

This is the time the Board will hear public comments regarding items not on the agenda or the consent calendar. Individuals who wish to speak to the Board regarding agenda items or during public comments should fill out a comment card and submit it to the Clerk of the Board. Each speaker is allowed three (3) minutes to present their comments. The Board will not remark on public comments; however, each comment will be taken into consideration by VVTA.

ACTION ITEM NUMBER ONE

- Pg. 9 ***Item #1: Election of Chair and Vice-Chair for Calendar year 2020.***
Recommendation: Pursuant to Section 1.0024, nominate and elect a Chair and Vice Chair to fill the terms of office through December 31, 2020.
Presented by: N/A.

CONSENT CALENDAR

Consent Calendar items shall be adopted by a single vote unless removed for discussion by Board member request.

- Pg. 13 ***Item #2: Minutes from Public Hearing and Regular Meeting of The Board of Directors Conducted on November 18, 2019.***
Recommendation: Move for approval.
Presented by: None.
- Pg. 21 ***Item #3: Warrants, October and November 2019.***
Recommendation: Move for approval.
Presented by: None.

REPORTS

- Pg. 29 ***Item #4: Meeting Notes from The Technical Advisory Committee Meeting Conducted on February 6, 2019.***
Recommendation: Information item only.
Presented by: None.
- Pg. 35 ***Item #5: Management Reports for Hesperia and Barstow Divisions – Verbal Report from Executive Director.***
Recommendation: Information item only.
Presented by: Kevin Kane, Executive Director.

ACTION ITEMS

- Pg. 53 ***Item #6: VVTA Annual NTD Audit Report for Fiscal Year Ending June 30, 2019 Completed by EideBailly CPAs & Business Advisors.***
Recommendation: Receive and File.
Presented by: Marie Downing, Grants Analyst.
- Pg. 71 ***Item #7: VVTA Annual Financial Audit Report for Fiscal Year Ending June 30, 2019 Completed by EideBailly CPAs & Business Advisors.***
Recommendation: Receive and File.
Presented by: Maged Azer, Finance Director.

BOARD OF DIRECTORS COMMENTS

DATE OF NEXT MEETING

Tuesday, February 18, 2020 at 9:30 AM
Barstow City Council Chambers
220 East Mountain View Street
Barstow, CA 92311

ADJOURNMENT



**VICTOR VALLEY TRANSIT AUTHORITY
REGULAR MEETING OF
THE BOARD OF DIRECTORS
January 21, 2020, 9:30 A.M.**

**Victor Valley Transit Authority
17150 Smoke Tree Street
Hesperia, CA 92345**

Victor Valley Transit Authority Board of Directors

Larry Bird, Chair, City of Hesperia
Curt Emick, Vice-Chair, Town of Apple Valley
Joy Jeannette, Director, City of Adelanto
Robert Lovingood, Director, County of San Bernardino
Dawn Rowe, Director, County of San Bernardino
Gloria Garcia, Director, City of Victorville

MISSION STATEMENT

Our mission is to serve the community with excellent public transportation services in terms of quality, efficiency, and responsiveness.

AGENDA

The Board of Directors meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk's telephone number is 760-948-3262 x112, (voice) or for Telephone Device for the Deaf (TDD) service, begin by calling 711 and provide the VVTa phone number and the office is located at 17150 Smoke Tree Street, Hesperia, CA. This agenda available and posted: Friday, January 10, 2020.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

