

STAFF REPORT

SUBJECT: Fiscal Year 2021 Annual Comprehensive Financial Report (ACFR)

FROM: Tamara Edwards, Director of Finance

DATE: October 26, 2021

Action Requested

Review and recommend that the Board of Directors accept the Annual Comprehensive Financial Report (ACFR) and submit it to the Government Finance Officers Association (GFOA) for award.

Background

The Finance Department has prepared the ACFR following the guidelines of the Government Finance Officers Association and in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board. There are four sections to this report: *Introductory*, *Financial*, *Statistical* and *Compliance*.

Discussion

Attached for your review is the draft Annual Comprehensive Financial Report for the fiscal year ending June 2021. This report includes the annual audit prepared by Maze and Associates and staff stating that for the period audited, there were no findings.

David Alvey from Maze and Associates will be attending both the committee and Board meetings to provide an overview and answer any questions.

Recommendation

Staff recommends the Finance and Administration Committee forward the Annual Comprehensive Financial Report (ACFR) for review and acceptance to the Board of Directors, prior to submitting the ACFR to the Government Finance Officers Association (GFOA) for award.

Attachments:

1. Draft LAVTA 2021 Annual Comprehensive Financial Report
2. Draft Memorandum of Internal Control (MOIC)

**LIVERMORE AMADOR VALLEY
TRANSIT AUTHORITY
LIVERMORE, CALIFORNIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY THE FINANCE DEPARTMENT

REVIEW DRAFT

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LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2021

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Livermore Amador Valley TRANSIT AUTHORITY



October 21, 2021

The Board of Directors Livermore Amador Valley Transit Authority

We are pleased to present the Comprehensive Annual Financial Report of the Livermore Amador Valley Transit Authority (the Authority) for the fiscal year July 1, 2020 through June 30, 2021.

This report has been prepared by the Finance Department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). General accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors. Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the Authority.

In accordance with the above-mentioned guidelines, the accompanying report consists of four sections:

1. The *Introductory Section* contains this letter of transmittal, a discussion of the Authority's operations, accomplishments and future goals and projects, a list of principal officials and the Authority's organization chart.
2. The *Financial Section* begins with the Independent Auditors' Reports and Financial Statements. The notes, an integral part of the Financial Statements, are intended to further enhance an understanding of the Authority's current financial status.
3. The *Statistical Section* provides information that is useful for understanding the Authority's financial condition and depicting the past 10 years of history and financial and operational trends of the Authority.
4. The *Compliance Section* includes the Auditors' reports required under the federal Single Audit Act, State Transportation Development Act, Measure B, and Measure BB and it provides assurance of the Authority's compliance with those laws and related regulations

BACKGROUND INFORMATION

History

In 1985, the County of Alameda joined with the Cities of Livermore, Pleasanton, and Dublin to execute a Joint Powers Agreement (JPA), pursuant to Government Code 6500 et. seq., creating the Livermore Amador Valley Transit Authority. Under the JPA, the Authority's charter was to provide public transit service in the Livermore Amador Valley without the imposition of any new local taxes.

The existing Wheels system is an outgrowth of the transit services previously operated in Livermore (City of Livermore-RIDEO) and Pleasanton/Dublin. The services in the three cities were consolidated under the Authority in 1987.

The Authority has come a long way over the years. In early 1990 the fixed route fleet was upgraded with the delivery of 34 new Gillig buses. That year almost 680,000 passengers were transported at a rate of 10.3 passengers per hour. Today, the Authority's fixed route fleet has 66 buses. The fleet includes the vehicles for local fixed route and bus rapid transit (BRT) service and in 2020/2021 due to the COVID Pandemic the Authority transported over 400 thousand passengers passengers.

The Authority

The Authority's reporting entity includes only the Authority; it is legally separate and financially independent as defined in the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity." The Authority is the Administering agency for the Tri-Valley – San Joaquin Regional Rail Authority. No other entity exists for which the Authority exercises oversight responsibility or has a special financing arrangement.

The Authority operates under the name Wheels and serves residents located in the Cities of Livermore, Dublin and Pleasanton, and some unincorporated areas (Tri-Valley Area). The mission of the Livermore Amador Valley Transit Authority is to provide equal access to a variety of safe, customer oriented, reliable, and affordable public transportation choices, increasing the mobility and improving the quality of life of those who live or work in and visit the Tri-Valley area.

As a Joint Powers Authority, a seven-member Board of Directors governs the agency. Two elected officials are appointed from each city's City Council, and the County Board of Supervisors appoints one member. Directors meet once a month to determine overall policy for the Authority. Monthly committee meetings provide oversight in two areas: finance and administration; and projects and services. Additional input to the Board comes from a nine-member Tri-Valley Accessibility Advisory Committee representing the interests of the elderly and disabled.

The Executive Director oversees the general operations of the transit system in accordance with the policy direction prescribed by the Board of Directors. During the 2021 fiscal year a Director of Planning and Marketing, Director of Finance, Director of Operations and Innovation, Senior Transit Planner, Senior Fleet & Technology Management Specialist, Paratransit Planner, Senior Grants and Management Specialist, Marketing & Communications Specialist, Operations Specialist, Executive Assistant, Accounting Analyst, Customer Service Supervisor, and two Customer Service Representatives supported the Executive Director.

Since its formation, the Authority has contracted with private companies for the day-to-day operation of its services. Fixed route and vehicle maintenance were provided under contract with MV Transportation, Inc. Paratransit services were provided under contract with Medical Transportation Management (MTM) through March of 2021. In April 2021 pilot program was launched in coordination with County Connection to run the paratransit service.

The Authority's Strategic Plan outlines the Goals, Objectives, and Performance Standards and establishes a strategic process to implement and monitor the programs and policies of the Authority. The Strategic Plan also provides the basis for the operating budget and ten-year capital improvement program.

Services

The Livermore Amador Valley Transit Authority provides local public transit services to the cities of Dublin, Livermore, and Pleasanton and to the adjacent unincorporated areas of Alameda County. The service area covers approximately 40 square miles and has approximately 235,163 residents. The service area is divided into two sub-areas: Pleasanton/Dublin and Livermore.

The Authority provides the following transportation services: Fixed Route (Wheels) Service, Bus Rapid Transit (Rapid) Service, Demand Responsive Paratransit Service (Dial-A-Ride) to senior and disabled persons and on-demand services throughout the service area through a partnership with Transportation Network Companies (TNC).

The Wheels Fixed Route system consists of the following services:

| | |
|----------|--|
| Wheels | Local and sub-regional fixed route system. |
| Rapid | Local and sub-regional bus rapid transit system |
| Shuttles | Local shuttles serving the ACE Rail and BART stations. |

Wheels fixed route service runs 365 days a year. On an average weekday, the Authority's fixed route fleet carries an average of 1,322 passengers. After several years of ridership decline, in FY 2019 ridership increased by 7.2%; however, while ridership was up for the first three quarters of FY20 the COVID 19 pandemic had a large impact on ridership and the year ended with a decrease over the prior year of 15.3%, FY21 saw an entire year of operating under COVID conditions and ridership declined another 70.1% over FY20 levels.

LAVTA's Rapid service, launched in January 2011 features 15-minute service on major arterials throughout the Tri-Valley offering a connection to every BART Train. The primary goal of the service is to connect major Tri-Valley employment, retail, medical, and civic locations with fast, frequent bus service, including the BART system. The Rapid features limited bus stops, transit signal priority, improved bus stop amenities including real-time arrival signs, hybrid technology buses, and unique branding. With the pandemic-related decrease in ridership this service was changed to 30-minute service for the last quarter of FY20 and continued through FY21.

The Authority's fixed route service is supplemented by Dial-A-Ride paratransit service, which transported 14,960 mobility-impaired patrons in FY2021 on approved vehicles provided by the contracted paratransit provider. While the number of paratransit passengers decreased during the period from FY09 to FY12, the number of passengers increased significantly between FY13-FY16. To manage the demand, the Authority has focused on improved information and education on transportation options, including the fixed route system, parataxi and GoDublin/GoTri-Valley programs, as well as productivity and eligibility policies. As anticipated, there was a decrease in trips between FY16 and 17, and another decrease between FY17 and FY18, and a further decrease in both FY18 and again in FY19. FY20, and FY21 saw a significant decrease but primarily due to the COVID-19 Pandemic and the demand being for essential trips only.

The August 2016 bus system redesign shifted unproductive fixed route resources away from low-ridership areas and boosted frequency on major arterials. This left places in the Wheels service area without fixed route service. In order to continue to provide residents with a transportation option, LAVTA staff engaged in a pilot partnership with Transportation Network Companies (Uber, and Lyft) to provide discounted service in the City of Dublin that is named GoDublin. In FY20 this was expanded to include all areas of the Tri-Valley and rebranded as GoTriValley.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The Authority is accounted for as a single enterprise fund using the accrual method of accounting. In developing and evaluating the accounting system, emphasis is placed on the adequacy of internal accounting controls.

Internal Accounting Controls

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition; and
2. The reliability of financial records used in preparing financial statements and accounting for assets.

The concept of reasonable assurance recognizes that:

1. The cost of control should not exceed the benefits likely to be derived; and
2. The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Cash Management

The Authority investment objectives are to minimize market risks while maintaining a competitive yield on its portfolio. The Authority's practice is to limit its investments to the State of California Local Agency Investment Fund (LAIF).

All cash deposits are either insured by the Federal Depository Insurance Corporation or collateralized by U.S. Government Securities. The depositories are required by State law to maintain a collateral pool of securities with market value in excess of 110% of the amount of the deposit.

Budgetary Controls

Although not legally required to do so, the Authority adopts an annual operating and capital budget. The Board of Directors has unlimited authority to approve or amend the adopted budget. The budget is based on Authority goals and objectives adopted annually by the Board of Directors as part of the budget process as well as the Strategic Plan originally adopted December 2005 and reviewed annually. The balanced budget, with adequate reserves to cover excess expenses over revenues, is adopted by resolution in June.

Budgetary control is maintained at the department level for each operating department and at the project level for each capital project. The Executive Director must authorize overruns within a department. Any overruns of the Authority as a whole require a budget revision and must be authorized by the Board of Directors.

Risk Management

On May 1, 2000, the Authority became a member of the California Transit Insurance Pool (CalTIP), a joint powers authority that provides annual general liability and physical damage coverage up to \$10,000,000 in the aggregate. The authority has a \$25,000 deductible for general liability claims and has a \$5,000 deductible for physical damage claims on vehicles valued over \$50,000 or operated by the Operations contractor, and \$500 on staff vehicles with a value of less than \$50,000. As a member of CalTIP the Authority has a seat on the governing board. The Board of Directors consists of representatives from all the member organizations.

In addition to the coverage provided through CalTIP, the Authority has commercial insurance coverage for property damage, boiler and machinery loss, and workers' compensation. Below is a summary of the Authority's current insurance program and related coverage.

| <u>Insurance</u> | <u>Liability Limit</u> |
|---------------------------------|--|
| Property | \$350,000,000 |
| Inland Marine (valuable papers) | No-sublimit for Valuable Papers |
| Boiler and Machinery | \$25,000,000 per occurrence |
| Underground Storage Tank | \$1,000,000 Occurrence/\$1,000,000 Aggregate |

The Authority's deductible amounts are \$10,000 or less.

Independent Audit

State law requires that independent auditors, selected by the Board of Directors, audit the financial statements of the Authority. The fiscal year ended June 30, 2020 audit was conducted by Maze & Associates and their report is included in the Financial Section. Maze & Associates has also audited the Authority's compliance with the Transportation Development Act, a state law governing the expenditure of Local Transportation Funds; and State Transit Assistance, the Single Audit Act and regulations, the law, rules and regulations governing expenditures of federal awards; Measures B, and BB, and Prop 1B Security and PTMISEA funds. The Auditors' reports on compliance are presented in the Compliance Section of this report. In all cases the Auditor's reports are "unmodified" meaning there were no compliance exceptions.

FISCAL YEAR IN REVIEW

LAVTA's FY21 Budget was \$20,820,728 which was 1.09% higher than FY20. LAVTA was able to comply with the Board's policy to maintain reserves equivalent to 3-6 months of operating costs. While the budget itself was adjusted with the assumption that COVID19 conditions would continue, the authority did not assume these conditions for the entire year when budgeting. However, the pandemic did continue and thus LAVTA continued to run decreased services.

In August 2016, a major service redesign was implemented following the Wheels Forward/Comprehensive Operational Analysis. In FY21, LAVTA staff used data from this study, as well as from what the agency was experiencing to determine when and where to increase service or decrease service on the routes to accommodate the decreased demand due to the pandemic. On-Time performance during FY21 was 92%.

The capital program had three major area of focus: Improvements to bus stops and shelters, completing the upgrade and expansion the Transit Signal Priority (TSP) network, and revamping the plans for the Atlantis Facility to accommodate the growing system.

Fiscal Year 2021 Accomplishments

While the previous section summarizes the financial situation last year, this section describes the work accomplished in FY21. In addition to the on-going workload of the agency, staff was busy this year on the following issues and projects.

Fixed Route Service/Planning –adjusted reduced service plans in response to ridership changes resulting from COVID-19.

Paratransit Service – Completed seven years with MTM. Worked with County Connection to implement a region wide "one seat ride" program to benefit our customers and later in the year began working in conjunction with County Connection on a pilot program for shared paratransit service management;

continued to respond to Covid-19 pandemic challenges by incorporating a variety of safety measures into the paratransit program, including only allowing one trip per vehicle (no shared rides) and free fares through September to minimize unnecessary contact between riders and the driver, and providing face masks to those passengers without face coverings.

Capital Projects –completed the construction and implementation work for the Transit Signal Priority GPS Upgrade project for Routes 10R and 30R in Livermore, Pleasanton, and Dublin; completed the construction for the Pleasanton BRT Corridor Enhancements projects for the 10R corridor in Pleasanton; initiated pre-construction activities in partnership with Alameda County General Services Agency for the Dublin Parking Garage; continued to work with software vendor on implementing enhancements of Viewpoint Software for improved management of bus system and revamped planning efforts for the Atlantis Facility.

Marketing – Expanded Student Transit Pass Program to all middle and high school students in the Livermore School District and to low income middle and high school students in the Pleasanton, and Dublin School Districts.

Audits/Reviews - completed the FY20 Financial Audit (CAFR); completed and an audit on RM2 funds.

Financial Management - received GFOA's Award of Excellence for Financial Reporting for FY20 CAFR;

Procurement – LAVTA's largest procurements this year involved, bus shelters and related passenger amenities as well as construction services for the Pleasanton BRT Corridor Enhancements project, SAV engineering for the SAV testing, and the resurfacing of the Maintenance area floor.

FUTURE OUTLOOK

LAVTA's FY22 adopted Budget is \$21,241,502 which is 2.02% higher than FY21. The adjusted budget assumes LAVTA will provide 141,262 fixed route service hours. The Budget for FY22 continues to comply with the Board's policy to maintain reserves equivalent to 3-6 months of operating costs.

FY22's major highlights will be continued monitoring of the route network and making adjustments as necessary, based on current conditions, beginning service, on the SAV project, completing the Short and Long Range Transit Plan for the Agency and choosing a Zero Emission Bus path.

LAVTA's capital program's largest projects this year will be the purchase of 16 new buses and working with Alameda County on construction of a new parking garage at the Dublin/Pleasanton BART station.

As the transit agency enters FY22, its activities will occur against the backdrop of an economy affected by the COVID-19 Pandemic and the uncertainty surrounding the continued need for social distancing and sheltering in place.

Fiscal Year 2022 Goals

The Wheels Strategic Plan establishes an overall vision and mission for Wheels and contains a series of goals and strategies to guide the future development of services and projects. Here's the goals and strategies and projects for FY22:

Goal: Service Development

Strategies:

- (1) Provide routes and services to meet current and future demand for timely/reliable transit service.
- (2) Increase accessibility to community, services, senior centers, medical facilities and jobs.
- (3) Optimize existing routes/services to increase productivity and response to MTC projects and studies.

- (4) Improve connectivity with regional transit systems and participate in Valley Link passenger rail project.
- (5) Explore innovative fare policies and pricing options
- (6) Provide routes and services to promote mode shift from personal car to public transit.

Projects:

- (1) Complete review of fixed routes and create next Short and Long Range Transit Plans
- (2) Complete Network Integration Study of the Tri-Valley Hub
- (3) Renegotiate the Hacienda Pass
- (4) Finish Transit Signal Priority Project
- (5) Monitor Go Tri-Valley Program
- (6) Complete 12 tests on SAV project

Goal: Marketing and Public Awareness

Strategies:

- (1) Focus ridership based marketing efforts along two Rapid routes
- (2) Continue to work with area middle schools and high schools to increase utilization
- (3) Coordinate with Las Positas College to encourage student ridership

Projects:

- (1) Implement second round of SmartTrips outreach activities along Rapid routes in Pleasanton and Dublin. Additionally, use targeted digital marketing in key locations along Rapid routes. Also, conduct outreach with major employers and to select events along Rapid Routes. Finally, peak hour radio spots.
- (2) With Middle and High Schools coordinate with Student Transit Pass Program, engage students through interactive social media, and encourage student pass usage for non-school related trips.
- (3) Continue replacement of Wheels bus stop signs with rebranded logo/look
- (4) Continue community outreach activities.

Goal: Regional Leadership

Strategies:

- (1) Advocate for local regional, state, and federal policies that support mission of Wheels
- (2) Support staff involvement in leadership roles representing regional, state and federal forums
- (3) Promote transit priority initiatives with member agencies
- (4) Support regional initiatives that support mobility convenience

Projects:

- (1) Advocate for positions taken by LAVTA on FY21 Legislative Plan
- (2) Continue support of Tri-Valley – San Joaquin Valley Regional Rail Authority/Valley Link
- (3) Assist County of Alameda with Dublin Parking Garage

Goal: Organizational Effectiveness

Strategies:

- (1) Promote system wide continuous quality improvement
- (2) Continue to expand the partnership with contract staff
- (3) HR development with focus on employee quality of life and strengthening of technical resources
- (4) Enhance and improve organizational structures, processes and procedures
- (5) Develop policies that hold Board and staff accountable, providing clear direction through sound policy making decisions.

Projects:

- (1) Monitor the performance of Wheels bus system improvements through Viewpoint
- (2) Continue to improved contract management process/oversight for fixed route operator, paratransit operator and bus stop repair and cleaning contractors.

- (3) Continue to emphasize and support training of employees to improve their technical and customer service expertise.
- (4) Continue planning of Atlantis

Goal: Financial Management

Strategies:

- (1) Develop budget in accordance with strategic plan
- (2) Explore and develop revenue generating opportunities
- (3) Maintain fiscally responsible long range capital and operating plans

Projects:

- (1) Approve FY23 budget with emphasis on growing system ridership
- (2) Achieve continuing recognition for financial management excellence

ECONOMIC CONDITION AND OUTLOOK

The Livermore Amador Valley, also called the Tri-Valley, is located on the eastern edge of Alameda County, the seventh largest county in California. The cities of Livermore, Dublin and Pleasanton surpassed 200,000 total residents according to 2010 Census data. According to the Metropolitan Transportation Commission's (MTC) 2040 Plan Bay Area Transportation Plan released in 2017, the number of households in Alameda County is expected to grow by 35% between 2010 and 2040. Employment is projected to grow by 35%..¹

The Tri-Valley cities have a lower unemployment rate than other cities in Alameda County, the state, and the nation. Statistics for 2021 show that unemployment rates in Tri-Valley is lower than the rest of Alameda County.

