</sup> Data not available, amounts increased by CPI

<sup>5</sup> US Department of Labor Statistics, for Los Angeles County

**DEMOGRAPHIC AND ECONOMIC INFORMATION - Statistics for Los Angeles County**

Employer	2019 <sup>1</sup>			2018		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
County of Los Angeles	-	0.00%	1	107,400	2.19%	1
Los Angeles Unified School District	-	0.00%	2	104,300	2.13%	2
University of California, Los Angeles	-	0.00%	3	65,600	1.34%	3
City of Los Angeles	-	0.00%	4	61,900	1.26%	4
Federal Government	-	0.00%	5	43,600	0.89%	5
Kaiser Permanente	-	0.00%	6	37,400	0.76%	6
State of California	-	0.00%	7	29,800	0.61%	7
University of Southern California	-	0.00%	8	21,000	0.43%	8
Northrop Grumman Corp.	-	0.00%	9	16,600	0.34%	9
Providence Health & Services	-	0.00%	10	15,900	0.32%	10
Target Corp	-	0.00%	11	15,000	0.31%	11
All Other Employers	-	0.00%		4,378,000	89.41%	
<b>Total</b>	<b>-</b>	<b>0.00%</b>		<b>4,896,500</b>	<b>100.00%</b>	

Source: Los Angeles Almanac; California Employment Development Department

<sup>1</sup> 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
2011	300	2	35	671	88.63	20.80	13,985	29.00%
2012	314	2	39	672	83.40	20.70	13,909	32.39%
2013	314	2	35	687	91.97	20.50	14,080	29.20%
2014	330	2	35	705	92.62	20.60	14,522	28.91%
2015	330	2	36	760	93.07	19.00	14,596	26.71%
2016	361	2	37	790	95.30	17.00	13,584	22.76%
2017	380	2	39	872	98.47	15.60	13,561	18.73%
2018	373	2	37	863	106.87	14.50	12,544	17.72%
2019	384	2	39	860	111.61	14.00	12,053	16.76%
2020	375	2	39	851	115.19	11.60	9,863	12.17%

Source: Foothill Transit Finance Department

**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	52	509	330	22	909

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**

<b>Date Formed:</b>	December 1988
<b>Type of Organization:</b>	Joint Powers Authority
<b>Membership:</b>	22 Los Angeles County Cities and County of Los Angeles
<b>Number of Executive Board Members:</b>	5
<b>Number of Employees:</b>	52
<b>Type of Tax Support:</b>	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
<b>Service Area:</b>	San Gabriel & Pomona Valleys, Los Angeles County, CA
<b>Contract services provided by:</b>	TransDev Keolis Transit Services, LLC
<b>Number of Buses in Fleet:</b>	
Compressed Natural Gas Powered	342
Electric Powered	33
<b>Operational and Maintenance Facilities:</b>	2
<b>Sales Outlets (Transit Stores):</b>	4
<b>Bus Routes/Lines:</b>	
Express	7
Local	32
<b>Bus Stops</b>	1,918
<b>Annual Service Hours <sup>1</sup></b>	850,559
<b>Annual Passengers <sup>1</sup></b>	9,862,939
<b>Average Weekday Boardings <sup>1</sup></b>	32,598

Source: Foothill Transit Finance Department

<sup>1</sup> Fiscal year 2019-2020

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**COMPLIANCE REPORTS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Year ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grand Number	Expenditures
<b>U.S Department of Transportation</b>			
Direct Programs			
Federal Transit Cluster			
Section 5307 - Formula Grants	20.507	CA-2019-049	\$ 5,556,330
	20.507	n/a	123,430
Section 5339 - Bus and Bus Facilities Formula Program	20.526	CA-2019-049	204,581
<b>Total Federal Transit Cluster</b>			<b>5,884,341</b>
Public Transportation Research, Technical Assistance, and Training	20.514	CA-2017-0889	1,034,496
<b>Total U.S. Department of Transportation</b>			<b>\$ 6,918,837</b>

**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

**Note d:** See next page for additional notes

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2020**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Foothill Transit, for the year ended June 30, 2020. 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.



Crowe LLP  
Independent Member Crowe Global

**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 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Foothill Transit's basic financial statements, and have issued our report thereon dated December 4, 2020.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Crowe LLP

Los Angeles, California  
December 4, 2020





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

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

**Report on Compliance for Each Major Federal Program**

We have audited Foothill Transit's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Foothill Transit's major federal programs for the year ended June 30, 2020. Foothill Transit's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of Foothill Transit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

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

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

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

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

  
Crowe LLP

Los Angeles, California  
December 4, 2020



**FOOTHILL TRANSIT, A JOINT POWERS AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2020

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

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

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified not considered to be material weaknesses?  Yes  None Reported

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

Any audit finding disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs:

CFDA Numbers 20.507 / 20.526  
20.514

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

Auditee qualified as low-risk auditee?  Yes  No

**FOOTHILL TRANSIT, A JOINT POWERS AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2020

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

**None**

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

**None**



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

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

**Report on Compliance with Transportation Development Act**

We have audited Foothill Transit's compliance with the types of compliance requirements described in the Transportation Development Act (TDA) Conformance Auditing Guide, the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Guidelines, and the Low Carbon Transit Operations Program (LCTOP) Final Guidelines published by the State of California Department of Transportation (collectively, "Transportation Development Act"), that could have a direct and material effect on Foothill Transit's compliance with the Transportation Development Act for the year ended June 30, 2020.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on the Transportation Development Act Program**

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Development Act program for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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

  
Crowe LLP

Los Angeles, California  
December 4, 2020



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

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

**Report on Compliance with Proposition A and Proposition C Discretionary Programs**

We have audited Foothill Transit’s compliance with the types of compliance requirements described in the Proposition A and Proposition C Local Return Guidelines and the Memorandums of Understanding for Proposition A 40% Discretionary Grant Funds and Proposition C 40% Discretionary Funds approved by Los Angeles County Metropolitan Transportation Authority (LACMTA) (collectively “Proposition A and Proposition C Discretionary Programs”), that could have a direct and material effect on Foothill Transit’s compliance with the Proposition A and Proposition C Discretionary Programs for the year ended June 30, 2020.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

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

**Opinion on the Proposition A and Proposition C Discretionary Programs**

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Discretionary Programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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

Los Angeles, California  
December 4, 2020



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

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

**Report on Compliance with Measure R Program**

We have audited Foothill Transit's compliance with the types of compliance requirements described in Measure R Local Return Guidelines issued by Los Angeles County Metropolitan Transportation Authority (LACMTA) and the Memorandum of Understanding Article 4 – Audit and Reporting Requirements between LACMTA and Foothill Transit (collectively "Measure R Program"), that could have a direct and material effect on Foothill Transit's compliance with the Measure R Program for the year ended June 30, 2020.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on the Measure R Program**

In our opinion, Foothill Transit complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Measure R Program for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of Foothill Transit is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

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

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

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

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

  
Crowe LLP

Los Angeles, California  
December 4, 2020