PUBLIC COMMENTS

Victor Valley Transit Acronym List

Page 1 of 2

ADA	Americans with Disabilities Act
APTA	American Public Transit Association
AQMP	Air Quality Management Plan
BAFO	Best and Final Offer
BEB	Battery Electric Bus
BOE	Board of Equalization
CALCOG	California Association of Councils of Governments
CALTRANS	California Department of Transportation
CARB	California Air Resources Board
CEQA	California Environmental Quality Act
CHP	California Highway Patrol
CIP	Capital Improvement Program
CMAQ	Congestion Mitigation and Air Quality
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COG	Council of Governments
CSAC	California State Association of Counties
CTC	California Transportation Commission
CTC	County Transportation Commission
CTP	Comprehensive Transportation Plan
CTSA	Consolidated Transportation Services Agency
CTSGP-CTAF	California Transit Security Grant Program-California Transit Assistance Fund
DAC	Disadvantaged Communities
DBE	Disadvantaged Business Enterprise
DBELO	Disadvantaged Business Enterprise Liaison Officer
DOD	Department of Defense
DOT	Department of Transportation
E&H	Elderly and Handicapped
EEM	Environmental Enhancement and Mitigation
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	United States Environmental Protection Agency
ETC	Employee Transportation Coordinator
FAST	Fixing America's Surface Transportation ACT
FEIS	Final Environmental Impact Statements
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
GIMS	Geographic Information Mapping Systems
GIS	Geographic Information Systems
GPS	Global Positioning System
HOV	High-Occupancy Vehicle
HVIP	Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program.
IAS-FFA	Independent Auditors Statement for Federal Funding Allocation
ITS	Intelligent Transportation Systems
JPA	Joint Powers Authority
LACMTA	Los Angeles County Metropolitan Transportation Authority
LAP	Language Assistance Plan
LCFS	Low Carbon Fuel Standard
LCTOP	Low Carbon Transit Operations Program
LD	Liquidated Damages
LEED	Leadership in Energy and Environmental Design
LEP	Limited English Proficiency

Victor Valley Transit Acronym List

Page 2 of 2

LTF	Local Transportation Fund
MAP-21	Moving Ahead for Progress in the 21 st Century
MBTA	Morongo Basin Transit Authority
MDAQMD	Mojave Desert Air Quality Management District
MDT	Mobile Display Terminal
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MTP	Metropolitan Transportation Planning
MTBP	Mass Transit Benefit Program
NEPA	National Environmental Policy Act of 1969
NTD	National Transit Database
OCTA	Orange County Transportation Authority
OWP	Overall Work Program
PASTACC	Public and Specialized Transportation Advisory and Coordinating Council
PCA	Personal Care Attendant
PTMISEA	Public Transportation Modernization Improvement and Service Enhancement
POP	Program of Projects
RCTC	Riverside County Transportation Commission
RDA	Redevelopment Agency
RTAC	Regional Transportation Agencies' Coalition
RTAP	Rural Technical Assistance Program
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
RTPA	Regional Transportation Planning Agencies
SBCTA	San Bernardino County Transportation Authority (formerly SANBAG)
SCAG	Southern California Association of Governments
SOV	Single-Occupant Vehicle
S RTP	Short Range Transit Plan
STAF	State Transit Assistance Funds
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TAM	Transit Asset Management
TCM	Transportation Control Measure
TDA	Transportation Development Act
TEA	Transportation Enhancement Activities
TEAM	Transportation Electronic Award and Management
TNC	Transportation Network Company
TOCP	Transit Operating and Capital Plan
TrAMS	Transit Award and Management System
TREP	Transportation Reimbursement Escort Program
TRIP	Transportation Reimbursement Incentive Program
TSSSDRA	Transit System Safety, Security and Disaster Response Account
TSM	Transportation Systems Management
ULEV	Ultra Low Emission Vehicle
UZAs	Urbanized Areas
VOMS	Vehicles Operated in Maximum Service
ZEB	Zero Emission Bus
ZEV	Zero Emission Vehicle

Victor Valley Transit Authority Meeting Procedures

The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Victor Valley Transit Authority (VVTa) Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the (VVTa) Board of Directors.