At the end of FY 2009, in the face of the economic recession and declining revenues, the Authority reduced service by 25% and immediately saw a decrease in ridership of approximately the same percentage. Since then the Agency has made efforts to gradually restore service hours and has conducted a comprehensive operations analysis resulting in changes in service during FY17. These changes increased ridership in FY18, again in FY19, and during the first three quarters of FY20. Unfortunately, ridership declined the last quarter of FY20 due to the Shelter in Place order brought on by the COVID-19 Pandemic, and ridership continued to decline during FY21. The challenge for the Authority moving forward will be to regain the trust of riders as the area begins to "open up".

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Livermore Amador Valley Transit Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-fifth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

¹ Source: Land Use Modeling Report, Plan Bay Area 2040 Final Supplemental Report, July 2017.

Acknowledgments

The preparation of this report required the dedicated efforts of the Authority's staff. We also gratefully recognize Maze & Associates for their timely audit and expertise on the preparation of this Comprehensive Annual Financial Report. Finally, we would like to thank the Board of Directors for its commitment and support in the development of a strong financial system.

Executive Director

A handwritten signature in blue ink, appearing to read "Michael Tree", written over a horizontal line.

Michael Tree

Director of Finance

A handwritten signature in black ink, appearing to read "Tamara Edwards", written over a horizontal line.

Tamara Edwards

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

PRINCIPAL OFFICIALS

June 30, 2021

Board of Directors

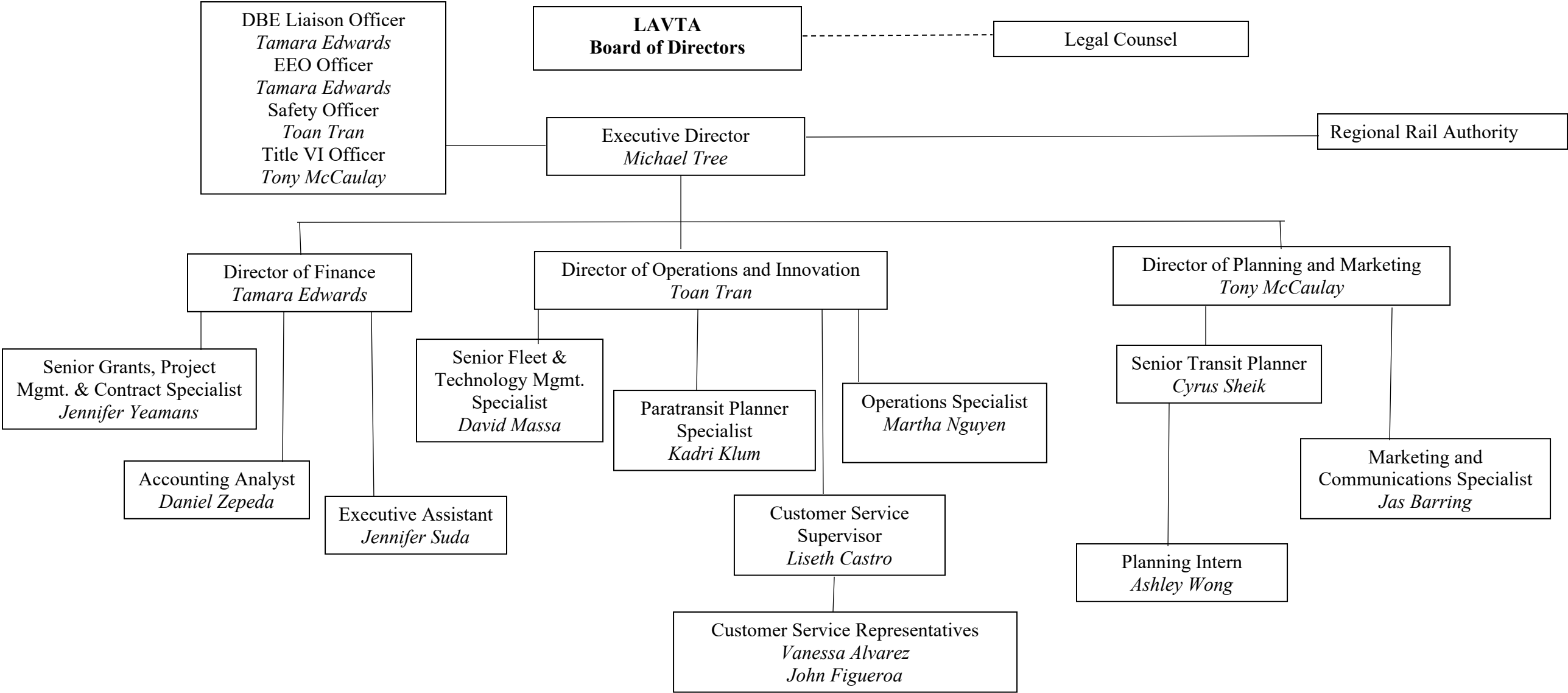
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|------------|---|
| Chair | Bob Woerner, Mayor, City of Livermore |
| Vice Chair | Karla Brown, Mayor, City of Pleasanton |
| Member | David Haubert, Supervisor, Alameda County |
| Member | Brittni Kiick, Councilmember, City of Livermore |
| Member | Kathy Narum, Councilmember, City of Pleasanton |
| Member | Jean Josey, Councilmember, City of Dublin |
| Member | Melissa Hernandez, Mayor, City of Dublin |

Staff

| | |
|---|------------------|
| Executive Director | Michael Tree |
| Director of Planning & Marketing | Tony McCauley |
| Director of Finance | Tamara Edwards |
| Director of Operations & Innovation | Toan Tran |
| Senior Transit Planner | Cyrus Sheik |
| Senior Fleet and Technology | |
| Management Specialist | David Massa |
| Paratransit Planner | Kadri Kulm |
| Senior Grants & Management Specialist | Jennifer Yeamans |
| Operations Assistant | Martha Nguyen |
| Accounting Analyst | Daniel Zepeda |
| Executive Assistant | Jennifer Suda |
| Marketing and Communications Specialist | Jas Barring |
| Customer Service Supervisor | Liseth Castro |
| Customer Service Representative | Vanessa Moreno |
| Customer Service Representative | John Figuero |

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Livermore Amador Valley Transit Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
Livermore Amador Valley Transit Authority
Livermore, California

Report on Financial Statements

We have audited the accompanying financial statements of each major fund of the Livermore Amador Valley Transit Authority (Authority), California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Authority as of June 30, 2021 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Authority's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory 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 **DATE**, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Pleasant Hill, California

DATE

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MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

The Livermore/Amador Valley Transit Authority is required to prepare financial statements in accordance with Government Accounting Standards Board Statement Number 34 (GASB 34) beginning with the fiscal year ended June 30, 2004. GASB 34 required changes to the traditional financial statements and disclosures and required the preparation of a Management Discussion and Analysis (MD&A)— a narrative overview and analysis of the financial activities of the Authority for each fiscal year. This MD&A is for the fiscal year ended June 30, 2021.

GASB 34 requires the format of Authority-wide financial statements, which are contained in the Financial Section of the accompanying report. These Authority-wide statements include a Statement of Net Position and a Statement of Revenues, Expenses and Changes in Net Position. The Statement of Net Position presents information on all of the Authority's assets and liabilities with the difference of the assets minus the liabilities being the Authority's Net Position. The Statement of Revenues, Expenses and Changes in Net Position summarizes how the Authority's Net Position have changed over the fiscal year.

Page references are to the attached fiscal year ended June 30, 2021 basic financial statements.

Background and Overview of the Presentation of the Financial Statements

The Authority's basic financial statements are comprised of four parts:

1. The Independent Auditor's Report
2. The Management Discussion and Analysis
3. The Basic Financial Statements
4. The Notes to the Financial Statements

1. *The Independent Auditor's Report.* This is an annual report prepared by the auditor to accompany the financial statements.
2. *Management Discussion and Analysis (MD&A).* This report accompanies the GASB34 compliant financial statements. The MD&A must include:
 - A brief explanation of the presentation that makes up the basic financial statements and the relationship of one statement to another.
 - Condensed financial information, allowing comparison of current and prior fiscal periods.
 - Analysis of the Authority's overall financial position (Statement of Net Position), and results of operations (Statement of Revenues, Expenses and Changes in Net Position).
 - Analysis of balances and transactions of major individual funds.

- Significant capital asset and long-term debt activity.
- Any facts, decisions, or conditions known at the close of audit fieldwork that is expected to have a significant effect on the financial position or results of operations.

3. *Basic Financial Statements.* The basic Authority-wide financial statements are prepared under a set of rules referred to by their regulatory identifier, GASB 34. The Authority-wide financial statements are designed to provide a broader overview of the Authority's financial position, using an accounting basis similar to the model used in prior years.

The Statement of Net Position summarizes the Authority's assets and liabilities, with the difference of the two reported as Net Position (rather than equity). The Statement of Net Position is designed to provide information about the financial position of the Authority as a whole, including all of its capital assets and long-term liabilities, on a full accrual basis of accounting, similar to the accounting model used by private sector firms. Over time, increases or decreases in Net Position could serve as an indication of whether the overall financial position of the Authority is stable.

The following table summarizes the Net Position of governmental activities as of June 30, 2021 and June 30, 2020:

Table 1

| Statement of Net Position | Year Ending 6/30/2021 | Year Ending 6/30/2020 |
|------------------------------|--------------------------|--------------------------|
| Assets: | | |
| Current Assets | | |
| Cash and investments | \$21,415,414 | \$14,915,528 |
| Receivables | | |
| Accounts | 4,062,932 | 2,092,244 |
| Capital Grants | 2,100,327 | 861,055 |
| Due from other funds | 1,862,549 | 1,131,458 |
| Prepaid expenses | <u>156,477</u> | <u>107,436</u> |
| Total Current Assets | <u>29,597,699</u> | <u>19,107,582</u> |
| Noncurrent Assets | | |
| Capital assets (depreciated) | <u>55,957,142</u> | <u>57,387,049</u> |
| Total Noncurrent Assets | | |
| Total assets | <u>85,554,841</u> | <u>76,494,631</u> |
| Deferred Outflows | | |
| Deferred Outflows | <u>833,535</u> | <u>792,519</u> |

| | | |
|-----------------------------------|--------------------|--------------------|
| Liabilities: | | |
| Current Liabilities | | |
| Due to other funds | 0 | 545,875 |
| Accounts payable | 1,785,702 | 1,485,933 |
| Claims payable | <u>41,169</u> | <u>99,169</u> |
| Total Current Liabilities | 1,826,871 | 3,073,688 |
| Noncurrent Liabilities | | |
| Unearned revenues | 818,350 | 684,872 |
| Due to LTF | 26,989,566 | 16,277,964 |
| Long Term Liabilities | | |
| Net Pension Liability | 1,333,048 | 1,188,321 |
| Net OPEB liability | <u>341,502</u> | <u>412,630</u> |
| Total noncurrent liabilities | <u>29,482,466</u> | <u>18,563,787</u> |
| Total Liabilities | <u>31,309,337</u> | <u>20,694,764</u> |
| Deferred Inflows | | |
| Deferred inflows | <u>\$260,592</u> | <u>\$344,032</u> |
| Net Position: | | |
| Net investments in capital assets | 55,957,142 | 57,387,049 |
| Unrestricted | <u>(1,139,695)</u> | <u>(1,138,695)</u> |
| Total Net Position | <u>54,818,447</u> | <u>56,248,354</u> |

Assets and Deferred Outflows

Total assets and deferred outflows amounted to \$86,388,376 consisting of \$29,597,699 in current assets such as cash and accounts receivable, \$55,957,142 in capital assets primarily vehicles and facilities including furnishings and equipment, and \$833,535 in pension and OPEB related deferred outflows. Notes 2, 3, 8, and 10 further describe Cash and Investments, Capital Assets and Pension and OPEB related expenses, liabilities, and deferred inflows/outflows of resources related to pensions. In the fiscal year ended June 30, 2021 the capital projects below were ongoing:

Bus Shelters and Stops

The Authority is in the process of repairing, renovating, and improving the older bus shelters within the system.

Atlantis Maintenance and Operations Facility

The Authority has purchased land and built the first phase (parking lot) and a second phase (fuel and wash facility) and is currently designing another portion of the facility to house maintenance and operations functions. This is expected to be a significant multi-year project.

Liabilities and Deferred Inflows

Liabilities and deferred inflows totaled \$31,569,929 consisting primarily of accounts payable and money due to the LTF. Local Transportation Funds are held at the county and are available to the Authority for future capital and operating needs. The legislated requirement that all Local Transportation Funds be held at the county on behalf of the Authority causes the agency's financial position to look weaker than it would if those reserves were included in the agency's assets. At fiscal year end the agency had an estimated \$11,067,330 in reserves.

Net Position

Change of Net Position was (1,429,907) this decrease in Net Position is the depreciation on existing capital assets being greater than the additions of capital assets.

The Statement of Revenues, Expenses and Change in Net Position provides information about the Authority's revenues and expenses on the full accrual basis, with an emphasis on measuring the net revenues or expenses for each of the Authority's main activities. The Statement of Revenues, Expenses and Change in Net Position explains in detail the change in Net Position for a given year. The amounts in the Statement of Revenues, Expenses and Change in Net Position represent four programs: fixed route and paratransit bus services and WHEELS on Demand activities. The Basic Financial Statements divide all revenues and expenses by program. The analysis in this discussion applies to all programs.

The following table summarizes the Statement of Revenues, Expenses and Change in Net Position, or the change in Net Position of governmental activities, for the year ended June 30, 2021 and June 30, 2020:

Table 2
Statement of Revenues, Expenses and Change in Net Position

| | Year Ending 6/30/2021 | Year Ending 6/30/2020 |
|-----------------------------------|--------------------------|--------------------------|
| EXPENSES | | |
| Expenses, non-capital | | |
| Board of Directors | \$12,650 | \$13,398 |
| Executive Director | 342,877 | 358,391 |
| Finance | 1,745,186 | 1,752,703 |
| Planning | 543,962 | 642,245 |
| Marketing | 178,644 | 356,214 |
| Operations | <u>11,556,825</u> | <u>13,970,918</u> |
| Total Expenses, non-capital | <u>14,380,149</u> | <u>17,093,869</u> |
| Expenses, capital (non-operating) | | |
| Depreciation | 4,430,184 | 4,502,614 |
| Total Expenses, capital | <u>4,430,184</u> | <u>4,502,614</u> |
| Total expenses | <u>18,810,333</u> | <u>21,596,483</u> |
| Program Operating Losses | (17,832,030) | (19,399,577) |

| | | |
|--|---------------------|---------------------|
| REVENUES | | |
| Program operating revenues: | | |
| Fare revenues | \$374,527 | \$1,550,906 |
| Special contract revenues | 514,792 | 519,128 |
| Advertising and ticket concessions | <u>88,984</u> | <u>126,872</u> |
| Total operating revenues | <u>978,303</u> | <u>2,196,906</u> |
| Non-operating revenues, non-capital: | | |
| Interest and Miscellaneous | 161,891 | 212,809 |
| Local Transportation Funds 4.0 | 482,791 | 7,478,464 |
| Local Transportation Funds 4.5 | 111,719 | 144,276 |
| State Transit Assistance | 2,328,173 | 2,898,635 |
| Local Operating Assistance | 409,794 | 380,386 |
| FTA Operating Assistance | 6,819,121 | 779,525 |
| Local Sales Tax/Measure B and BB funds: | | |
| Measure B grants | 1,297,519 | 1,183,644 |
| Measure BB grants | 1,208,297 | 1,077,736 |
| Measure BB-Gap grants | 18,749 | 54,480 |
| Bridge tolls | 409,489 | 529,916 |
| Transit and Intercity Rail Capital Program | <u>154,303</u> | <u>157,092</u> |
| Net non-operating revenues before capital contributions (grants) | <u>13,401,846</u> | <u>14,896,963</u> |
| Capital grants, net | | |
| Net Loss Before Capital Contributions | 4,430,184 | 4,524,391 |
| Non-operating revenues, capital | | |
| Gain (Loss) on Disposal of Equipment | (0) | (21,777) |
| Total Gain (Loss) | (0) | (21,777) |
| Total non-capital revenues | <u>14,380,149</u> | <u>17,072,092</u> |
| Total capital grants, net | <u>3,000,277</u> | <u>2,202,253</u> |
| Total revenues | <u>\$17,380,426</u> | <u>\$19,274,345</u> |
| Net income before operating transfers | | |
| | (1,429,907) | (2,322,138) |
| Transfers in | 10,108 | 629,579 |
| Transfers out | <u>(10,108)</u> | <u>(629,579)</u> |
| CHANGE IN NET POSITION | | |
| | (1,429,907) | (2,322,138) |
| Net Position, beginning | <u>56,248,354</u> | <u>58,570,492</u> |
| Net Position, ending | <u>54,818,447</u> | <u>56,248,354</u> |

Expenses

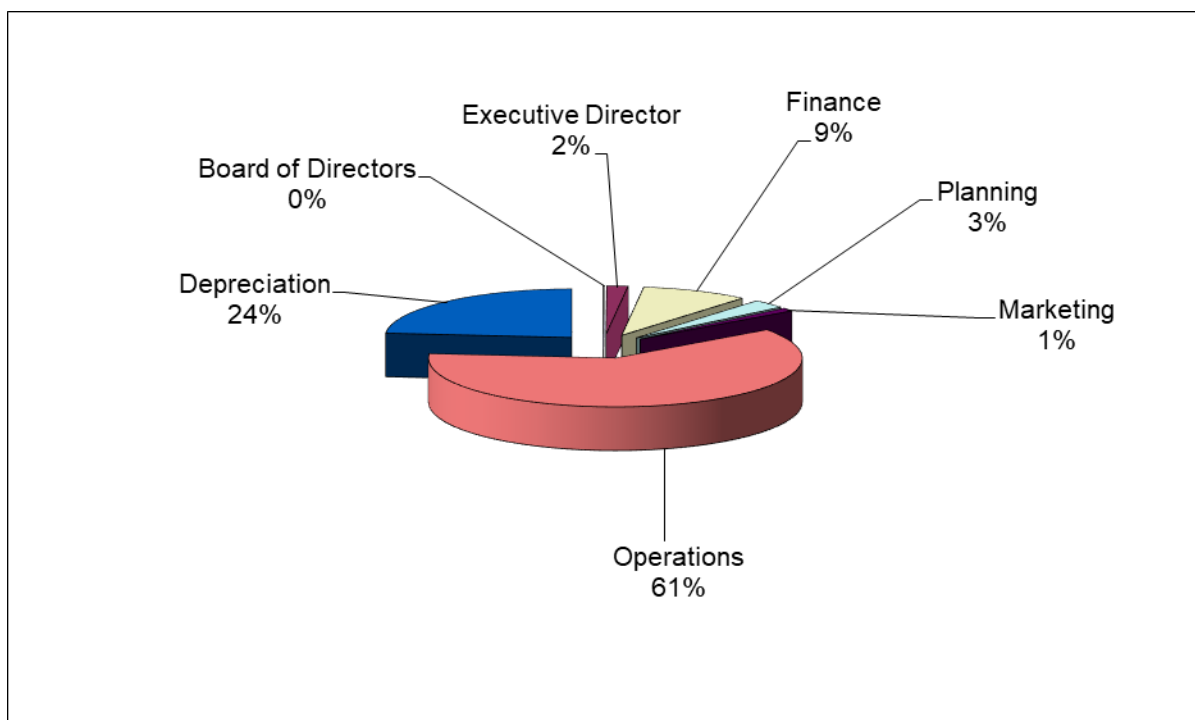
Total expenses including depreciation (which was \$4,430,184) were \$18,810,333 in the fiscal year ending June 30, 2021. Adjusting for depreciation this was a 13% decrease over the prior year. The decrease in expenses was driven by a number of factors, but primarily actions taken to address the COVID 19 pandemic and the affect it had on Transit.

Expenses, excluding depreciation, are sorted by department. A brief description of each department's function is as follows:

- *Board of Directors* All the costs associated with the Board of Directors including their stipends and professional development expenses are charged to this department.
- *Executive Director* The Executive Director is responsible for the general supervision of the administration of the transit system. All costs associated with this position are accounted for in this cost center. The majority of the expenses charged to this department are the Executive Director's salary and benefits.
- *Finance* Specific department responsibilities include: preparation of operating and capital budgets; financial reporting and analysis; oversight of all financial and compliance audits and preparation of the Comprehensive Annual Financial Report (CAFR); human resources management; procurement oversight; administration of federal, state, and local operating and capital grants; securing federal, state and local grants, monitoring of Authority's comprehensive insurance program; fixed asset management; facilities maintenance; fare and revenue collection; customer service, and general office administration. Significant costs charged to this department are salary and benefits for the eight accounting, grants, administrative and customer service positions, as well as utilities and facility maintenance expenses.
- *Planning* This department plans, organizes, directs, and implements the Authority's short and long-range planning programs. This department is also responsible for transit development functions including capital improvement programs, route planning and scheduling, collection and evaluation of operations data, oversight of information technology support, implementation and monitoring of ADA services. Primary costs in this department are for salary and benefits for four positions.
- *Marketing* The Marketing Department is responsible for planning, organizing, directing, and implementing the Authority's marketing and community outreach programs. In addition to salary and benefits for two employees all printing, advertising, and outside marketing services are charged to this department.

- *Operations* This department is responsible for operating and maintaining fixed route, and Dial-A-Ride paratransit service. Fixed Route services are currently provided under contract by MV Transportation, Inc., and Dial-a-Ride is provided under contract with Medical Transportation Management, both are private transit services providers. In addition to the cost of purchased transportation, liability insurance, and fuel are significant costs attributed to this department.
- *Depreciation* is the final category of expenses. This is the current year depreciation on existing capital assets calculated on a straight-line basis.

A historical comparison of expenses by department is also included in the statistical section of this report. Below are the percentages by department for the fiscal year ending June 2021.

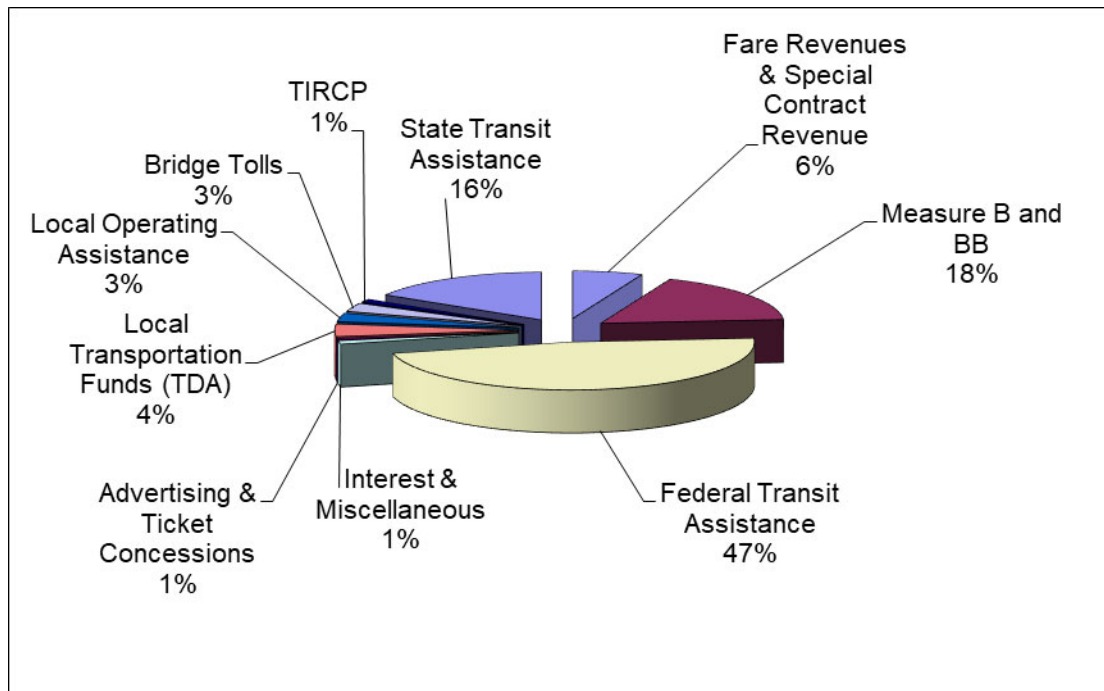


Revenues

In most years the Authority's primary source of operating revenue is Transportation Development Act (TDA) Article 4.0 and 4.5 funds. However, in FY21, TDA accounted for 4% of total operating revenue. The largest contribution to operating revenues in FY21 were FTA funds from the CARES Act. Receipt of these funds has allowed LAVTA to reserve TDA funds to cover potential shortfalls in future years. The rest of the revenue is comprised of Federal Transit Assistance, Passenger Fares, State Transit Assistance, Measures B, and BB, Bridge Tolls, Advertising and Ticket Concessions, and Interest.

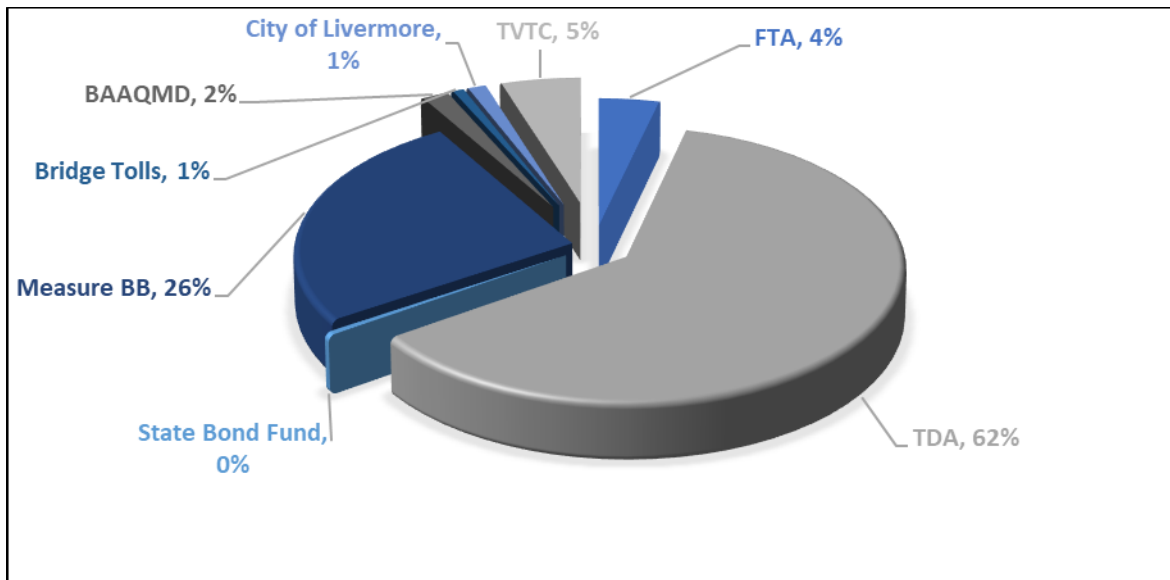
Revenue generated from operations (farebox, contract, and advertising revenues) decreased from the prior year as LAVTA stopped did not collect fares from July through September and there was a considerable decrease in ridership compared to prior years.

The statistical section of this report presents all the revenue sources by year for the previous ten years. Below are percentages by funding source for the fiscal year ending June 2021.



Capital Contributions

Capital contributions in the fiscal year ending June 2021 were \$3,000,277 which is an increase over the capital contributions for the fiscal year ending June 30, 2020 of \$2,202,253. The increase in capital contributions is attributed to the completion of the Santa Rita Corridor project, the completion of the TSP project, and the revamping of the Atlantis Facility project. Below are percentages by capital funding source for the fiscal year ending June 2021.



4. *Notes to the Financial Statements*

The notes provide additional information that is important to a full understanding of the data provided in the Authority-wide, and the traditional fund-based, financial statements.

Finally, there were no facts, decisions, or conditions known at the close of fieldwork that are expected to have a significant effect on the financial position or results of operations.

Contacting Authority Management

These Basic Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this Report should be directed to the Authority, at Livermore Amador Valley Transit Authority, 1362 Rutan Court, Suite 100, Livermore, CA 94551.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2020

| | 2021 | | | 2020 |
|---|------------------------|------------------------|---------------------|--------------|
| | Fixed Route Program | Paratransit Program | WHEELS on Demand | Totals |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments (Note 2) | \$20,945,494 | \$369,388 | \$100,532 | \$21,415,414 |
| Receivables: | | | | |
| Accounts | 3,728,394 | 157,040 | 177,498 | 4,062,932 |
| Capital grants | 2,100,327 | | | 2,100,327 |
| Due from other governments (Note 1I) | 1,862,549 | | | 1,862,549 |
| Prepaid expenses | 56,416 | 100,061 | | 156,477 |
| Total current assets | 28,693,180 | 626,489 | 278,030 | 29,597,699 |
| Noncurrent Assets | | | | |
| Capital Assets (Note 3): | | | | |
| Land and construction in progress | 29,934,373 | | | 29,934,373 |
| Depreciable assets | 67,648,151 | 123,324 | | 67,771,475 |
| Subtotal capital assets | 97,582,524 | 123,324 | | 97,705,848 |
| Less: accumulated depreciation | (41,671,991) | (76,715) | | (41,748,706) |
| Capital assets, net | 55,910,533 | 46,609 | | 55,957,142 |
| Total noncurrent assets | 55,910,533 | 46,609 | | 55,957,142 |
| Total Assets | 84,603,713 | 673,098 | 278,030 | 85,554,841 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related (Note 8) | 443,485 | | | 443,485 |
| OPEB related (Note 10) | 390,050 | | | 390,050 |
| Total Deferred Outflows of Resources | 833,535 | | | 833,535 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Due to other funds (Note 1I) | | | | 545,875 |
| Accounts payable and accrued liabilities | 1,463,357 | 298,274 | 24,071 | 1,785,702 |
| Claims payable (Note 1E) | 41,169 | | | 41,169 |
| Total current liabilities | 1,504,526 | 298,274 | 24,071 | 1,826,871 |
| Noncurrent Liabilities | | | | |
| Unearned revenues (Note 6) | 561,461 | | 256,889 | 818,350 |
| Due to LTF Operating (Note 4) | 26,989,566 | | | 26,989,566 |
| Net pension liability (Note 8) | 1,333,048 | | | 1,333,048 |
| Net OPEB liability (Note 10) | 341,502 | | | 341,502 |
| Total noncurrent liabilities | 29,225,577 | | 256,889 | 29,482,466 |
| Total Liabilities | 30,730,103 | 298,274 | 280,960 | 31,309,337 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related (Note 8) | 70,652 | | | 70,652 |
| OPEB related (Note 10) | 189,940 | | | 189,940 |
| Total Deferred Inflows of Resources | 260,592 | | | 260,592 |
| NET POSITION | | | | |
| Net investment in capital assets (Note 7) | 55,910,533 | 46,609 | | 55,957,142 |
| Unrestricted (Note 7) | (1,463,980) | 328,215 | (2,930) | (1,138,695) |
| Total Net Position | \$54,446,553 | \$374,824 | (\$2,930) | \$54,818,447 |

See accompanying notes to basic financial statements

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2020

| | 2021 | | | 2020 |
|---|------------------------|------------------------|---------------------|--------------|
| | Fixed Route Program | Paratransit Program | WHEELS on Demand | Totals |
| | | | | Totals |
| PROGRAM OPERATING REVENUES | | | | |
| Fare revenues | \$336,672 | \$37,855 | | \$374,527 |
| Special contract revenue | 495,537 | 19,255 | | 514,792 |
| Advertising and ticket concessions | 88,984 | | | 88,984 |
| Total program operating revenues | 921,193 | 57,110 | | 978,303 |
| PROGRAM OPERATING EXPENSES | | | | |
| Board of Directors | 11,022 | 1,085 | \$543 | 12,650 |
| Executive Director | 335,225 | 3,826 | 3,826 | 342,877 |
| Finance | 1,709,330 | 28,745 | 7,111 | 1,745,186 |
| Planning | 518,047 | 25,915 | | 543,962 |
| Marketing | 177,681 | 968 | | 178,649 |
| Operations | 10,153,640 | 1,064,492 | 338,693 | 11,556,825 |
| Depreciation (Note 3) | 4,410,498 | 19,686 | | 4,430,184 |
| Total program operating expenses | 17,315,443 | 1,144,717 | 350,173 | 18,810,333 |
| PROGRAM OPERATING LOSSES | (16,394,250) | (1,087,607) | (350,173) | (17,832,030) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest and miscellaneous | 161,891 | | | 161,891 |
| Local Transportation Funds 4.0 | 135,917 | 346,874 | | 482,791 |
| Local Transportation Funds 4.5 | | 111,719 | | 111,719 |
| State Transit Assistance | 2,328,173 | | | 2,328,173 |
| Local Operating Assistance | 59,625 | | 350,169 | 409,794 |
| FTA operating assistance | 6,819,121 | | | 6,819,121 |
| Local Sales Tax/Measure B and BB funds: | | | | |
| Measure B grants | 1,095,569 | 201,950 | | 1,297,519 |
| Measure BB grants | 811,210 | 397,087 | | 1,208,297 |
| Measure BB - GAP Grants | 8,457 | 10,292 | | 18,749 |
| Bridge tolls | 409,489 | | | 409,489 |
| Transit and Intercity Rail Capital Program | 154,303 | | | 154,303 |
| Gain (Loss) on disposal of equipment | | | | (21,777) |
| Net non-operating revenues, before capital contributions (grants) | 11,983,755 | 1,067,922 | 350,169 | 13,401,846 |
| Capital contributions (grants) (Note 6): | | | | |
| FTA capital assistance | 110,022 | | | 110,022 |
| Local Transportation Funds 4.0 | 1,809,530 | | | 1,809,530 |
| State Bond Fund - State of Good Repair | 12,124 | | | 12,124 |
| Measure BB - GAP Grants | 755,939 | | | 755,939 |
| Strategic Government Resources | | | | |
| RM2 Viewpoint | 20,505 | | | 20,505 |
| Proposition 1B | 112,515 | | | 112,515 |
| Tri-Valley Transportation Council | 146,334 | | | 146,334 |
| City of Livermore | 33,308 | | | 33,308 |
| Bay Area Air Quality Management District | | | | 48,160 |
| Total capital contributions (grants) | 3,000,277 | | | 3,000,277 |
| Net non-operating revenues and contributions | 14,984,032 | 1,067,922 | 350,169 | 16,402,123 |
| NET INCOME (LOSS) BEFORE OPERATING TRANSFERS | (1,410,218) | (19,685) | (4) | (1,429,907) |
| Transfers in | | 10,108 | | 10,108 |
| Transfers out | (10,108) | | | (10,108) |
| Change in net position | (1,420,326) | (9,577) | (4) | (1,429,907) |
| NET POSITION, | | | | |
| Beginning of Year | 55,866,879 | 384,401 | (2,926) | 56,248,354 |
| End of Year | \$54,446,553 | \$374,824 | (\$2,930) | \$54,818,447 |
| | | | | \$56,248,354 |

See accompanying notes to basic financial statements

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2020

| | 2021 | | | 2020 |
|--|------------------------|------------------------|---------------------|----------------|
| | Fixed Route Program | Paratransit Program | WHEELS on Demand | Totals |
| | | | | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$527,217 | \$837,926 | \$2,241 | \$1,367,384 |
| Payments to vendors | (10,744,308) | (897,828) | (288,791) | (11,930,927) |
| Payments to and on behalf of employees | (2,193,364) | (147,260) | (49,208) | (2,389,832) |
| Net cash provided (used) by operating activities | (12,410,455) | (207,162) | (335,758) | (12,953,375) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on investments | 161,891 | | | 161,891 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Local Transportation Funds 4.0 | 10,847,519 | 346,874 | 187,376 | 11,381,769 |
| Local Transportation Funds 4.5 | | 111,719 | | 111,719 |
| State Transit Assistance | 2,328,173 | | | 2,328,173 |
| Local Operating Assistance | 59,625 | | | 59,625 |
| FTA operating assistance | 6,819,121 | 44,395 | | 6,863,516 |
| Local sales tax/Measure B and BB funds | 2,671,175 | 609,329 | | 3,280,504 |
| RM2 Viewpoint | 20,505 | | | 20,505 |
| Proposition 1B | 112,515 | | | 112,515 |
| Bridge tolls | 409,489 | | | 409,489 |
| Transit and Intercity Rail Capital Program | 154,303 | | | 154,303 |
| Transfers received from other funds | | 10,108 | | 10,108 |
| Transfers paid to other funds | (10,108) | | | (10,108) |
| Interfund payments | (1,862,549) | (545,875) | | (2,408,424) |
| Interfund receipts | 1,131,458 | | | 1,131,458 |
| Net cash provided by noncapital and financing activities | 22,681,226 | 576,550 | 187,376 | 23,445,152 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | (3,000,277) | | | (3,000,277) |
| Loss from sale of capital asset | | | | (21,777) |
| Capital grants received: | | | | |
| FTA capital assistance | (1,581,975) | | | (1,581,975) |
| Local Transportation Funds 4.0 | 2,217,860 | | 350,169 | 2,568,029 |
| State Bond Fund - State of Good Repair | 12,124 | | | 12,124 |
| Tri-Valley Transportation Council | 146,334 | | | 146,334 |
| City of Livermore | 33,308 | | | 33,308 |
| Bay Area Air Quality Management District | | | (177,100) | (177,100) |
| State Bond Fund - Prop 1B | (53,898) | | | (53,898) |
| Net cash provided (used) by capital and related financing activities | (2,226,524) | | 173,069 | (2,053,455) |
| NET CASH FLOWS | 8,206,138 | 369,388 | 24,687 | 8,600,213 |
| CASH AND INVESTMENTS AT BEGINNING OF YEAR | 14,839,683 | | 75,845 | 14,915,528 |
| CASH AND INVESTMENTS AT END OF YEAR | \$23,045,821 | \$369,388 | \$100,532 | \$23,515,741 |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | | | |
| Operating losses | (\$16,394,250) | (\$1,087,607) | (\$350,173) | (\$17,832,030) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | | |
| Depreciation | 4,410,498 | 19,686 | | 4,430,184 |
| Increase (decrease) in: | | | | |
| Accounts receivable | (476,318) | 780,816 | 2,241 | 306,739 |
| Prepaid expenses | 50,731 | (99,911) | | (49,180) |
| Net OPEB liability, related deferred inflows, net of deferred outflows | (133,199) | | | (133,199) |
| Accounts payable | 107,741 | 179,854 | 12,174 | 299,769 |
| Claims payable | (58,000) | | | (58,000) |
| Net pension liability, related deferred inflows, net of deferred outflows | 82,342 | | | 82,342 |
| Net cash provided (used) by operating activities | (\$12,410,455) | (\$207,162) | (\$335,758) | (\$12,953,375) |

See accompanying notes to basic financial statements

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| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES |
|--|

A. General

Livermore/Amador Valley Transit Authority (Authority), which was established in 1985, is a Joint Powers Agency formed by the County of Alameda, and the Cities of Dublin, Livermore and Pleasanton to provide transportation services within the Cities' limits and portions of the unincorporated County. The Authority is doing business under the name of "Wheels" and operates two transportation programs:

Fixed Route Program - The Authority operates buses, which follow fixed routes and times throughout the Authority's service area and are available to anyone able to pay the fare.