1. **Agendas** - All agendas are posted at the VVTa Administrative offices, and the Victorville, Hesperia, Barstow and Apple Valley city/town halls at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed at the VVTa Administrative offices located at 17150 Smoke Tree Street. Hesperia, CA 92345.
2. **Agenda Actions** - Items listed on both the "Consent Calendar" and "Action/Discussion Items" contain suggested actions. The Board of Directors will generally consider items in the order listed on the agenda. However items may be considered in any order. New agenda items can be added and action taken by two-thirds vote of the Board of Directors.
3. **Closed Session Agenda Items** - Consideration of closed session items exclude members of the public. These items include issues related to personnel, ending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Chair will announce the subject matter of the closed session. If action is taken in closed session, the Chair may report the action to the public at the conclusion of the closed session.
4. **Public Testimony on an Item** - Members of the public are afforded an opportunity to comment on any listed item. Individuals wishing to address the Board of Directors should complete a "Request to Speak" form. A form must be completed for each item an individual wishes to speak on. When recognized by the Chair, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The Chair or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations. If there is a Consent Calendar, it is considered a single item; thus the three (3) minute rule applies. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.
5. **Public Comment** - At the beginning of the agenda an opportunity is also provided for members of the public to speak on any subject within VVTa's authority. Matters raised under "Public Comment" may not be acted upon at that meeting. The time limits established in Rule #4 still apply.
6. **Disruptive Conduct** - If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Chair may recess the meeting or order the person, group or groups of persons willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive conduct includes addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board from conducting its meeting in an orderly manner.

Please be aware that a NO SMOKING policy has been established for VVTa meetings. Your cooperation is appreciated!

VICTOR VALLEY TRANSIT AUTHORITY

MISSION STATEMENT

**Our mission is to serve the
community with excellent
public transportation
services in terms of quality,
efficiency, and
responsiveness.**

Quality

To increase ridership and community support by exceeding expectations.

Efficiency

To maintain an efficient operation that represents a highly-valued service.

Responsiveness

To provide services and facilities which are responsive to the needs of the community.

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**AGENDA ITEM
ONE**

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VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Election of Chair and Vice Chair and Select Personnel Committee.

SUMMARY STATEMENT

The process for election of a Chair and Vice Chair are outlined in the VVTA Administrative Rules and Guidelines, Section 1.0024 below:

1.0024 CHAIR; ELECTION AND TERM; DUTIES GENERALLY. The Chair shall be elected by the Board. He/she shall be elected to such office for a term of one (1) year. No Board Director may hold the office of Chair for more than two (2) successive terms of one (1) year each. The election for Chair shall be held at the meeting which occurs in January. Pursuant to Administrative Guidelines, the Chair and Vice-Chair are selected at the January meeting to serve a one (1) year term. The Chair may only serve two (2) consecutive one (1) year terms.

Once selected, the Chair shall appoint three (3) Board members to serve on the standing Personnel Committee.

RECOMMENDED ACTION

Pursuant to Section 1.0024, nominate and elect a Chair and Vice Chair to fill the terms of office and select Personnel Committee.

PRESENTED BY	FISCAL IMPACT	MEETING DATE	ITEM NUMBER
Kevin Kane, Executive Director	None	January 21, 2020	1

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**AGENDA ITEM
TWO**

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VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Minutes from the Regular Meeting of the Board of Directors Conducted on November 18, 2019.

SUMMARY STATEMENT

Following are copies of the minutes from the regular meeting of the Board of Directors conducted on November 18, 2019.

RECOMMENDED ACTION

Move for approval.

PRESENTED BY
Debi Lorrach,
Clerk of the Board

FISCAL IMPACT

N/A

MEETING DATE

January 21, 2020

ITEM NUMBER

2

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Minutes from the Regular Meeting of the Board of Directors Conducted on November 18, 2019.

SUMMARY STATEMENT

Following are copies of the minutes from the regular meeting of the Board of Directors conducted on November 18, 2019.

RECOMMENDED ACTION

Move for approval.

PRESENTED BY
Debi Lorrh,
Clerk of the Board

FISCAL IMPACT

N/A

MEETING DATE

January 21, 2020

ITEM NUMBER

3

**VICTOR VALLEY TRANSIT
REGULAR MEETING OF THE
BOARD OF DIRECTORS**

**November 18, 2019
MINUTES**

CALL TO ORDER

The Regular Meeting of the Board of Directors of the Victor Valley Transit Authority was called to order at 9:30 a.m. by Chair Larry Bird at Victor Valley Transit Authority, 17150 Smoke Tree Street, Hesperia, CA 92345.