Paratransit Program - The Authority operates a "dial-a-ride" program for disabled persons pursuant to requirements of the Americans With Disability Act (ADA).

WHEELS on Demand - A partnership with the private sector to provide service to low density suburban areas where previously existing Wheels bus service could not be supported. WHEELS on Demand is an extension of a traditional user-side subsidy program which is used by transit systems nationwide to partner with taxicab companies and extends the partnership to Transportation Network Companies (TNC) such as Uber and Lyft. This fund also includes the Shared Autonomous Vehicle (SAV) Project which is currently in the planning and testing phase.

None of these operations generate sufficient fares, special contract, advertising and ticket concessions revenues to cover the operating expenses. Expenses incurred in excess of these revenues, interest and other revenues are reimbursed with grant funds. The programs are subsidized by the Metropolitan Transportation Commission, which is the regional coordinating agency for State of California Transportation Development Act grants and the United States Department of Transportation with Federal Transit Administration Grants.

Capital and planning grants are reimbursement based. Operating grants are advanced quarterly and/or monthly based on reserves; any grant funds received in excess of operating expenses, net of other revenues, must be returned to the grantor.

The following is a summary of significant accounting policies of the Authority, which conform with generally accepted accounting principles applicable to governments in the United States of America.

B. Fund Accounting

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts, which comprise its assets, liabilities, net position, revenues and expenses.

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| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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C. *Basis of Accounting*

Basis of accounting refers to when revenues and expenses are recognized. The Authority is accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when they are incurred. The Authority follows Governmental Accounting Standards Board Statements.

Non-exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

D. *Basis of Presentation*

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The Authority reports the following major proprietary (enterprise) funds:

Fixed Route Program - The Authority operates buses, which follow fixed routes and times throughout the Authority's service area and are available to anyone able to pay the fare.

Paratransit Program - The Authority operates a "dial-a-ride" program for disabled persons pursuant to requirements of the Americans With Disability Act (ADA).

WHEELS on Demand - A partnership with the private sector to provide service to low density suburban areas where previously existing Wheels bus service could not be supported. Also, includes the Shared Autonomous Vehicle (SAV) Project which has a primary goal of providing "last mile" service options.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority are charges to customers for farebox revenues. The Authority's *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Authority. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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E. Risk Management

The Authority requires its operations contractor to provide general liability coverage and workers compensation coverage for its employees. The Authority also provides unemployment benefits to terminated employees in accordance with state law. The Authority has a commercial insurance policy for workers compensation coverage of its employees. The Authority has no deductible for this coverage.

On May 1, 2000, the Authority became a member of the California Transit Insurance Pool (CALTIP), a joint powers authority that provides annual general liability and physical damage coverage up to \$10,000,000. The Authority has a \$25,000 deductible for general liability claims, a \$5,000 deductible for physical damage claims on vehicles valued over \$50,000 and a \$2,500 deductible for physical damage claims on vehicles with a value less than \$50,000.

CALTIP is governed by a board consisting of representatives from member municipalities. The board controls the operations of CALTIP, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The Authority's premiums are based upon the following factors: claims history, total payroll, the Authority's exposure, the results of an on-site underwriting inspection, total insurable values, and employee classification ratings. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating which generally occurs in the third year after the completion of the program year.

Claims payable activity is presented below. The outstanding balance is expected to be paid within the next fiscal year. Through the current Fixed Route Operations contract with MV Transportation the contractor reimburses LAVTA for these expenses.

| | <u>2020-2021</u> | <u>2019-2020</u> |
|--|------------------|------------------|
| Balance, July 1 | \$99,169 | \$70,036 |
| Net change in liability for claims and claims paid but not reported | 509,337 | 669,048 |
| Claims paid | <u>(567,337)</u> | <u>(639,915)</u> |
| Balance, June 30 | <u>\$41,169</u> | <u>\$99,169</u> |

Settlements have not exceeded insurance coverage in the past three years.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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| NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) |
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G. *Deferred Inflow/Outflow of Resources*

In addition to assets, the statement of net position reports a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

H. *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

I. *Interfund Transactions*

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year.

J. *Summarized Prior Period Information*

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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| NOTE 2 – CASH AND INVESTMENTS |
|--------------------------------------|

Cash and investments as of June 30, 2021 consist of the following:

| | |
|------------------------------|----------------------------|
| Local Agency Investment Fund | \$10,985,954 |
| Cash in bank | 10,429,020 |
| Cash on hand | <u>440</u> |
| Total Cash and Investments | <u><u>\$21,415,414</u></u> |

A. *Investments Authorized by the Authority's Investment Policy*

The Authority's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF). The Authority's investment policy does not contain any specific provisions intended to limit the Authority's exposure to interest rate risk, credit risk, and concentration of credit risk.

B. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates.

The Authority is a 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. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal on demand is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2021, these investments matured in an average of 291 days.

The Authority adjusts the carrying value of its investments to reflect their fair fair value at each fiscal year end, and it includes the effects of these adjustments in interest income for that fiscal year.

C. *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

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| NOTE 2 – CASH AND INVESTMENTS (continued) |
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D. *Concentration of Credit Risk*

The investment policy of the Authority contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code.

E. *Cash Deposits with Financial Institutions*

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2021, the Authority's bank balance was \$10,429,020 and \$9,414,814 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the Authority's name.

F. *Fair Value Hierarchy*

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

The Authority only invests in Local Agency Investment Fund, which is exempt from the fair value leveling, and is valued at amortized cost. The value is based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.

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| NOTE 3 – CAPITAL ASSETS |
|--------------------------------|

Capital assets are recorded at cost and depreciated over their estimated useful lives. The Authority's policy is to capitalize all assets when costs exceed \$5,000. The purpose of depreciation is to spread the cost of capital assets over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

Depreciation of capital assets in service is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful lives as follows: Facilities - 30 years, Vehicles - 2–12 years, and Equipment - 5–10 years.

NOTE 3 – CAPITAL ASSETS (Continued)

Capital assets comprised the following at June 30, 2021:

| | Balance June 30, 2020 | Additions / Adjustments | Retirements | Transfers | Balance June 30, 2021 |
|--|--------------------------|----------------------------|-------------|---------------|--------------------------|
| Fixed Route: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$3,973,472 | | | | \$3,973,472 |
| Construction in Progress | 25,557,860 | \$1,943,614 | | (\$1,540,573) | 25,960,901 |
| Total capital assets not being depreciated | 29,531,332 | 1,943,614 | | (1,540,573) | 29,934,373 |
| Capital assets being depreciated: | | | | | |
| Vehicles | 49,311,759 | 1,011,888 | (\$24,415) | 298,514 | 50,597,746 |
| Facilities | 8,955,675 | | | | 8,955,675 |
| Equipment | 6,807,896 | 44,775 | | 1,242,059 | 8,094,730 |
| Total capital assets being depreciated | 65,075,330 | 1,056,663 | (24,415) | 1,540,573 | 67,648,151 |
| Less accumulated depreciation for: | | | | | |
| Vehicles | (24,641,854) | (3,866,987) | 24,415 | | (28,484,426) |
| Facilities | (7,029,483) | (322,894) | | | (7,352,377) |
| Equipment | (5,614,571) | (220,617) | | | (5,835,188) |
| Total accumulated depreciation | (37,285,908) | (4,410,498) | 24,415 | | (41,671,991) |
| Total depreciable assets | 27,789,422 | (3,353,835) | | | 25,976,160 |
| Capital assets, net | \$57,320,754 | (\$1,410,221) | | | \$55,910,533 |
| Paratransit | | | | | |
| Capital assets being depreciated: | | | | | |
| Facilities | \$40,452 | | | | \$40,452 |
| Vehicles | 82,872 | | | | 82,872 |
| Total capital assets being depreciated | 123,324 | | | | 123,324 |
| Less accumulated depreciation for: | | | | | |
| Facilities | (40,452) | | | | (40,452) |
| Vehicles | (16,577) | (\$19,686) | | | (36,263) |
| Total accumulated depreciation | (57,029) | (19,686) | | | (76,715) |
| Total depreciable assets | 66,295 | (19,686) | | | 46,609 |
| Capital assets, net | \$66,295 | (\$19,686) | | | \$46,609 |
| Total | | | | | |
| Land and Construction in Progress | \$29,531,332 | \$1,943,614 | | (\$1,540,573) | \$29,934,373 |
| Depreciable Assets: | | | | | |
| Cost | 65,198,654 | 1,056,663 | (\$24,415) | 1,540,573 | 67,771,475 |
| Less accumulated depreciation for: | (37,342,937) | (4,430,184) | 24,415 | | (41,748,706) |
| Net | 27,855,717 | (\$3,373,521) | | | 26,022,769 |
| All Capital Assets, net | \$57,387,049 | | | | \$55,957,142 |

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| NOTE 4 – OPERATING GRANTS |
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Under the State Transportation Development Act (the Act), the Metropolitan Transportation Commission (MTC) allocates funds from the County Local Transportation Fund (LTF) based on the Authority's available balance determined at the beginning of each fiscal year and the amount that the Authority requests through an annual claim process. At June 30, 2021, the MTC had unallocated balances not yet granted to the Authority, which are available to fund the Authority's future operating and capital needs. These funds are retained, in accordance with the California Administrative Code, in the LTF at the County of Alameda based on terms and conditions determined by MTC. A summary of these unallocated balances as of June 30, 2021 follows:

| Source | Unallocated Balances |
|--|----------------------------|
| Transportation Development Act Funds | \$10,774,121 |
| State Transit Assistance Funds: | |
| Revenue Based Funds | <u>293,209</u> |
| Total Unallocated Local Transportation Funds | <u><u>\$11,067,330</u></u> |

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| NOTE 4 – OPERATING GRANTS (Continued) |
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The Authority's operating needs are determined as set forth below, by adjusting operating losses for certain items and adding back grant funding. MTC allocates State Transit Assistance, Article 4.0 and Article 4.5 funds to cover remaining net operating expenses. Under the Act, Article 4.0 funds may be used to cover Fixed Route Program and Paratransit Program expenses; Article 4.5 funds may only be used to cover Paratransit Program expenses. Unexpended grant funds at June 30, 2021 are calculated as follows:

| Fiscal 2021 unexpended funds: | Fixed Route Program | Paratransit Program | Total |
|--|------------------------|------------------------|---------------------|
| Operating loss | (\$16,394,250) | (\$1,087,607) | (\$17,481,857) |
| Add back: | | | |
| Depreciation | 4,410,498 | 19,686 | 4,430,184 |
| Interest and miscellaneous | 161,891 | | 161,891 |
| Net operating expenses reimbursable by grants | (11,821,861) | (1,067,921) | (12,889,782) |
| Grants: | | | |
| Local Operating Assistance | 59,625 | | 59,625 |
| County Measure B Grants | 1,095,569 | 201,950 | 1,297,519 |
| County Measure BB Grants | 811,210 | 397,087 | 1,208,297 |
| Bridge Tolls | 409,489 | | 409,489 |
| Transit and Intercity Rail Capital Program | 154,303 | | 154,303 |
| Measure BB - GAP Grants | 8,457 | 10,291 | 18,748 |
| Federal Transportation Administration: Operating Assistance | 6,819,121 | | 6,819,121 |
| Net Operating Expenses reimbursable by LTF and STA funds | (2,464,087) | (458,593) | (2,922,680) |
| State Transit Assistance Receipts | 2,328,173 | | 2,328,173 |
| LTF Receipts: | | | |
| Article 4.0 | 10,847,516 | 346,874 | 11,194,390 |
| Article 4.5 | | 111,719 | 111,719 |
| Due to LTF - fiscal year 2020/2021 | 10,711,602 | | 10,711,602 |
| Due to LTF - beginning of year | 16,277,964 | | 16,277,964 |
| Due to LTF - end of year | <u>\$26,989,566</u> | | <u>\$26,989,566</u> |

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| NOTE 5 – PARATRANSIT OPERATING GRANT LIMITATIONS |
|---|

A. General

In addition to the calculations discussed in Note 4, two additional calculations for the Paratransit Program are required by MTC to determine eligibility and the amount, if any, that should be paid back to the County. The two calculations consist of a local match requirement of 10% and an eligibility requirement, as set forth below.

B. Local Match Requirement

Transit agencies are normally required to generate local revenues in excess of ten percent of operating expenses excluding depreciation. However, the Transportation Development Act exempts LAVTA from this requirement.

C. Maximum Article 4.5 and Measure B Eligibility

Alameda County Measure B funds and Article 4.5 funds are limited to a maximum eligibility amount, which is calculated as follows:

| | 2021 | 2020 |
|---|------------------|--------------------|
| Operating expenses excluding depreciation | \$1,125,031 | \$1,614,886 |
| Less: | | |
| Actual passenger fare revenues | (37,855) | (118,272) |
| Special contract revenue | (19,255) | (23,840) |
| Article 4.0 LTF revenues | (346,874) | (10,874) |
| Maximum eligibility | <u>\$721,047</u> | <u>\$1,461,900</u> |

The amount, if any, due to Alameda County is computed as follows:

| | | |
|---|------------|-------------|
| Maximum eligibility | \$721,047 | \$1,461,900 |
| Less: | | |
| Article 4.5 LTF revenues | (111,719) | (144,276) |
| State Transit Assistance | | (779,525) |
| FTA operating assistance | | (185,448) |
| Local sales tax/Measure B funds | (201,950) | (341,602) |
| Local sales tax/Measure BB funds | (397,087) | (11,049) |
| GAP Grants | (10,291) | |
| Deficit (surplus) of Measure B revenue over maximum eligibility | <u>\$0</u> | <u>\$0</u> |

NOTE 5 – PARATRANSIT OPERATING GRANT LIMITATIONS (Continued)**D. Article 4.5 and STA Funds to be Returned**

The amount due to LTF is the difference between maximum eligibility and the total of TDA Article 4.5 revenues, if the total is greater than maximum eligibility.

| | 2021 | 2020 |
|--|-----------|-------------|
| Maximum eligibility computed above | \$721,047 | \$1,461,900 |
| Total TDA Article 4.5 revenues | \$111,719 | \$144,276 |
| Amount, if any, to be returned to LTF | \$0 | \$0 |
| Amount, if any, to be returned to Alameda County | \$0 | \$0 |

State Transit Assistance received by the Authority amounted to \$2,328,173 during fiscal year 2020-2021, which was expended for operating expenses of the Fixed Route Program.

NOTE 6 – CAPITAL GRANTS**A. Summary**

The Authority's capital transactions and unexpended grant funds at June 30, 2021 are calculated as follows:

| | Fixed Route Program | Paratransit Program | Total |
|-----------------------------------|------------------------|------------------------|---------------|
| Capital costs: | | | |
| Capital asset additions | (\$3,000,277) | | (\$3,000,277) |
| Funding sources: | | | |
| FTA Capital Assistance | \$110,022 | | \$110,022 |
| Local Transportation Fund 4.0 | 1,809,530 | | 1,809,530 |
| State Bond Fund - Prop 1B | 12,124 | | 12,124 |
| GAP Grants | 755,939 | | 755,939 |
| RM2 Viewpoint | 20,505 | | 20,505 |
| Proposition 1B | 112,515 | | 112,515 |
| Tri-Valley Transportation Council | 146,334 | | 146,334 |
| City of Livermore | 33,308 | | 33,308 |
| Total Funding Sources | \$3,000,277 | | \$3,000,277 |

NOTE 6 – CAPITAL GRANTS (Continued)**B. Prop 1B (PTMISEA) Projects**

During fiscal year 2008, the Authority had established two PTMISEA Projects which are the Bus Stop Improvements and the Route 10 Bus Rapid Transit Project. The Bus Stop Improvements Project is to improve bus stops within a quarter mile of low or very low-income housing or at important life support destinations such as medical facilities, public services transportation hubs employment sites and shopping center. The Route 10 Bus Rapid Transit Project is to assist the new Route 10 line to optimize the mobility of all residents within the Cities of Livermore and Dublin to the I-580 and I-680 corridors.

A summary of the Authority's outstanding Proposition 1B revenue and expenditures for the year ended June 30, 2021 are as follows:

| Project Name | Grant Amount | Interest Earned | | Expended in Fiscal | | Unearned Revenue |
|---|--------------|-----------------|---------|--------------------|-----------|------------------|
| | | Prior Years | 2020-21 | Prior Years | 2020-21 | |
| PTMISEA PROGRAMS: | | | | | | |
| FY 15 Upgrades and Improvements | \$361,514 | \$15,480 | \$881 | \$171,314 | \$112,510 | \$94,051 |
| OTHER PROGRAMS: | | | | | | |
| FY 17 California Transit Security Grant Program (CT | 29,357 | 1,161 | 84 | 14,414 | | 16,188 |
| Total Prop 1B | \$390,871 | \$16,641 | \$965 | \$185,728 | \$112,510 | \$110,239 |
| Other Unearned Revenues | | | | | | 708,111 |
| Total Unearned Revenues | | | | | | \$818,350 |

C. State of Good Repair (SGR)

As part of the Road Repair and Accountability Act of 2017 established by the California Legislature by Senate Bill (SB) 1, signed by the Governor on April 28, 2018 included a program that provides additional revenue for transit infrastructure repair and service improvements. The Authority was awarded funding from the State of Good Repair (SGR) Program for years ended June 30, 2018 through June 30, 2021 for bus shelter and stop maintenance within the Authority's service area.

A summary of the Authority's outstanding State of Good Repair revenues, including interest earned on unspent funds and expenditures for the year ended June 30, 2021 are as follows and included in the Other Unearned Revenues as noted above:

| Project Name | Grant | Interest Earned | | Expended in Fiscal | | Unearned Revenue |
|---|-----------|-----------------|---------|--------------------|----------|------------------|
| | Amount | Prior Years | 2020-21 | Prior Years | 2020-21 | |
| SGR Programs | | | | | | |
| FY 19 Bus Stop and Shelter Improvements | \$51,209 | \$654 | \$78 | \$32,977 | \$7,811 | \$11,153 |
| FY 20 Bus Stop and Shelter Improvements | 54,155 | 138 | 262 | | 4,313 | 50,242 |
| FY 21 Battery Pack Replacements | 62,845 | | 40 | | | 62,885 |
| Total State of Good Repair | \$168,209 | \$792 | \$380 | \$32,977 | \$12,124 | \$124,280 |

NOTE 7 – NET POSITION

Net Position is the excess of all the Authority's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is described as follows:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

Unrestricted - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 8 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified regular and probationary employees are eligible to participate in the Authority's Miscellaneous Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

| | Miscellaneous Tier I | Miscellaneous PEPR |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 55 - 67+ | 52 - 67+ |
| Monthly benefits, as a % of eligible compensation | 1.426% - 2.418% | 1.0% - 2.5% |
| Required employee contribution rates | 7.00% | 6.75% |
| Required employer contribution rates | 11.031% | 7.732% |

| |
|---|
| NOTE 8 – PENSION PLANS (Continued) |
|---|

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan were as follows:

| | |
|--------------------------|----------------------|
| | <u>Miscellaneous</u> |
| Contributions - employer | \$239,002 |

B. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

As of June 30, 2021, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

| | |
|---------------|---|
| | <u>Proportionate Share of Net Pension Liability</u> |
| Miscellaneous | \$1,333,048 |

The Authority’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority’s proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

| | |
|------------------------------|-----------------|
| Proportion - June 30, 2019 | 0.02967% |
| Proportion - June 30, 2020 | <u>0.03160%</u> |
| Change - Increase (Decrease) | 0.00193% |

NOTE 8 – PENSION PLANS (Continued)

For the year ended June 30, 2021, the Authority recognized pension expense of \$82,342. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$239,002 | |
| Differences between actual and expected experience | 68,696 | |
| Changes in assumptions | | (\$9,508) |
| Net differences between projected and actual earnings on plan investments | 39,600 | (61,144) |
| Change in proportion and differences between actual contributions and proportionate share of contributions | 96,187 | |
| Total | \$443,485 | (\$70,652) |

\$239,002 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2022 | \$33,411 |
| 2023 | 46,414 |
| 2024 | 35,013 |
| 2025 | 18,993 |
| Total | \$133,831 |

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

| | Miscellaneous Plan |
|-----------------------------------|---|
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| Actuarial Cost Method | Entry-Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies. |

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

NOTE 8 – PENSION PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for the assumed administrative expenses.

The table below reflects the long-term expected real rates of return by asset class.

| Asset Class (1) | Policy Target Allocation | Real Return Years 1 - 10(2) | Real Return Years 11+(3) |
|------------------|-----------------------------|--------------------------------|-----------------------------|
| Global Equity | 50.0% | 4.80% | 5.98% |
| Fixed Income | 28.0% | 1.00% | 2.62% |
| Inflation Assets | - | 0.77% | 1.81% |
| Private Equity | 8.0% | 6.30% | 7.23% |
| Real Assets | 13.0% | 3.75% | 4.93% |
| Liquidity | 1.0% | - | -0.92% |
| Total | 100% | | |

(1) In the System's Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

NOTE 8 – PENSION PLANS (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Discount Rate | | |
|---------------|---------------|-------------|-------------|
| | 1% Decrease | Current | 1% Increase |
| | 6.15% | 7.15% | 8.15% |
| Miscellaneous | \$2,178,793 | \$1,333,048 | \$634,235 |

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – DEFERRED COMPENSATION PLAN

The Authority employees may defer a portion of their compensation under an Authority sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Authority’s property and are not subject to Authority control, they have been excluded from these financial statements.

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS

- A. *Plan Description:*** The only OPEB provided by LAVTA, hereafter referred to as “the Authority” is medical plan coverage, which is administered as an Agent-Multiple Employer Benefit Plan.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement. The employee must begin his or her pension benefit within 120 days of terminating employment with the Authority to be eligible to continue medical coverage through the Authority and be entitled to the employer subsidy described below. Employees covered by the PEMHCA Vesting Resolution who work at least 20 years for the Authority are not subject to the retirement to begin their pension benefit within 120 days of leaving the Authority’s employment.

If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

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|--|
| NOTE 10 – POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued) |
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- B. *Benefits Provided*** – The Authority has been under contract with CalPERS for medical plan coverage since 1986. As a condition of participation in this program, the Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. A surviving spouse and other eligible dependents may also continue coverage and receive the Authority's contribution.

The Authority currently maintains two different types of resolutions with CalPERS which apply to those eligible for coverage (as described above), based on the employee's hire date:

- Retirees hired before July 1, 2010 are covered by an equal contribution resolution. This resolution provides for the Authority to pay the full cost of the selected medical premium for the retiree and any enrolled dependents, up to a maximum of 100% of the employee's medical premiums plus 100% of dependent premiums up to the highest cost HMO plan.

- Retirees hired on or after July 1, 2010 are covered by a PEMHCA 'vesting' resolution. Under this resolution, the Authority's contribution toward retiree medical benefits is determined as the lesser of (a) and (b):

(a) 100% of the medical plan premiums for the retiree and his or her eligible dependents and (b) The maximum monthly benefits (caps) under the vesting formula multiplied by the vesting percent. Cap amounts vary by coverage level and are adjusted annually. In 2019, the caps are \$725 (single), \$1,377 (two-party) and \$1,766 (family). The vesting percent is based on years of CalPERS membership (but at least 5 years with the Authority).

Employees covered by the PEMHCA vesting resolution who qualify for and take an approved disability retirement are automatically 100% vested, regardless of their years of service. Unlike retirees hired prior to July 2010, those covered by the vesting resolution who complete at least 20 years of service with the Authority are entitled to these subsidized medical benefits even if they terminate employment prior to reaching the earliest retirement age permitted under their retirement program.

Spousal Coverage: Active employees: 85% of future retirees are assumed to be married and 80% of those married are assumed to elect coverage for their spouse in retirement. Surviving spouses are assumed to continue coverage until their death. Husbands are assumed to be 3 years older than their wives.

| |
|--|
| NOTE 10 – POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued) |
|--|

Retired participants: Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

| Years of Qualifying Service | Vested Percent | Years of Qualifying Service | Vested Percent |
|-----------------------------------|-------------------|-----------------------------------|----------------|
| Less than 10 | 0% | 15 | 75% |
| 10 | 50% | 16 | 80% |
| 11 | 55% | 17 | 85% |
| 12 | 60% | 18 | 90% |
| 13 | 65% | 19 | 95% |
| 14 | 70% | 20 or more | 100% |

For the year ended June 30, 2021, the Authority's contributions to the Plan were \$244,247.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021

| | |
|---|-----------|
| Active employees | 14 |
| Inactive employees or beneficiaries currently receiving benefit payments | 12 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Total | <u>26</u> |

B. Net OPEB Liability

Actuarial Methods and Assumptions – The Authority's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward using standard update procedures to determine the net OPEB liability as of June 30, 2020, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|---------------------------|---|
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| Actuarial Cost Method | Entry Age Normal Cost, level percent of pay |
| Actuarial Assumptions: | |
| Discount Rate | 6.65% |
| Inflation | 2.50% |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 6.65% |
| Mortality Rate | MacLeod Watts Scale 2018 applied generationally from 2015 |
| Asset Valuation Method | Fair Value of Assets |
| Healthcare Trend Rate | 6.50 decreasing to 4% by 2076 |

NOTE 10 – POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)

The underlying mortality assumptions were based on the Macleod Watts Scale 2018, which is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2017 which has two segments - (1) historical improvement rates for the period 1951-2013 and (2) an estimate of future mortality improvement for years 2014-2016 using the Scale MP-2017 methodology but utilizing the assumptions obtained from Scale MP-2015. The Macleod Watts scale then transitions from the 2016 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2017-2026. After this transition period, the Macleod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2026-2040. The SSA's Intermediate Scale has a final step down in 2041 which is reflected in the Macleod Watts scale for years 2041 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2017 can be found at the SOA website and the projection scales used in the 2017 Social Security Administrations Trustees Report at the Social Security Administration website.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|----------------------|--|
| Global Equity | 59% | 4.80% |
| Fixed Income | 25% | 1.10% |
| Global Real Estate(REITs) | 8% | 3.20% |
| Treasury Inflation Protected Securities | 5% | 0.25% |
| Commodities | 3% | 1.50% |
| Total | 100% | |

Change in Assumptions – During fiscal year the Discount Rate was changed from 7.00% in fiscal year 2020 to 6.65% in fiscal year 2021.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.65%. The projection of cash flows used to determine the discount rate assumed that Authority's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

| |
|--|
| NOTE 10 – POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued) |
|--|

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|--|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (a) - (b) |
| Balance at 6/30/2019 (Measurement Date) | \$2,368,824 | \$1,956,194 | \$412,630 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 97,091 | | 97,091 |
| Interest on the total OPEB liability | 159,915 | | 159,915 |
| Changes in benefit terms | | | |
| Differences between expected and actual experience | | | |
| Changes of assumptions | | | |
| Contributions from the employer | | 248,726 | (248,726) |
| Net investment income | | 80,375 | (80,375) |
| Administrative expenses | | (967) | 967 |
| Benefit payments | (122,344) | (122,344) | |
| Other Expenses | | | |
| Net changes | 134,662 | 205,790 | (71,128) |
| Balance at 6/30/2020 (Measurement Date) | \$2,503,486 | \$2,161,984 | \$341,502 |

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$14,656.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current discount rate:

| Net OPEB Liability/(Asset) | | |
|------------------------------|--------------------------|------------------------------|
| Discount Rate -1% (5.65%) | Discount Rate (6.65%) | Discount Rate +1% (7.65%) |
| \$717,795 | \$341,502 | \$34,171 |

NOTE 10 – POST-EMPLOYMENT HEALTHCARE BENEFITS (Continued)

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| Net OPEB Liability/(Asset) | | |
|----------------------------|-------------------------|-------------|
| | Current Healthcare Cost | |
| 1% Decrease | Trend Rates | 1% Increase |
| \$1,743 | \$341,502 | \$768,611 |

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Authority recognized OPEB negative expense of \$133,199. At June 30, 2021, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Employer contributions made subsequent to the measurement date | \$244,247 | |
| Differences between actual and expected experience | | (\$189,940) |
| Changes of assumptions | 106,069 | |
| Net differences between projected and actual earnings on plan investments | 39,734 | |
| Deferred Contributions | | |
| Total | \$390,050 | (\$189,940) |

\$244,247 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2022 | (\$12,667) |
| 2023 | (3,949) |
| 2024 | (2,080) |
| 2025 | (5,106) |
| 2026 | (15,884) |
| Thereafter | (4,451) |
| Total | (\$44,137) |

NOTE 11 – CONTINGENT LIABILITIES

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority's legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Authority.

The Authority participates in Federal and State grant programs. These programs have been audited by the Authority's independent auditors in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

NOTE 12 – MAJOR CONTRACTOR

During fiscal year 2013-2014, the Authority entered into a contract agreement with Medical Transportation Management, Inc., to operate the Paratransit program. The term of this agreement is from May 1, 2014 to June 30, 2017, with an option to extend for up to four additional one-year terms. In July 2020, the Authority exercised the option to extend the contract through December 31, 2020. In December of 2020 the Board extended the contract until the end of January 2021 and in January 2021 the Board extended the contract through March 2021. Medical Transportation Management is paid monthly based on a fixed rate per-trip less a Paratransit fare credit per-ride due to the Authority. In May 2020 this contract was amended to reflect condition changes caused by the COVID 19- Pandemic and the Shelter in Place orders.

The expenses incurred under this contract amounted to \$923,967 for the fiscal year ended June 30, 2021.

In April 2021 the Board of Directors entered into a contract with Contra Costa County Transportation Authority for share Paratransit services. This contract involves a sub-contractor, Transdev. The contract is paid on a fixed monthly fee plus service hour basis. In fiscal year 2021 the expenses under this contract amounted to \$298,887.

REQUIRED SUPPLEMENTARY INFORMATION

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2021
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

| Measurement Date | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 | 6/30/2020 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Plan's proportion of the Net Pension Liability (Asset) | 0.00990% | 0.02310% | 0.02550% | 0.02730% | 0.0278994% | 0.0296746% | 0.0316032% |
| Plan's proportion share of the Net Pension Liability (Asset) | \$617,185 | \$634,007 | \$886,251 | \$1,075,263 | \$1,051,448 | \$1,188,321 | \$1,333,048 |
| Plan's Covered Payroll | \$1,065,075 | \$1,055,059 | \$1,182,687 | \$1,280,580 | \$1,318,639 | \$1,318,697 | \$1,430,831 |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 57.95% | 60.09% | 74.94% | 83.97% | 79.74% | 90.11% | 93.17% |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 79.82% | 78.40% | 74.06% | 73.31% | 77.69% | 73.37% | 73.12% |

* Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
Agent Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2021
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Cost Sharing Multiple-Employer Defined Pension Plans
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

| Fiscal Year ended June 30: | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$107,649 | \$82,453 | \$125,806 | \$128,881 | \$152,147 | \$183,665 |
| Contributions in relation to the actuarially determined contributions | (107,649) | (82,453) | (125,806) | (128,881) | (152,147) | (183,665) |
| Contribution deficiency (excess) | - | - | - | - | - | - |
| Covered payroll | \$1,055,059 | \$1,182,687 | \$1,280,580 | \$1,318,639 | \$1,318,697 | \$1,430,831 |
| Contributions as a percentage of covered payroll | 10.20% | 6.97% | 9.82% | 9.77% | 11.54% | 12.84% |

* Fiscal year 2015 was the 1st year of implementation. Additional years will be displayed as they become available.

Notes to Schedule:

| | Miscellaneous Plan |
|-----------------------------------|---|
| Valuation Date | June 30, 2019 |
| Measurement Date | June 30, 2020 |
| Actuarial Cost Method | Entry-Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies. |

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
Other Post-Employment Benefit Plan
As of fiscal year ended June 30, 2021
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

CALPERS

Last 10 fiscal years*

| Measure Date | 6/30/17 | 6/30/18 | 6/30/19 | 6/30/20 |
|--|--------------------|--------------------|--------------------|--------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$94,769 | \$97,849 | \$101,028 | \$97,091 |
| Interest | 151,446 | 159,290 | 167,222 | 159,915 |
| Changes in benefit terms | | | | |
| Differences between expected and actual experience | | | (261,886) | |
| Changes of assumptions | | | 146,247 | |
| Benefit payments | (123,756) | (150,720) | (143,286) | (122,344) |
| Net change in total OPEB liability | 122,459 | 106,419 | 9,325 | 134,662 |
| Total OPEB liability - beginning | 2,130,621 | 2,253,080 | 2,359,499 | 2,368,824 |
| Total OPEB liability - ending (a) | <u>\$2,253,080</u> | <u>\$2,359,499</u> | <u>\$2,368,824</u> | <u>\$2,503,486</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$244,507 | \$280,660 | \$310,474 | \$248,726 |
| Contributions - employee | | | | |
| Net investment income | 130,957 | 114,555 | 108,365 | 80,375 |
| Administrative expense | (656) | (767) | (369) | (967) |
| Benefit payments | (123,756) | (150,720) | (143,286) | (122,344) |
| Other Expenses | | (1,904) | | |
| Net change in plan fiduciary net position | 251,052 | 241,824 | 275,184 | 205,790 |
| Plan fiduciary net position - beginning | 1,188,134 | 1,439,186 | 1,681,010 | 1,956,194 |
| Plan fiduciary net position - ending (b) | <u>\$1,439,186</u> | <u>\$1,681,010</u> | <u>\$1,956,194</u> | <u>\$2,161,984</u> |
| Net OPEB liability - ending (a)-(b) | <u>\$813,894</u> | <u>\$678,489</u> | <u>\$412,630</u> | <u>\$341,502</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 63.88% | 71.24% | 82.58% | 86.36% |
| Covered- employee payroll | <u>\$1,320,431</u> | <u>\$1,299,760</u> | <u>\$1,265,362</u> | <u>\$1,406,535</u> |
| Net OPEB liability as a percentage of covered-employee payroll | <u>62.62%</u> | <u>52.20%</u> | <u>32.61%</u> | <u>24.28%</u> |

Notes to schedule:

* Fiscal year 2018 was the first year of implementation.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
Other Post-Employment Benefit Plan
As of fiscal year ended June 30, 2021
SCHEDULE OF CONTRIBUTIONS

SCHEDULE OF CONTRIBUTIONS

CALPERS

Last 10 fiscal years*

| Fiscal Year Ended June 30, | 2018 | 2019 | 2020 | 2021 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Actuarially determined contribution | \$162,064 | \$167,188 | \$172,474 | \$150,331 |
| Contributions in relation to the actuarially determined contribution | 280,660 | 310,474 | 248,726 | 244,247 |
| Contribution deficiency (excess) | (\$118,596) | (\$143,286) | (\$76,252) | (\$93,916) |
| Covered employee payroll | \$1,299,760 | \$1,265,362 | \$1,406,535 | \$1,510,348 |
| Contributions as a percentage of covered employee payroll | 21.59% | 24.54% | 17.68% | 16.17% |
| Notes to Schedule | | | | |
| Valuation date: | 6/30/2018 | 6/30/2017 | 6/30/2019 | 6/30/2019 |
| <u>Methods and assumptions used to determine contribution rates:</u> | | | | |
| Valuation Date | 6/30/2017 | 6/30/2017 | 6/30/2017 | 6/30/2019 |
| Actuarial Assumptions: | | | | |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Amortization Method | Level % 30 yr closed | Level % 30 yr closed | Level % 30 yr closed | Level % 30 yr closed |
| Inflation | 2.75% | 2.75% | 2.75% | 2.50% |
| Payroll Growth | 3.25% | 3.25% | 3.25% | 3.00% |
| Investment Rate of Return | 7% | 7% | 7% | 6.65% |
| | MacLeod Watts Scale 2017 | MacLeod Watts Scale 2017 | MacLeod Watts Scale 2017 | MacLeod Watts Scale 2018 |
| Mortality Rate | applied generationally | applied generationally | applied generationally | applied generationally |
| Healthcare Trend Rate | 7.5% decreasing to 5% | 7.5% decreasing to 5% | 7.5% decreasing to 5% | 6.5% decreasing to 4% |

Notes to schedule:

* Fiscal year 2018 was the first year of implementation.