ROLL CALL

Board Members Present: Chair Larry Bird
Vice-Chair Curt Emick
Director Joy Jeannette
Director Gloria Garcia
Director Rich Harpole
Alternate-Director Elaine Villareal
Alternate-Director Don Holland

Staff Members Present:

Kevin Kane, VVTA	Nancie Goff, VVTA
Maged Azer, VVTA	Barbara Miller, VVTA
Debi Lorrach, VVTA	Ro Ratliff, City of Victorville
Christine Plasting, VVTA	Doug Matthews, City of Victorville
Christine Ortega, Next	Jonathan McDowell, NEXT
Ashley Palmer, VVTA	Simon Herrera, VVTA
Marie Downing, VVTA	Julie Ryan, Town of Apple Valley
Tyrunisha Brown, NEXT	Mario Hampton, NEXT
Ron Zirges, VVTA	

PLEDGE OF ALLEGIANCE

Director Garcia led the audience in the pledge of allegiance.

ANNOUNCEMENTS

Chair Bird presented a letter of commendation and plaque of recognition to Barstow fixed route driver Mario Hampton for performing above and beyond his duties. Mr. Hampton arrived at a scheduled pickup for a visually challenged woman and did not see her in her normal waiting place. Instead of simply calling dispatch and reporting the passenger as a “no show”, the driver exited his bus and after an extensive search, located the passenger and escorted her to the bus.

This meeting is the final meeting for Director Rich Harpole, Chair Bird stated, and presented Director Harpole with a Proclamation of Service as well as a commemorative clock. Chair Bird thanked Director Harpole for his service, not only on the VVTA board

and Barstow City Council but for his years of dedicated service as a member of the Barstow Police Department.

Mr. Thurston Smith (Smitty), President of the Board of Directors for the Victor Valley Bicycle Tour, presented VVTA with a plaque of recognition for the agency's hard work. Mr. Smith also commended Ms. Christine Plasting for all her efforts and time spent on keeping the event successful.

Mr. Kane introduced Mr. Chris Ackerman as the new Marketing Manager; there was also a brief video presentation to the Board detailing the progress on the new Barstow facility.

PUBLIC COMMENTS

Speaker: Edy Seehafer, Barstow, CA

Ms. Seehafer stated that she has concerns regarding the bus stop transfer point at the library; she would like to see the City make the bus stop area a loading and unloading only area. Director Harpole mentioned that the stop is being moved to Williams Street so there should be a resolution to this issue soon.

Speaker: Dharini Dobbins, Victorville, CA

Ms. Dobbins said she is representing the California Council for the Blind and she requested information regarding vehicle donation from VVTA. She would like to see people have access to the Braille Institute in Riverside.

CONSENT CALENDAR

1. **Minutes from the Regular Meeting of The Board of Directors Conducted on October 21, 2019.**
Recommendation: Move for approval.
Presented by: None.
2. **Warrants, September 2019.**
Recommendation: Move for approval.
Presented by: None.
3. **Calendar of Meetings 2020.**
Recommendation: Move for Approval.
Presented by: None.

A MOTION WAS MADE BY Director Harpole to approve the Consent Calendar. Seconded by Vice-Chair Emick. The motion passed unanimously.

REPORTS

4. **Meeting Notes from The Technical Advisory Committee Meeting Conducted on October 2, 2019.**

Recommendation: Information item only.

Presented by: None.

5. **Management Reports for Hesperia and Barstow Divisions – Verbal Report from Executive Director.**

Recommendation: Information item only.

Mr. Kane shared some of the Board report statistics, stating that the ridership overall is up 14%. VVTA offered a free ride day on Veteran's Day that was very well received.

Director Garcia requested an update on the TDA task force as well as the letter of opposition that VVTA sent to SBCTA regarding the consolidation study. Mr. Kane updated the Board that the TDA task force has decided to support an amendment to the current strict rule of a 15% farebox ratio that would allow smaller agencies a 3-year time period to reach that 15% if they fall short of that 15% in any one year.

Regarding the letter of opposition to the consolidation study, Mr. Kane shared that Mountain Transit and Morongo Basin also offered their opposition and SBCTA is now considering a study for SBCTA to absorb only OmniTrans.

Lastly, Mr. Kane mentioned that in previous years, the Board has been dark for December; the Board agreed unanimously to go dark for December 2019.

ACTION/DISCUSSION ITEMS

6. **Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Review the Budget for Bus Replacements Projects.**

Recommendation: Amend the VVTA Fiscal Year 2019-20 Capital Budget, Short Range Transit Plan, and TDA Claim to Revise the Budget for Bus Replacements Projects.

Presented by: Nancie Goff, Deputy Executive Director.

Ms. Goff explained that the prior contract VVTA had been purchasing buses through had expired and the new contract rates were higher than expected. This increase is being funded with LCFS credits sold and 5307; VVTA will not be using any LTF.

A MOTION WAS MADE BY Director Garcia to approve the recommended action. Seconded by Director Jeannette. The motion passed unanimously.

7. **Closed Session.
BOARD BUSINESS
Closed Session.**

Personnel Matters - Government Code Section 54957(b)(1) – Public Employee Evaluation. Title: Executive Director.
Presented by: John Tubbs, County Counsel.

Open Closed Session: 10:14 am

Chair Bird announced that there is no reportable action from the closed session. County Counsel was not in attendance.

Close Closed Sessions: 10:22 am

PRESS CLIPS/CORRESPONDENCE

BOARD OF DIRECTORS COMMENTS

Vice-Chair Emick announced the Apple Valley Christmas parade, taking place on December 7, 2019.

Chair Bird offered his appreciation for working with Director Harpole and said that he has been an asset to VVTA, the City of Barstow and entire High Desert.

Director Harpole shared that when the City of Barstow first joined forces with VVTA, there was a great deal of apprehension on the part of the City Council. Things have progressed in such a positive manner that even the most suspicious of the Council members are now very pleased with the relationship between Barstow and VVTA. Additionally, he thanked all the VVTA staff and stated that he has great confidence in the leadership provided by the Executive Director, Kevin Kane.

DATE OF NEXT MEETING

Due to the holidays, the regularly scheduled Board meeting for December 16, 2019 has been cancelled. The next scheduled Board meeting will be on Tuesday, January 21, 2020 at Victor Valley Transit Authority, 17150 Smoke Tree Street, Hesperia, CA 92345.

ADJOURNMENT

The meeting was adjourned at 10:22 am.

APPROVED: _____
Larry Bird, Chair

ATTEST: _____
Debi Lorrach, Clerk of the Board

**AGENDA ITEM
THREE**

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VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Payrolls and Warrants for October 2019.

SUMMARY STATEMENT

The following registers of Payrolls and Warrants have been audited as required By Section 37202 and 37208 of the Government code, and said documents are accurate and correct.

Agency's Gross Payroll for Administrative Employees

<u>Payroll Date</u>	<u>Amount</u>	<u>Register#</u>
10/11/2019	\$66,173.72	PR0245-10-19
10/25/2019	\$65,971.67	PR0246-10-19
Total Payroll	\$132,145.39	

Agency's Register of Warrants

<u>Register Date</u>	<u>Amount</u>	<u>Check #</u>	<u>Register #</u>
10/03/2019	\$874,205.11	10625- 10643	AP02597AAADUH
10/11/2019	\$1,927,146.38	10644- 10660	AP02599AAADUJ
10/18/2019	\$111,779.21	10661- 10668	AP02608AAADUS
10/25/2019	\$202,837.81	10609- 10624	AP02628AAADVVM
	\$3,115,968.51		

RECOMMENDED ACTION

Approve VVTA's expenditures for October 2019.

PRESENTED BY Maged Azer Finance Director	FISCAL IMPACT \$3,248,113.90	MEETING DATE January 21, 2020	ITEM NUMBER 3
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Bank Register Report
Victor Valley Transit Authority
October-19