SUPPLEMENTARY INFORMATION

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
SCHEDULE OF OPERATING REVENUES AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED TOTALS FOR THE YEAR OF JUNE 30, 2020

| | Fixed Route | Paratransit | WHEELS on Demand | Totals | |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|
| | | | | 2021 | 2020 |
| REVENUES | | | | | |
| Fares | \$336,672 | \$37,855 | | \$374,527 | \$1,550,906 |
| Special contract revenue | 495,537 | 19,255 | | 514,792 | 519,128 |
| Advertising and concessions | 88,984 | | | 88,984 | 126,872 |
| Interest and miscellaneous | 161,891 | | | 161,891 | 212,809 |
| Local Transportation Funds 4.0 | 135,917 | 346,874 | | 482,791 | 7,478,464 |
| Local Transportation Funds 4.5 | | 111,719 | | 111,719 | 144,276 |
| State Transit Assistance | 2,328,173 | | | 2,328,173 | 2,898,635 |
| Local operating assistance | 59,625 | | \$350,169 | 409,794 | 380,386 |
| FTA operating assistance | 6,819,121 | | | 6,819,121 | 779,525 |
| Local sales tax/Measure B funds - allocations | 1,095,569 | 201,950 | | 1,297,519 | 1,183,644 |
| Local sales tax/Measure BB funds | 811,210 | 397,087 | | 1,208,297 | 1,077,736 |
| Measure BB - GAP Grants | 8,457 | 10,292 | | 18,749 | 54,480 |
| Bridge tolls and concessions | 409,489 | | | 409,489 | 529,916 |
| Transit and Intercity Rail Capital Program | 154,303 | | | 154,303 | 157,092 |
| Total Revenues | <u>\$12,904,948</u> | <u>\$1,125,032</u> | <u>\$350,169</u> | <u>\$14,380,149</u> | <u>\$17,093,869</u> |
| EXPENSES | | | | | |
| Labor | \$1,435,489 | \$104,380 | \$39,142 | \$1,579,011 | \$1,518,386 |
| Fringe benefits | 757,875 | 42,880 | 10,066 | 810,821 | 914,517 |
| Services | 1,276,129 | 26,438 | 24,274 | 1,326,841 | 1,126,825 |
| Purchased transportation | 7,864,560 | 943,100 | 272,059 | 9,079,719 | 11,333,965 |
| Fuel, parts, supplies and other operation costs | 854,943 | 7,234 | | 862,177 | 1,137,460 |
| Insurance | 568,157 | | | 568,157 | 703,337 |
| Administration and legal | 147,792 | 999 | 4,632 | 153,423 | 381,156 |
| Depreciation | 4,410,498 | 19,686 | | 4,430,184 | 4,502,614 |
| Gain (Loss) on disposal of equipment | | | | | (21,777) |
| Total Expenses | <u>\$17,315,443</u> | <u>\$1,144,717</u> | <u>\$350,173</u> | <u>\$18,810,333</u> | <u>\$21,596,483</u> |

STATISTICAL SECTION

This part of the Authority's Annual Comprehensive 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 Authority's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time:

1. Changes in Net Position and Statement of Net Position
2. Operating Revenues by Source
3. Operating Expenses by Function

Revenue Capacity & Demographic and Economic Information

Revenue Capacity -These schedules contain information to help the reader assess the Authority's most significant local revenue source, fare box revenues.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Since the Authority analyzes its primary "own source" revenues using demographic data from its ridership, data for the above two sections have been combined for the reader.

1. Fixed Route Service Operating Data
2. Fixed Route Operating Statistics
3. Fixed Route Safety Statistics
4. Paratransit Services-Operating Data
5. Paratransit Operating Statistics
6. Percent of On-time Departures
7. Demographic and Economic Statistics
8. Principal Employers

Debt Capacity

The Authority has not issued any long term debt since its formation.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs:

1. Full-Time Equivalent Authority Employees by Function
2. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

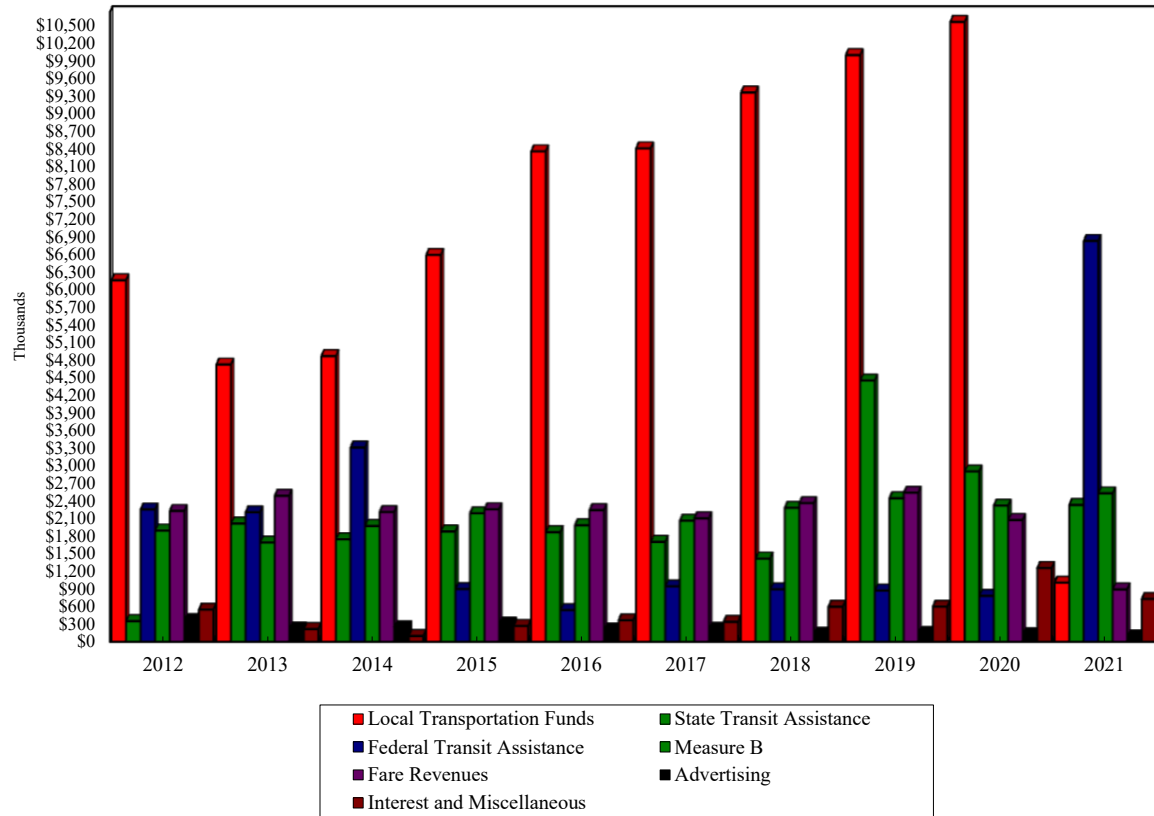
LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
Financial Trends
Changes in Net Position and Statement of Net Position
Last Ten Fiscal Years

| | 2012 | 2013 | 2014 | 2015 |
|---|--------------|--------------|--------------|--------------|
| Operating Revenues: | | | | |
| Fare Revenue & Special Contract Revenue | \$2,224,902 | \$2,482,825 | \$2,206,694 | \$2,253,853 |
| Advertising & Ticket Concessions | 365,394 | 222,653 | 245,295 | 307,378 |
| Total Operating Revenues | 2,590,296 | 2,705,478 | 2,451,989 | 2,561,231 |
| Operating Expenses: | | | | |
| Board of Directors | 13,800 | 11,900 | 15,000 | 13,900 |
| Executive Director | 256,528 | 256,794 | 301,175 | 267,874 |
| Finance | 1,433,790 | 1,451,961 | 1,487,766 | 1,463,419 |
| Planning | 445,676 | 467,394 | 484,615 | 549,575 |
| Marketing | 481,728 | 297,587 | 320,775 | 308,716 |
| Operations | 11,144,981 | 11,052,981 | 11,818,800 | 11,764,743 |
| Depreciation | 3,984,765 | 3,749,118 | 3,554,273 | 3,593,338 |
| Total Operating Expenses | 17,761,268 | 17,287,735 | 17,982,404 | 17,961,565 |
| Operating loss | (15,170,972) | (14,582,257) | (15,530,415) | (15,400,334) |
| Nonoperating Revenues (Expenses): | | | | |
| Local Transportation Funds | 5,570,918 | 4,055,154 | 4,134,353 | 6,001,207 |
| State Transit Assistance | 348,781 | 2,011,249 | 1,742,123 | 1,876,877 |
| Local Operating Assistance | 540,671 | 208,538 | 36,347 | 176,611 |
| Federal Transit Assistance | 2,250,272 | 2,201,915 | 3,306,883 | 894,942 |
| Measures B & BB | 1,891,459 | 1,687,287 | 1,969,687 | 2,185,850 |
| Bridge tolls | 580,836 | 663,388 | 727,831 | 580,836 |
| Interest and Miscellaneous | 3,270 | 5,608 | 58,918 | 90,673 |
| Transit and Intercity Rail | | | | |
| Gain (loss) on disposal of capital assets | (218,247) | (474) | (14,718) | (153,065) |
| Total Nonoperating Revenues | 10,967,960 | 10,832,665 | 11,961,424 | 11,653,931 |
| Add Capital contributions (grants) | | | | |
| STP/CMAQ Grant | | | | |
| FTA Capital Assistance | 802,913 | 3,991,864 | 403,473 | 86,710 |
| Local Transportation Funds 4.0 | 281,898 | 313,069 | 731,653 | 213,514 |
| AVL State | | | | |
| Bridge Tolls | | 70,195 | 773 | 37,851 |
| Local Sales / Measure B | | | | |
| State of Good Repair | | | | |
| State Bond Fund - Prop 1B | 496,713 | 1,242,373 | 537,063 | 111,868 |
| RM2 Viewpoint | | | | |
| Low Carbon Transit Operations Program | | | | |
| Tri-Valley Transportation Council | | | | |
| State Transit Assistance | 114,047 | 9,125 | | |
| STIP | 2,311,645 | 1,688,355 | | |
| Contractor Contribution | 104,970 | | | |
| Proceeds from Bus Sales | | | | |
| Total Capital Contributions | 4,112,186 | 7,314,981 | 1,672,962 | 449,943 |
| Change in net position | (90,826) | 3,565,389 | (1,896,029) | (3,296,460) |
| Net position - beginning of period | 4,061,110 | 3,970,284 | 7,535,673 | 5,639,644 |
| Net position - end of period | \$3,970,284 | \$7,535,673 | \$5,639,644 | \$2,343,184 |
| Statement of Net Position | | | | |
| Net investment in capital assets | \$3,970,284 | \$7,535,673 | \$5,639,644 | \$2,343,184 |
| Unrestricted | | | | |
| Total net position | \$3,970,284 | \$7,535,673 | \$5,639,644 | \$2,343,184 |

Source: LAVTA's basic financial statements.

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$2,239,549 | \$2,100,641 | \$2,358,653 | \$2,535,311 | \$2,070,034 | \$889,319 |
| 207,674 | 220,205 | 134,585 | 146,290 | 126,872 | 88,984 |
| <u>2,447,223</u> | <u>2,320,846</u> | <u>2,493,238</u> | <u>2,681,601</u> | <u>2,196,906</u> | <u>978,303</u> |
| 12,400 | 14,000 | 12,600 | 17,190 | 13,398 | 12,650 |
| 286,187 | 389,213 | 1,595,315 | 3,848,996 | 2,643,685 | 342,877 |
| 1,626,818 | 1,774,636 | 1,435,628 | 2,046,045 | 1,941,196 | 1,745,186 |
| 872,266 | 635,082 | 813,384 | 573,804 | 724,499 | 543,962 |
| 380,240 | 749,882 | 581,771 | 777,227 | 681,431 | 178,649 |
| 12,354,542 | 12,150,840 | 12,582,572 | 13,745,979 | 13,978,804 | 11,556,825 |
| <u>2,851,726</u> | <u>2,899,301</u> | <u>4,381,174</u> | <u>4,354,157</u> | <u>4,502,614</u> | <u>4,430,184</u> |
| <u>18,384,179</u> | <u>18,612,954</u> | <u>21,402,444</u> | <u>25,363,398</u> | <u>24,485,627</u> | <u>18,810,333</u> |
| <u>(15,936,956)</u> | <u>(16,292,108)</u> | <u>(18,909,206)</u> | <u>(22,681,797)</u> | <u>(22,288,721)</u> | <u>(17,832,030)</u> |
| 7,760,657 | 7,719,945 | 8,250,669 | 6,455,113 | 7,622,740 | 594,510 |
| 1,862,911 | 1,697,975 | 1,414,435 | 4,446,481 | 2,898,635 | 2,328,173 |
| 263,750 | 137,500 | 514,070 | 162,999 | 884,121 | 409,794 |
| 536,514 | 941,565 | 890,169 | 870,129 | 779,525 | 6,819,121 |
| 1,981,247 | 2,058,647 | 2,278,736 | 2,549,883 | 2,388,665 | 2,524,565 |
| 580,836 | 671,636 | 1,089,005 | 3,519,961 | 2,915,325 | 409,489 |
| 99,315 | 198,014 | 79,987 | 431,776 | 212,809 | 161,891 |
| | | | | | 154,303 |
| | <u>54,800</u> | <u>(33,816)</u> | <u>(52,472)</u> | <u>-21,777</u> | |
| <u>13,085,230</u> | <u>13,480,082</u> | <u>14,483,255</u> | <u>18,383,870</u> | <u>17,680,043</u> | <u>13,401,846</u> |
| 62,522 | 14,004,539 | 11,728,464 | 407,821 | 330,540 | 110,022 |
| 82,892 | 3,087,479 | 3,079,866 | 670,993 | 764,318 | 1,809,530 |
| 15,020 | 519,943 | 535,578 | | | 755,939 |
| | | | | 68,221 | 12,124 |
| 111,765 | 862,449 | 132,519 | 196,738 | | 112,515 |
| | | 256,773 | | | 20,505 |
| | | 92,399 | 37,537 | 863,729 | 146,334 |
| | | | | | 33,308 |
| | <u>13,312</u> | <u>10,960</u> | | | |
| <u>272,199</u> | <u>18,487,722</u> | <u>15,836,559</u> | <u>1,313,089</u> | <u>2,026,808</u> | <u>3,000,277</u> |
| <u>(2,579,527)</u> | <u>15,675,696</u> | <u>11,410,608</u> | <u>(2,984,838)</u> | <u>(2,581,870)</u> | <u>(1,429,907)</u> |
| <u>2,343,184</u> | <u>(236,343)</u> | <u>50,112,398</u> | <u>61,523,006</u> | <u>58,570,492</u> | <u>56,248,354</u> |
| <u>(\$236,343)</u> | <u>\$15,439,353</u> | <u>\$61,523,006</u> | <u>\$58,538,168</u> | <u>\$55,988,622</u> | <u>\$54,818,447</u> |
| <u>(\$236,343)</u> | <u>\$51,240,131</u> | <u>\$62,661,701</u> | <u>\$59,709,187</u> | <u>57,387,049</u> | <u>\$55,957,142</u> |
| | <u>101,457</u> | <u>(1,138,695)</u> | <u>(1,138,695)</u> | <u>(1,138,695)</u> | <u>(1,138,695)</u> |
| <u>(\$236,343)</u> | <u>\$51,341,588</u> | <u>\$61,523,006</u> | <u>\$58,570,492</u> | <u>56,248,354</u> | <u>\$54,818,447</u> |

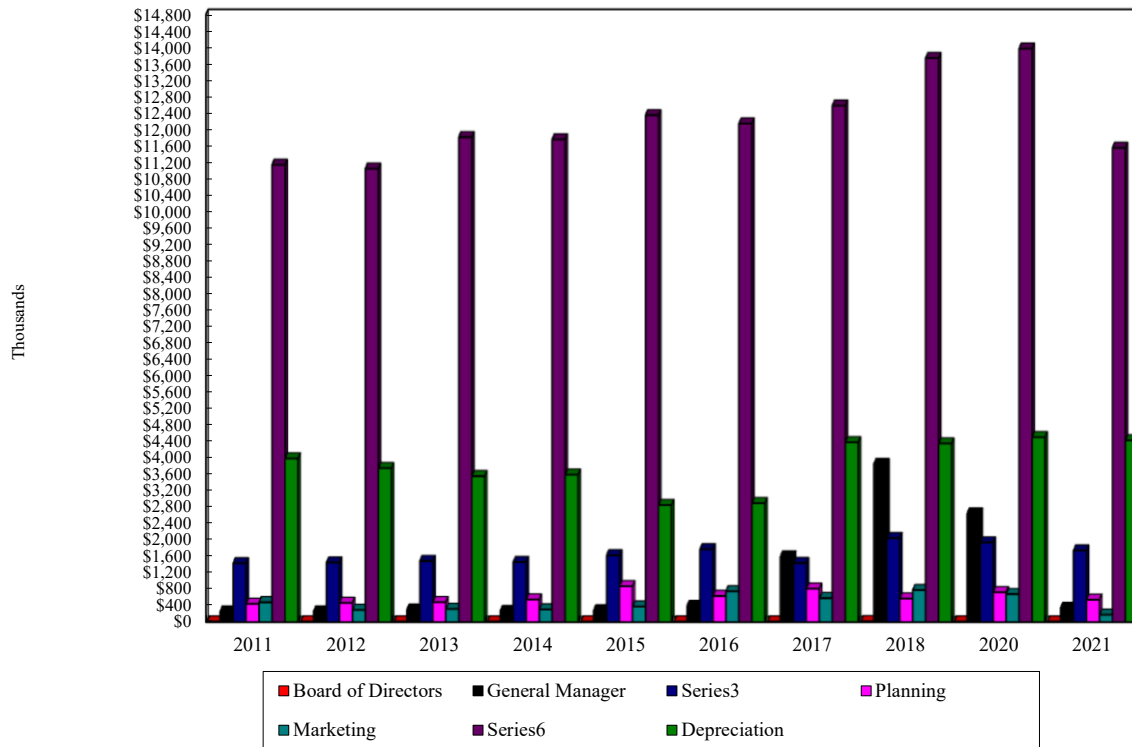
LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS



| Fiscal Year | Local Transportation Funds | State Transit Assistance | Federal Transit Assistance | Measures B & BB | Fare Revenues & Special Contract Revenue | Advertising & Ticket Concessions | Local Operating Assistance, Interest and Miscellaneous | Total |
|-------------|----------------------------|--------------------------|----------------------------|-----------------|--|----------------------------------|--|--------------|
| 2012 | \$6,151,754 | \$348,781 | \$2,250,272 | \$1,891,459 | \$2,224,902 | \$365,394 | \$543,941 | \$13,776,503 |
| 2013 | 4,718,542 | 2,011,249 | 2,201,915 | 1,687,287 | 2,482,825 | 222,653 | 214,146 | 13,538,617 |
| 2014 | 4,862,184 | 1,742,123 | 3,306,883 | 1,969,687 | 2,206,694 | 245,295 | 95,265 | 14,428,131 |
| 2015 | 6,582,043 | 1,876,877 | 894,942 | 2,185,850 | 2,253,853 | 307,378 | 267,284 | 14,368,227 |
| 2016 | 8,341,493 | 1,862,911 | 536,514 | 1,981,247 | 2,239,549 | 207,674 | 363,065 | 15,532,453 |
| 2017 | 8,391,581 | 1,697,975 | 941,565 | 2,058,647 | 2,100,641 | 220,205 | 335,514 | 15,746,128 |
| 2018 | 9,339,674 | 1,414,435 | 890,169 | 2,278,736 | 2,358,653 | 134,585 | 594,057 | 17,010,309 |
| 2019 | 9,975,074 | 4,446,481 | 870,129 | 2,441,181 | 2,535,311 | 146,290 | 594,775 | 21,009,241 |
| 2020 | 10,538,065 | 2,898,635 | 779,525 | 2,315,860 | 2,070,034 | 126,872 | 1,254,022 | 19,983,013 |
| 2021 | 1,003,999 | 2,328,173 | 6,819,121 | 2,524,565 | 889,319 | 88,984 | 725,988 | 14,380,149 |