Check Number	Date	Payee Name	Amount
10625	10/03/2019	Arrowhead Credit Union	\$40.00
10626	10/03/2019	SPECTRUM BUSINESS	\$943.43
10627	10/03/2019	Clean Energy	\$4,176.06
10628	10/03/2019	Crawford's Detailing Inc.	\$1,350.00
10629	10/03/2019	Frontier	\$101.11
10630	10/03/2019	Golden State Water Company	\$499.60
10631	10/03/2019	Thompson & Colegate	\$1,433.65
10632	10/03/2019	Type-Set-Go	\$1,152.68
10633	10/03/2019	VOID	\$0.00
10634	10/03/2019	VOID	\$0.00
10635	10/03/2019	VOID	\$0.00
10636	10/03/2019	VOID	\$0.00
10637	10/03/2019	VOID	\$0.00
10638	10/03/2019	VOID	\$0.00
10639	10/03/2019	VOID	\$0.00
10640	10/03/2019	US BANK	\$23,509.44
10641	10/03/2019	Verizon-Security Phones	\$5,757.61
10642	10/03/2019	Verizon	\$2,088.92
10643	10/03/2019	American Express	\$40.00
EFT026310001	10/04/2019	New Flyer Of America	\$820,133.20
EFT026340001	10/04/2019	New Flyer Of America	\$12,979.41
EFT026360001	10/09/2019	National Express Transit Corp	\$1,472,192.33
10644	10/11/2019	SPECTRUM BUSINESS	\$1,075.00
10645	10/11/2019	Clean Energy	\$4,307.11
10646	10/11/2019	Crawford's Detailing Inc.	\$450.00
10647	10/11/2019	Decals By Design	\$1,117.20
10648	10/11/2019	Diamond	\$297.27
10649	10/11/2019	Southern California Edison-CI	\$6,112.08
10650	10/11/2019	Southern California Edison	\$3,719.11
10651	10/11/2019	Federal Express Corp.	\$146.52
10652	10/11/2019	Frontier	\$430.81
10653	10/11/2019	HI-Desert Communications	\$1,308.00
10654	10/11/2019	Independent Living Partnersh	\$4,710.00
10655	10/11/2019	Southern California Fleet Sen	\$1,763.87
10656	10/11/2019	Southwest Gas Corporation	\$779.03
10657	10/11/2019	Southwest Gas Corporation	\$577.47
10658	10/11/2019	Southwest Gas Corporation	\$163.02
10659	10/11/2019	Syncromatics Corporation	\$127,235.72
10660	10/11/2019	The Marlin Company	\$355.59
EFT026430002	10/16/2019	Macro-Z-Technology	\$300,406.25
10661	10/18/2019	Spectrum Business-Sec	\$104.97
10662	10/18/2019	Golden State Water Company	\$1,216.38
10663	10/18/2019	PETCAM Engineering Inc	\$10,290.00
10664	10/18/2019	Special District Risk Managen	\$26,202.78

10665	10/18/2019	Southwest Gas Corporation	\$66,040.90
10666	10/18/2019	State Compensation Insuranc	\$1,232.75
10667	10/18/2019	Charles Meier	\$4,717.73
10668	10/18/2019	New Flyer Of America	\$1,973.70
10669	10/25/2019	ADAride.com	\$6,428.10
10670	10/25/2019	Allied Universal Security Serv	\$4,729.12
10671	10/25/2019	American Guard Services INC	\$20,025.84
10672	10/25/2019	AVR Vanpool	\$1,500.00
10673	10/25/2019	Balloon Lab	\$629.13
10674	10/25/2019	Lawrence Bird	\$125.00
10675	10/25/2019	Bonnie Baker Senior Center	\$1,050.71
10676	10/25/2019	BP Energy Company	\$38,173.69
10677	10/25/2019	SPECTRUM BUSINESS	\$314.26
10678	10/25/2019	Clean Energy	\$4,314.87
10679	10/25/2019	Crawford's Detailing Inc.	\$900.00
10680	10/25/2019	Civic Resource Group Interna	\$961.00
10681	10/25/2019	Daily Press	\$526.80
10682	10/25/2019	Southern California Edison	\$808.43
10683	10/25/2019	Curt Emick	\$125.00
10684	10/25/2019	ENTERPRISE CAR SHARE	\$1,201.96
10685	10/25/2019	Flyers Energy LLC	\$15,655.65
10686	10/25/2019	Frontier	\$189.03
10687	10/25/2019	Gloria L. Garcia	\$125.00
10688	10/25/2019	GEOGRAPHICS	\$1,698.91
10689	10/25/2019	Green Commuter. Inc	\$1,000.00
10690	10/25/2019	Richard Harpole	\$125.00
10691	10/25/2019	Evelyn Hawkins	\$40.00
10692	10/25/2019	Integra Realty Resources - Sa	\$4,950.00
10693	10/25/2019	Joy Jeannette	\$125.00
10694	10/25/2019	Johnson Controls	\$967.59
10695	10/25/2019	Konica Minolta Business Solu	\$1,556.40
10696	10/25/2019	Robert Lovingood	\$125.00
10697	10/25/2019	Pinnacle Petroleum, Inc.	\$29,193.70
10698	10/25/2019	San Bernardino County	\$2,530.00
10699	10/25/2019	Shred Your Docs	\$65.00
10700	10/25/2019	SONIC SYSTEMS IT	\$3,521.50
10701	10/25/2019	Think Graphic Design	\$330.00
10702	10/25/2019	Transit Marketing, LLC	\$18,906.25
10703	10/25/2019	Trona Community Senior Cen	\$2,151.14
10704	10/25/2019	Turbo Images	\$19,165.41
10705	10/25/2019	VerizonBAT	\$991.17
10706	10/25/2019	City Of Victorville	\$5,465.28
10707	10/25/2019	National Express Transit Corp	\$4,400.00
10708	10/25/2019	Kevin Kane	\$7,746.87
TOTAL			\$3,115,968.51

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Payrolls and Warrants for November 2019.

SUMMARY STATEMENT

The following registers of Payrolls and Warrants have been audited as required By Section 37202 and 37208 of the Government code, and said documents are accurate and correct.

Agency's Gross Payroll for Administrative Employees

<u>Payroll Date</u>	<u>Amount</u>	<u>Register#</u>
11/08/2019	\$67,091.03	PR0247-11-19
11/22/2019	\$68,604.45	PR0248-11-19
Total Payroll	\$135,695.48	

Agency's Register of Warrants

<u>Register Date</u>	<u>Amount</u>	<u>Check #</u>	<u>Register #</u>
11/08/19	\$ 1,588,404.48	10723- 10742	AP02679AAADXL
11/15/19	\$ 853,399.98	10743- 10757	AP02692AAADXY
11/22/19	\$3,626,815.53	11758- 10797	AP02710AAADYQ
	\$6,068,619.99		

RECOMMENDED ACTION

Approve VVTA's expenditures for November 2019.

PRESENTED BY	FISCAL IMPACT	MEETING DATE	ITEM NUMBER
Maged Azer, Finance Director	\$6,204,215.47	January 21, 2020	3

BR Bank Register Report
Victor Valley Transit Authority
November-19

Check Number	Date	Payee Name	Amount
EFT026550004	11/04/2019	National Express Transit Corp	\$1,537,315.09
10735	11/07/2019	VOID	\$0.00
10736	11/07/2019	VOID	\$0.00
10737	11/07/2019	VOID	\$0.00
10738	11/07/2019	VOID	\$0.00
10739	11/07/2019	VOID	\$0.00
10740	11/07/2019	VOID	\$0.00
10741	11/07/2019	VOID	\$0.00
10742	11/07/2019	US BANK	\$25,318.66
10723	11/08/2019	Arrowhead Credit Union	\$40.00
10724	11/08/2019	Crawford's Detailing Inc.	\$450.00
10725	11/08/2019	Diamond	\$297.27
10726	11/08/2019	Southern California Edison-CNG	\$4,918.82
10727	11/08/2019	Southern California Edison	\$2,542.89
10728	11/08/2019	EIDIM Group Inc	\$3,426.36
10729	11/08/2019	Frontier	\$445.77
10730	11/08/2019	HI-Desert Communications	\$1,308.00
10731	11/08/2019	Southern California Fleet Services Inc	\$2,294.08
10732	11/08/2019	Transit Information Products	\$2,759.91
10733	11/08/2019	Verizon-Security Phones	\$5,463.15
10734	11/08/2019	Verizon	\$1,824.48
EFT026800002	11/14/2019	New Flyer Of America	\$820,133.20
EFT026810005	11/14/2019	New Flyer Of America	\$12,979.41
10743	11/15/2019	SPECTRUM BUSINESS	\$1,075.00
10744	11/15/2019	Crawford's Detailing Inc.	\$900.00
10745	11/15/2019	Cryostar Distribution North America	\$3,579.78
10746	11/15/2019	EAGLE PRINT DYNAMICS	\$1,625.21
10747	11/15/2019	Southern California Edison	\$654.94
10748	11/15/2019	Curt Emick	\$304.02
10749	11/15/2019	Gabe Gandara	\$175.00
10750	11/15/2019	Loomis	\$904.30
10751	11/15/2019	Southern California Fleet Services Inc	\$1,198.97
10752	11/15/2019	Southwest Gas Corporation	\$1,197.28