Source: Livermore Amador Valley Transit Authority Audit Reports

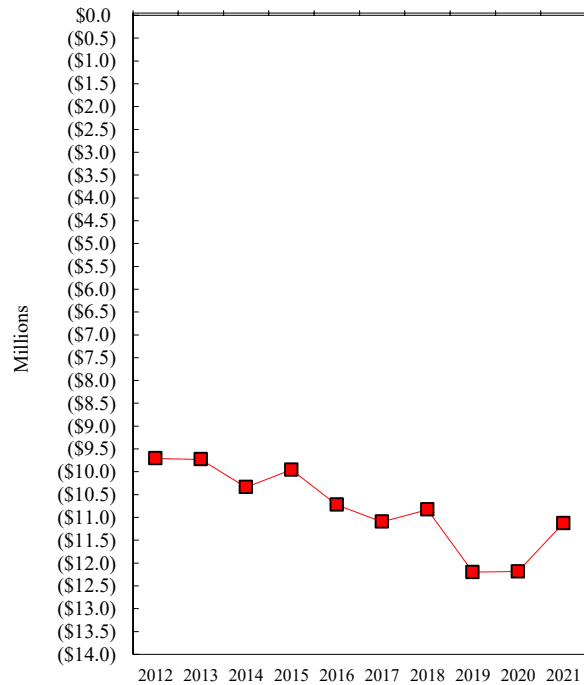
**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
OPERATING EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS**



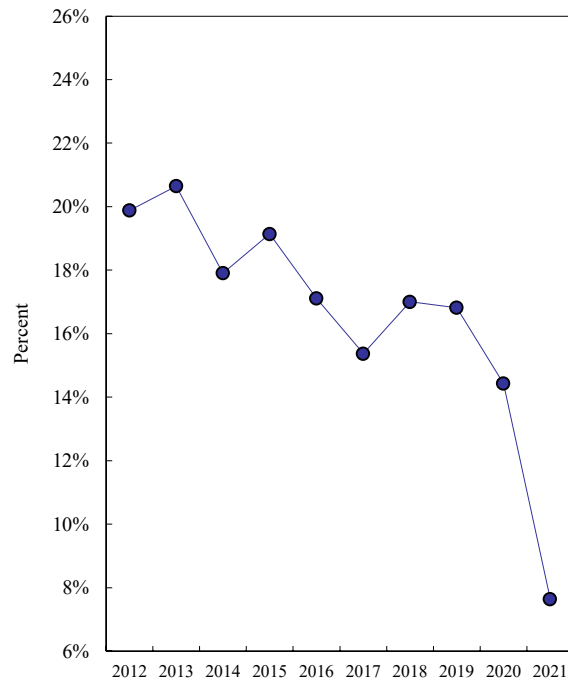
| Fiscal Year | Board of Directors | Executive Director | Finance | Planning | Marketing | Operations | Depreciation | Total |
|-------------|--------------------|--------------------|-------------|-----------|-----------|--------------|--------------|--------------|
| 2011 | \$13,800 | \$256,528 | \$1,433,790 | \$445,676 | \$481,728 | \$11,144,981 | \$3,984,765 | \$17,761,268 |
| 2012 | \$11,900 | \$256,794 | \$1,451,961 | \$467,394 | \$297,587 | \$11,052,981 | \$3,749,118 | \$17,287,735 |
| 2013 | \$15,000 | \$301,175 | \$1,487,766 | \$484,615 | \$320,775 | \$11,818,800 | \$3,554,273 | \$17,982,404 |
| 2014 | \$13,900 | \$267,874 | \$1,463,419 | \$549,575 | \$308,716 | \$11,764,743 | \$3,593,338 | \$17,961,565 |
| 2015 | \$12,400 | \$286,187 | \$1,626,818 | \$872,266 | \$380,240 | \$12,354,542 | \$2,851,726 | \$18,384,179 |
| 2016 | \$14,000 | \$389,213 | \$1,774,636 | \$635,082 | \$749,882 | \$12,150,840 | \$2,899,301 | \$18,612,954 |
| 2017 | \$12,600 | \$1,595,315 | \$1,435,628 | \$813,384 | \$581,771 | \$12,585,572 | \$4,381,174 | \$21,405,444 |
| 2018 | \$17,190 | \$3,848,996 | \$2,046,045 | \$573,804 | \$777,227 | \$13,745,979 | \$4,354,157 | \$25,363,398 |
| 2020 | \$13,398 | \$2,643,685 | \$1,941,196 | \$724,499 | \$681,431 | \$13,978,804 | \$4,502,614 | \$24,485,627 |
| 2021 | \$12,650 | \$342,877 | \$1,745,186 | \$543,962 | \$178,649 | \$11,556,825 | \$4,430,184 | \$18,810,333 |

Source: Livermore Amador Valley Transit Authority Audit Reports

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
FIXED ROUTE SERVICE-OPERATING DATA
LAST TEN FISCAL YEARS**



Operating Loss



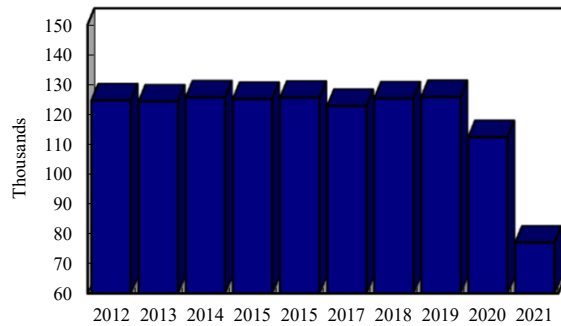
Farebox Recovery Ratio

| Fiscal Year | Operating Expenses Excluding Insurance and Depreciation | Fare & Auxiliary Transportation Revenues | Operating Loss Before Insurance and Depreciation | Farebox Recovery Ratio |
|-------------|---|--|--|------------------------|
| 2012 | \$12,117,793 | \$2,409,432 | (\$9,708,361) | 19.9% |
| 2013 | 12,259,747 | 2,531,661 | (9,728,086) | 20.7% |
| 2014 | 12,593,085 | 2,255,015 | (10,338,070) | 17.9% |
| 2015 | 12,315,547 | 2,357,410 | (9,958,137) | 19.1% |
| 2016 | 12,937,607 | 2,214,697 | (10,722,910) | 17.1% |
| 2017 | 13,110,490 | 2,015,491 | (11,094,999) | 15.4% |
| 2018 | 13,046,572 | 2,218,233 | (10,828,339) | 17.0% |
| 2019 | 14,665,989 | 2,466,812 | (12,199,177) | 16.8% |
| 2020 | 14,239,620 | 2,054,794 | (12,184,826) | 14.4% |
| 2021 | 12,050,002 | 921,193 | (11,128,809) | 7.6% |

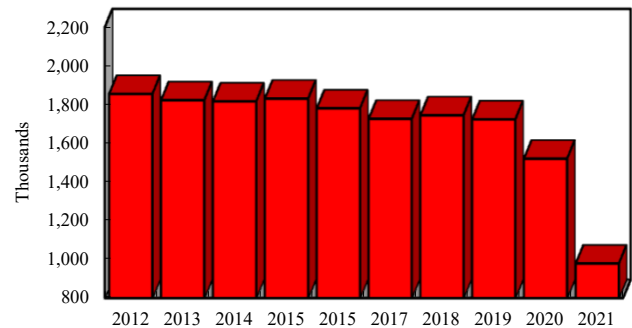
Source: Livermore Amador Valley Transit Authority Audit Reports

Note: Fare & Auxiliary Transportation Revenues includes Fare Revenues, Special Contract Revenues, Advertising and Ticket Concession Revenues.

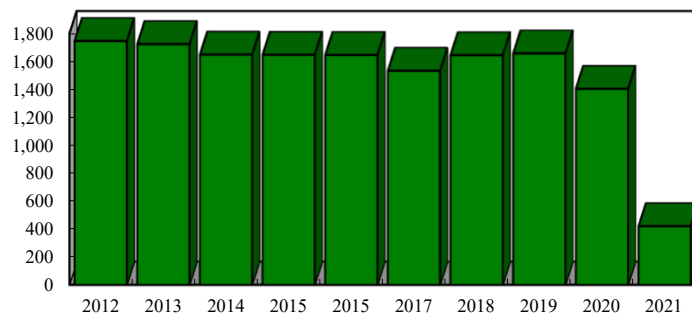
LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
FIXED ROUTE OPERATING STATISTICS
LAST TEN FISCAL YEARS



■ Revenue Hours



■ Revenue Miles

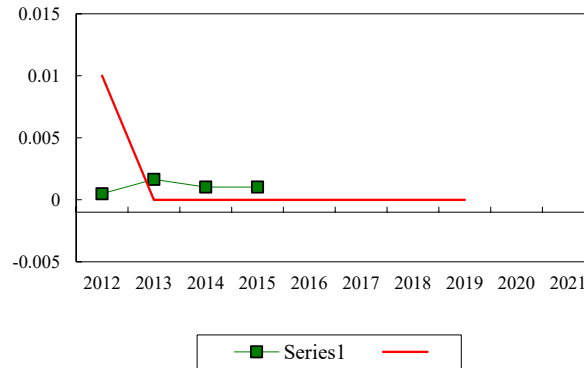
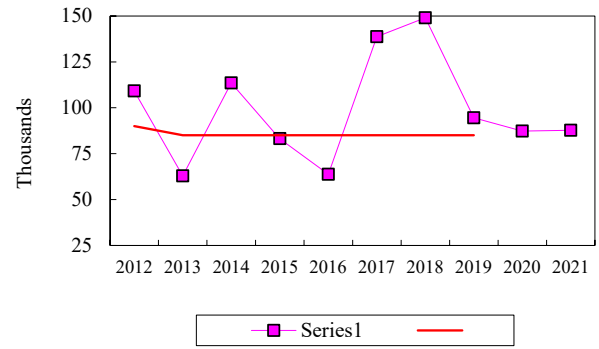
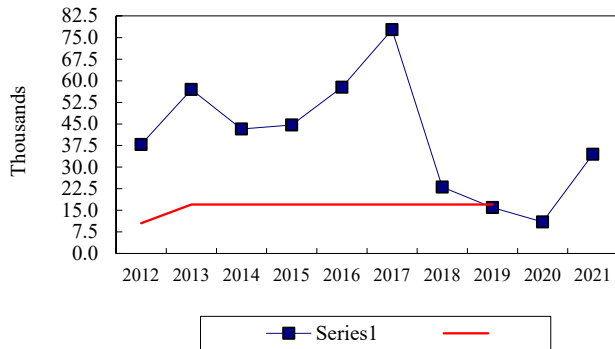


■ Passengers

| Fiscal Year | Revenue Hours | Revenue Miles | Passengers |
|-------------|---------------|---------------|------------|
| 2012 | 124,702 | 1,855,438 | 1,749,168 |
| 2013 | 124,353 | 1,822,867 | 1,727,085 |
| 2014 | 125,706 | 1,816,916 | 1,652,151 |
| 2015 | 125,201 | 1,831,125 | 1,650,388 |
| 2015 | 125,604 | 1,780,948 | 1,648,811 |
| 2017 | 122,837 | 1,726,897 | 1,536,084 |
| 2018 | 125,334 | 1,744,881 | 1,647,003 |
| 2019 | 125,853 | 1,724,046 | 1,660,443 |
| 2020 | 112,412 | 1,520,641 | 1,406,245 |
| 2021 | 77,053 | 978,477 | 420,226 |

Source: National Transit Database Report (Formerly Section 15)

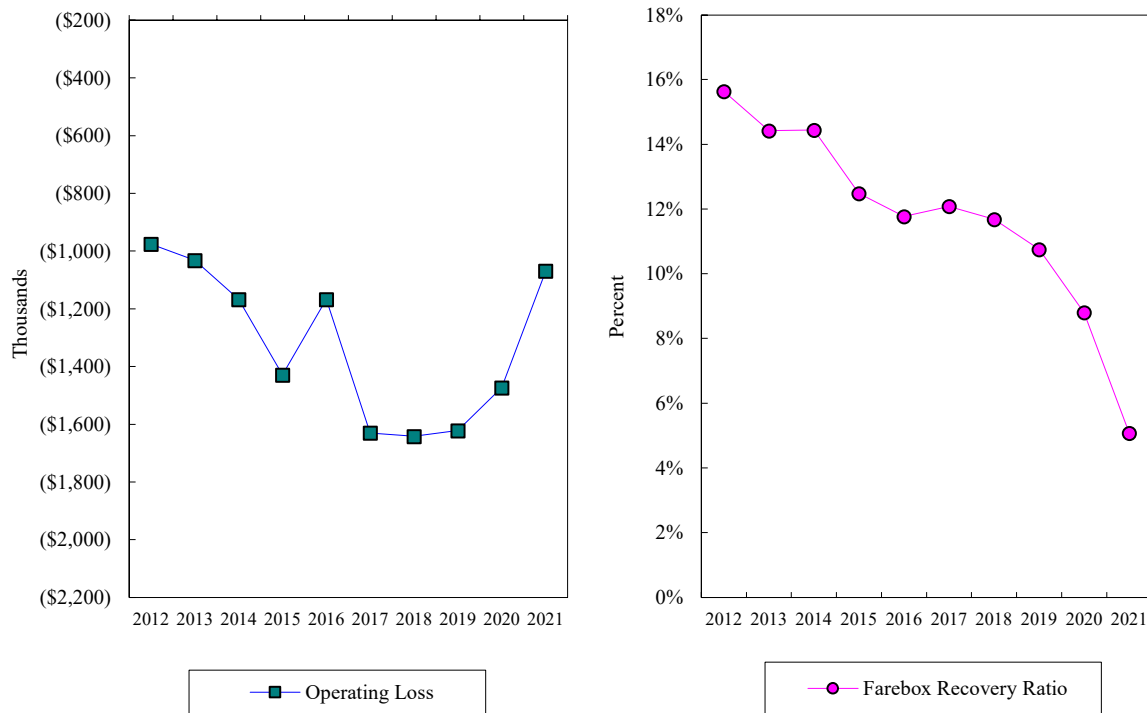
LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
FIXED ROUTE SAFETY STATISTICS
LAST TEN FISCAL YEARS



| Fiscal Year | Miles Between Road Calls | Goal | Miles Between Accidents | Goal | Injuries/Boardings | Goal |
|-------------|--------------------------|---------------|-------------------------|----------------|--------------------|------|
| 2012 | 37,866 | 17,000-20,000 | 109,143 | 85,000-100,000 | 8/1,749,168 | N/A |
| 2013 | 56,965 | 17,000-20,000 | 62,857 | 85,000-100,000 | 5/1,727,085 | N/A |
| 2014 | 43,260 | 17,000-25,000 | 113,557 | 100,000 | 6/1,652,151 | N/A |
| 2015 | 44,620 | 17,000-25,000 | 83,156 | 100,000 | 7/1,650,388 | N/A |
| 2016 | 57,764 | 17,000-25,000 | 63,740 | 100,000 | 9/1,648,811 | N/A |
| 2017 | 77,720 | 17,000-25,000 | 138,737 | 100,000 | 9/1,536,084 | N/A |
| 2018 | 23,052 | 17,000-25,000 | 148,993 | 100,000 | 9/1,647,003 | N/A |
| 2019 | 15,939 | 17,000-25,000 | 94,506 | 100,000 | 3/1,660,443 | N/A |
| 2020 | 10,939 | 17,000-25,000 | 87,322 | 100,000 | 2/1,406,245 | N/A |
| 2021 | 34,484 | 17,000-25,000 | 87,760 | 100,000 | 3/420,226 | N/A |

Source: Livermore Amador Valley Transit Authority Short Range Transit Plans Contractor Service Quality Standards Index and NTD Safety and Security Report

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
PARATRANSIT SERVICES-OPERATING DATA
LAST TEN FISCAL YEARS

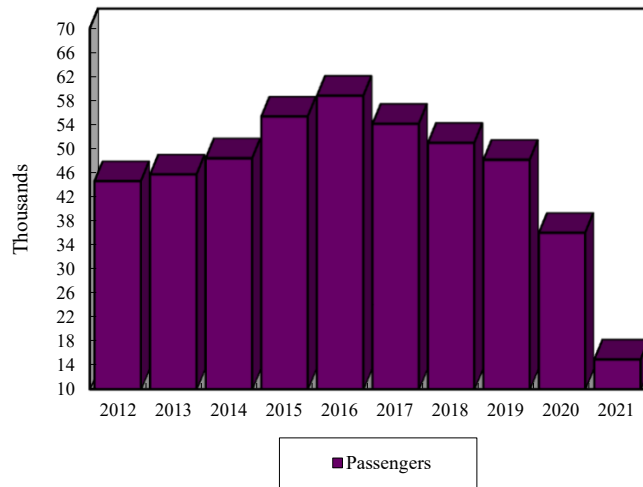
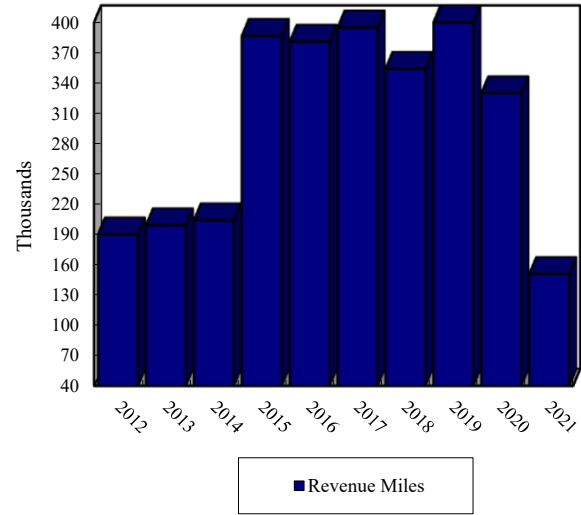
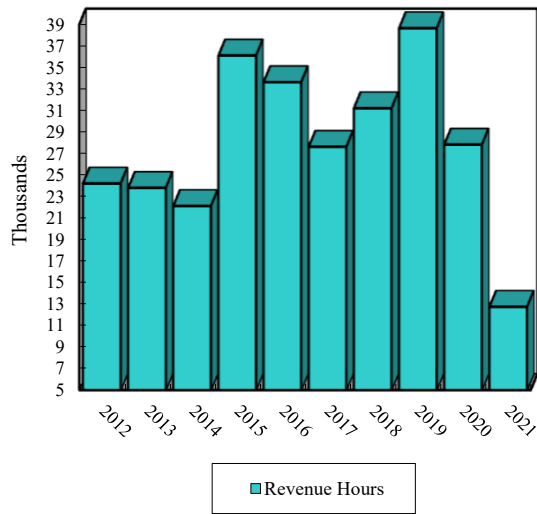


| Fiscal Year | Operating Expenses Excluding Insurance and Depreciation | Fare & Auxiliary Transportation Revenues | Operating Loss Before Insurance and Depreciation | Farebox Recovery Ratio |
|-------------|---|--|--|------------------------|
| 2012 | \$1,156,372 | \$180,864 | (\$975,508) | 15.6% |
| 2013 | 1,205,257 | 173,817 | (1,031,440) | 14.4% |
| 2014 | 1,363,619 | 196,974 | (1,166,645) | 14.4% |
| 2015 | 1,633,002 | 203,821 | (1,429,181) | 12.5% |
| 2016 | 1,974,712 | 232,526 | (1,166,645) | 11.8% |
| 2017 | 1,854,081 | 224,023 | (1,630,058) | 12.1% |
| 2018 | 1,858,729 | 217,184 | (1,641,545) | 11.7% |
| 2019 | 1,816,966 | 195,367 | (1,621,599) | 10.8% |
| 2020 | 1,614,886 | 142,112 | (1,472,774) | 8.8% |
| 2021 | 1,125,031 | 57,110 | (1,067,921) | 5.1% |

Source: Livermore Amador Valley Transit Authority

Note: Fare & Auxiliary Transportation Revenues includes Fare Revenues, Special Contract Revenues, Advertising and Ticket Concession Revenues

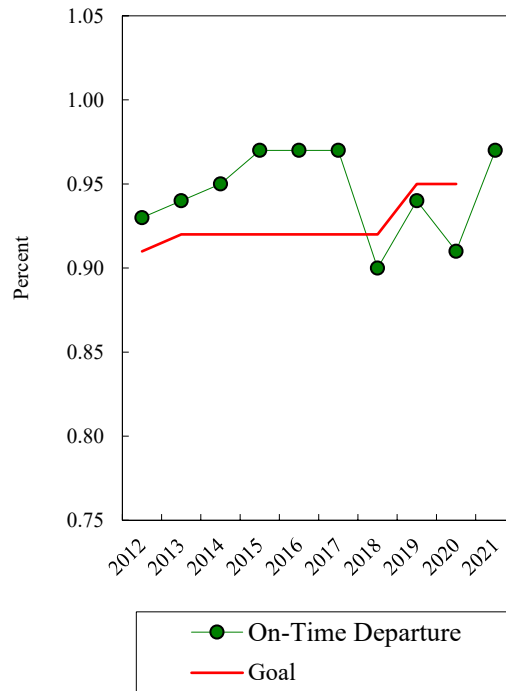
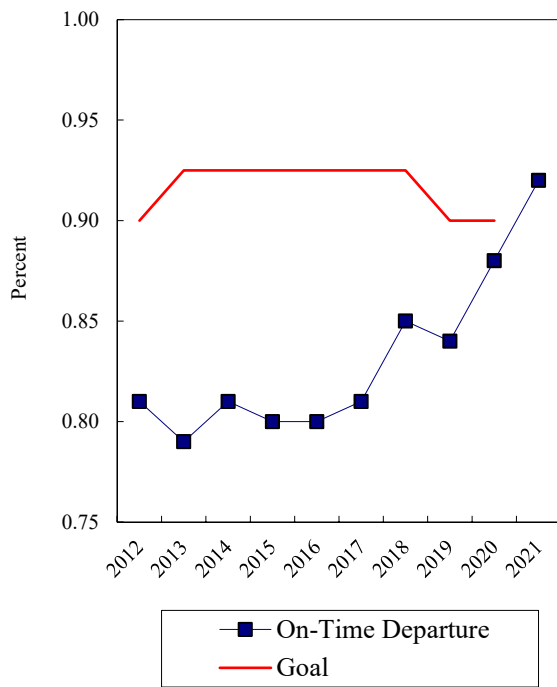
LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
PARATRANSIT OPERATING STATISTICS
LAST TEN FISCAL YEARS



| Fiscal Year | Revenue Hours | Revenue Miles | Passengers |
|-------------|---------------|---------------|------------|
| 2012 | 24,218 | 190,026 | 44,596 |
| 2013 | 23,807 | 199,011 | 45,704 |
| 2014 | 22,121 | 203,932 | 48,388 |
| 2015 | 36,120 | 386,586 | 55,341 |
| 2016 | 33,642 | 380,831 | 58,798 |
| 2017 | 27,631 | 394,847 | 54,121 |
| 2018 | 31,219 | 353,966 | 50,967 |
| 2019 | 38,665 | 417,558 | 48,141 |
| 2020 | 27,833 | 329,784 | 36,002 |
| 2021 | 12,747 | 150,703 | 14,960 |

Source: National Transit Database Report (Formerly Section 15)

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
PERCENT OF ON-TIME DEPARTURES
LAST TEN FISCAL YEARS

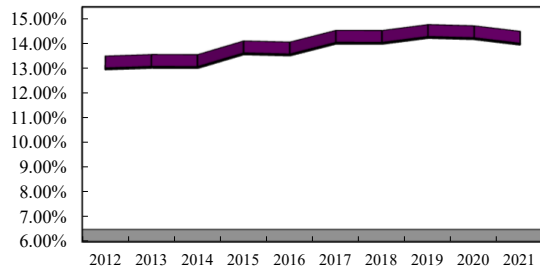


| Fiscal Year | Fixed Route | | Paratransit | |
|-------------|-------------------|------|-------------------|--------|
| | On-Time Departure | Goal | On-Time Departure | Goal |
| 2012 | 0.81 | 0.90 | 0.93 | ≤ 0.95 |
| 2013 | 0.79 | 0.90 | 0.94 | ≤ 0.95 |
| 2014 | 0.81 | 0.90 | 0.95 | ≤ 0.95 |
| 2015 | 0.80 | 0.90 | 0.97 | ≤ 0.95 |
| 2016 | 0.80 | 0.85 | 0.97 | 0.95 |
| 2017 | 0.81 | 0.85 | 0.97 | 0.95 |
| 2018 | 0.85 | 0.85 | 0.90 | 0.95 |
| 2019 | 0.84 | 0.85 | 0.94 | 0.95 |
| 2020 | 0.88 | 0.85 | 0.91 | 0.95 |
| 2021 | 0.92 | 0.85 | 0.97 | 0.95 |

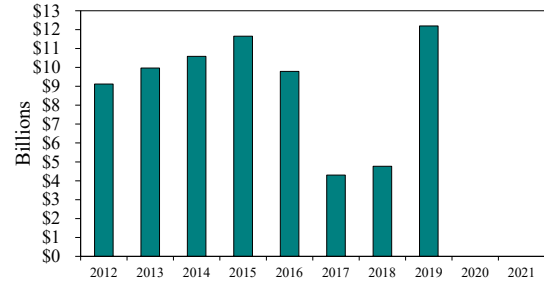
Source: Livermore Amador Valley Transit Authority Short Range Transit Plans or Contractor Service Quality Standards Index

Note: Charts include all available data

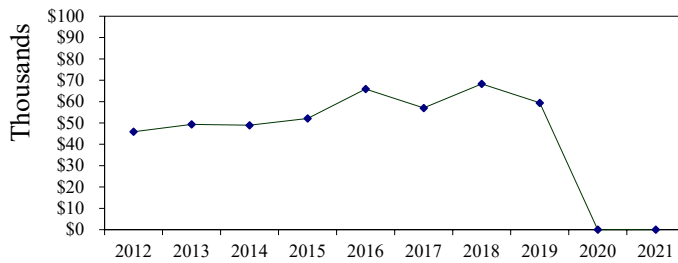
**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



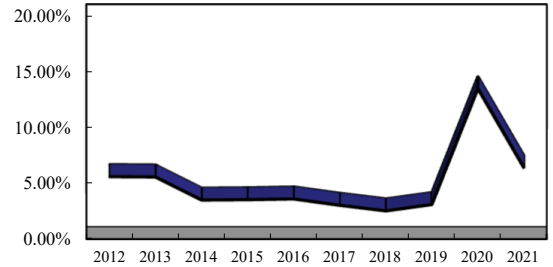
■ Authority Population



■ Total Personal Income



—● Per Capita Personal Income



■ Unemployment Rate %

| Fiscal Year | Authority Population | Total Personal Income | Per Capita Personal Income | Unemployment Rate (%) | Alameda County Population | Authority Population % of County |
|-------------|----------------------|-----------------------|----------------------------|-----------------------|---------------------------|----------------------------------|
| 2012 | 198,893 | 9,120,795,800 | 45,858 | 5.60% | 1,532,137 | 12.98% |
| 2013 | 202,002 | 9,968,724,525 | 49,350 | 5.57% | 1,548,681 | 13.04% |
| 2014 | 205,086 | 10,584,221,916 | 48,921 | 3.50% | 1,573,254 | 13.04% |
| 2015 | 216,684 | 11,648,959,062 | 52,098 | 3.53% | 1,594,569 | 13.59% |
| 2016 | 220,469 | 9,791,798,832 | 65,884 | 3.60% | 1,627,865 | 13.54% |
| 2017 | 230,968 | 4,299,478,125 | 57,006 | 3.03% | 1,647,704 | 14.02% |
| 2018 | 233,061 | 4,769,199,955 | 68,290 | 2.53% | 1,663,190 | 14.01% |
| 2019 | 236,300 | 12,196,374,455 | 59,421 | 3.1% | 1,658,131 | 14.25% |
| 2020 | 237,041 | info not avail | info not avail | 13.5% | 1,669,301 | 14.20% |
| 2021 | 235,163 | info not avail | info not avail | 6.4% | 1,682,353 | 13.98% |

Source: California State Department of Finance
City CAFRS and websites
Note: All available data has been included.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
PRINCIPAL EMPLOYERS
Current Fiscal Year

| Employer | 2020-21 | | |
|--|--------------------------------|-------------|---|
| | Number of Employees | Rank | Percentage of Total Authority Population |
| Lawrence Livermore National Laboratory | 8,364 | 1 | 3.6% |
| Workday Incorporated | 5,098 | 2 | 2.2% |
| Kaiser Foundation Hospitals | 4,242 | 3 | 1.8% |
| Oracle America Incorporated | 1,493 | 4 | 0.6% |
| Livermore Valley Joint Unified School District | 1,422 | 5 | 0.6% |
| U.S. Government & Federal Correction Institute | 1,400 | 6 | 0.6% |
| Sandia National Laboratories | 1,375 | 7 | 0.6% |
| Pleasanton Unified School District | 1,373 | 8 | 0.6% |
| Safeway Incorporated | 1,348 | 9 | 0.6% |
| County of Alameda | 1,165 | 10 | 0.5% |
| Subtotal | 27,280 | | 11.6% |
| Total Authority Population | 235,163 | | |

Source: City of Dublin, City of Livermore, City of Pleasanton CAFRs

NOTE: Data from nine years prior is not available.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
Full-Time Equivalent Authority Employees by Function
Last Ten Fiscal Years

| | Adopted for Fiscal Year Ended June 30, | | | | |
|-------------------------|--|-------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Function | | | | | |
| Executive Director | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Administrative Services | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 |
| Planning | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Marketing | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Operations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 16.00 | 15.00 | 15.00 | 15.00 | 15.00 |

| | Adopted for Fiscal Year Ended June 30, | | | | |
|----------------------------|--|-------|-------|-------|-------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Function | | | | | |
| Executive Director | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Finance and Administration | 6.00 | 7.00 | 7.00 | 4.00 | 4.00 |
| Planning | 5.00 | 4.00 | 3.50 | 1.50 | 1.50 |
| Marketing | 2.00 | 2.00 | 1.50 | 1.50 | 1.50 |
| Operations | 0.00 | 0.00 | 1.00 | 7.00 | 7.00 |
| Total | 14.00 | 14.00 | 14.00 | 15.00 | 15.00 |

Source: Livermore/Amador Valley Transit Authority

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|-------------|-------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Function/Program | | | | | |
| Fixed Route | | | | | |
| Total Vehicles | 74 | 74*** | 74 | 66 | 64 |
| Average Fleet Age | 8.29 | 9.40 | 10.40 | 10.27 | 11.20 |
| Vehicles Operated In Maximum Service | 51 | 51 | 51 | 49 | 49 |
| Paratransit | | | | | |
| Total Vehicles | 18 | 15 | 7 | 4 | 0 |
| Average Fleet Age | 4.80 | 5.00 | 7.00 | 9.00 | 0.00 |
| Vehicles Operated In Maximum Service | 0 | 0 | 0 | 0 | 0 |
| Shared Stations Maintenance Facilities | 3 | 3 | 3 | 3 | 3 |

| | Fiscal Year | | | | |
|---|-------------|------|------|------|------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Function/Program | | | | | |
| Fixed Route | | | | | |
| Total Vehicles | 64 | 60 | 60 | 66 | 65 |
| Average Fleet Age | 8.09 | 3.93 | 4.93 | 5.93 | 6.81 |
| Vehicles Operated In Maximum Service | 47 | 48 | 49 | 52 | 52 |
| Paratransit | | | | | |
| Total Vehicles | 0 | 0 | 0 | 0 | 0 |
| Average Fleet Age | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Vehicles Operated In Maximum Service | 0 | 0 | 0 | 0 | 0 |
| Shared Stations Maintenance Facilities | 3 | 3 | 3 | 3 | 3 |

*Six vehicles on loan/leased to other agencies.

** Four vehicles on loan/leased to other agencies

*** One vehicle on loan/leased to other agency

Source: Livermore Amador Valley Transit Authority

Note: n/a denotes information is not available.

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LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

_____ Yes X No

- Significant deficiency(ies) identified

_____ Yes X None
Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

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

Unmodified

Internal control over major programs:

- Material weakness(es) identified?

_____ Yes X No

- Significant deficiency(ies) identified

_____ Yes X None
Reported

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

_____ Yes X No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 20.507 | Federal Transit |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated **DATE**, which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with Uniform Guidance.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2021

| Federal Grantor/ Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Federal Expenditures |
|---|------------------------------------|---------------------------------|
| US Department of Transportation Direct Programs: | | |
| Federal Transit - Formula Grants (Urban Area Formula Program) | | |
| Cares Act Operating Assistance | 20.507 | \$3,501,369 |
| Cares Act Operating Assistance | 20.507 | 3,317,752 |
| TSP Dublin Blvd | 20.507 | <u>110,022</u> |
| Subtotal Department of Transportation Direct Programs | | <u>6,929,143</u> |
| Total US Department of Transportation | | <u>6,929,143</u> |
| Total Expenditures of Federal Awards | | <u><u>\$6,929,143</u></u> |

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021**

NOTE 1 – REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the Livermore Amador Valley Transit Authority, California as disclosed in the notes to the Basic Financial Statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**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 Honorable Members of the Board of Directors
Livermore Amador Valley Transit Authority
Livermore, 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 each major fund of the Livermore Amador Valley Transit Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated **DATE** which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Pleasant Hill, California

DATE

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Members of the Board of Directors of
Livermore Amador Valley Transit Authority
Livermore, California

Report on Compliance for Each Major Federal Program

We have audited Livermore Amador Valley Transit Authority (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority'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 the Authority'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 Authority'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 the Authority's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Authority 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 the Authority'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 the Authority'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated **DATE**, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Pleasant Hill, California

DATE

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

Honorable Members of the Board of Directors of
Livermore Amador Valley Transit Authority
Livermore, 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 each major fund of the Livermore Amador Valley Transit Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our procedures included the applicable audit procedures contained in §6667 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated **DATE** which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

This report is intended solely for the information and use of management, the Board of Directors, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties: however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Pleasant Hill, California

DATE

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE WITH THE RULES AND REGULATIONS OF THE
PUBLIC TRANSPORTATION MODERNIZATION
IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

Honorable Members of the Board of Director of the
Livermore Amador Valley Transit Authority
Livermore, California

We have audited the statement of revenues and expenditures of the Livermore Amador Valley Transit Authority Public Transportation Modernization, Improvement and Service Enhancement Account Projects, a program of the Livermore Amador Valley Transit Authority, California, (the Authority) in accordance with generally accepted auditing standards in the United States of America as of and for the year ended June 30, 2021 and have issued our report thereon dated **DATE**.

In connection with our audit, we have read and performed the applicable audit procedures contained in the *Public Transportation Modernization, Improvement and Service Enhancement Account Guideline* (Guideline) adopted by the California of Department of Transportation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated **DATE** which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Pleasant Hill, California

DATE

**LIVERMORE AMADOR VALLEY
TRANSIT AUTHORITY**

**MEMORANDUM ON INTERNAL CONTROL
AND REQUIRED COMMUNICATIONS**

**FOR THE YEAR ENDED
JUNE 30, 2021**

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LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

**MEMORANDUM ON INTERNAL CONTROL
AND REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2021

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
the Livermore Amador Valley Transit Authority
Livermore, California

In planning and performing our audit of the basic financial statements of the Livermore Amador Valley Transit Authority (Authority) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California
October 21, 2021

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few year. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2021/22:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease's guidance, unless specifically excluded in this Statement.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period* **(Continued)**

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB 92 – *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 92 – Omnibus 2020 (Continued)

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

GASB 93 – Replacement of Interbank Offered Rates

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 93 – Replacement of Interbank Offered Rates (Continued)

- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 (Continued)

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

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REQUIRED COMMUNICATIONS

To the Board of Directors of
the Livermore Amador Valley Transit Authority
Livermore, California

We have audited the basic financial statements of the Livermore Amador Valley Transit Authority (Authority) for the year ended June 30, 2021. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance.

Significant Audit Matters

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB 84 - Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB 90 – Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

These pronouncements became effective, but did not have a material effect on the financial statements.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 8 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Authority. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability is disclosed in Note 10 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Authority. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 3 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Claims Liabilities: Management's estimate of the claims liabilities payable is disclosed in Note 1E to the financial statements and is based on claims experience of the Authority. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the Authority's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated October 21, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information, which accompanying the financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections included as part of the Comprehensive Annual Financial Report but are not required supplementary information. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

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

Pleasant Hill, California
October 21, 2021

REVIEW DRAFT