10753	11/15/2019	Southwest Gas Corporation	\$1,742.54
10754	11/15/2019	Southwest Gas Corporation	\$299.29
10755	11/15/2019	State Compensation Insurance Fund	\$1,232.75
10756	11/15/2019	The Marlin Company	\$355.59
10757	11/15/2019	Wirz And Co Printing Inc	\$5,042.70
EFT026880002	11/18/2019	New Flyer Of America	\$820,133.20
EFT026890001	11/18/2019	New Flyer Of America	\$12,979.41
EFT026900002	11/18/2019	New Flyer Of America	\$820,133.20
EFT026910001	11/18/2019	New Flyer Of America	\$12,979.41
EFT026940002	11/19/2019	Macro-Z-Technology	\$252,490.62
10758	11/22/2019	Christopher Ackerman	\$59.83
10759	11/22/2019	ADARide.com	\$5,816.80
10760	11/22/2019	Allied Universal Security Services	\$5,932.50
10761	11/22/2019	AVR Vanpool	\$1,500.00
10762	11/22/2019	Charles Meier	\$4,679.90
10763	11/22/2019	Beck Oil	\$16,182.40
10764	11/22/2019	Blue Ocean Brokerage	\$750.00
10765	11/22/2019	Bonnie Baker Senior Center	\$1,345.16
10766	11/22/2019	BP Energy Company	\$40,017.46

10767	11/22/2019	Jazmin Castro	\$132.51
10768	11/22/2019	CDW Government Inc	\$1,557.50
10769	11/22/2019	SPECTRUM BUSINESS	\$150.14
10770	11/22/2019	Spectrum Business-Sec	\$104.97
10771	11/22/2019	Clean Energy	\$18,184.47
10772	11/22/2019	C-Me Promotions & Embroidery	\$21.55
10773	11/22/2019	Crawford's Detailing Inc.	\$450.00
10774	11/22/2019	Civic Resource Group International, Inc.	\$825.00
10775	11/22/2019	Tamari Denney	\$42.11
10776	11/22/2019	Southern California Edison	\$4,417.14
10777	11/22/2019	ENTERPRISE CAR SHARE	\$1,111.99
10778	11/22/2019	Green Commuter. Inc	\$1,000.00
10779	11/22/2019	Letter Publications, Inc.	\$349.00
10780	11/22/2019	Lincoln Financial Group	\$1,066.23
10781	11/22/2019	DENISE MADRID	\$48.05
10782	11/22/2019	Marrs Services, Inc	\$33,962.00
10783	11/22/2019	Sandy Martinez	\$53.37
10784	11/22/2019	Packet Fusion, Inc	\$560.46
10785	11/22/2019	Pinnacle Petroleum, Inc.	\$29,034.40
10786	11/22/2019	San Bernardino County	\$1,674.30
10787	11/22/2019	Southern California Fleet Services Inc	\$507.64
10788	11/22/2019	Special District Risk Management	\$22,502.22
10789	11/22/2019	SONIC SYSTEMS IT	\$3,561.50
10790	11/22/2019	Southwest Gas Corporation	\$60,491.39
10791	11/22/2019	Transit Information Products	\$9,737.94
10792	11/22/2019	Trillium Solutions	\$6,000.00
10793	11/22/2019	Trona Community Senior Center	\$1,674.53
10794	11/22/2019	Type-Set-Go	\$1,559.81
10795	11/22/2019	VerizonBAT	\$991.17
10796	11/22/2019	City Of Victorville	\$4,542.04
10797	11/22/2019	Jazmin Castro	\$48.28
EFT027110002	11/27/2019	National Express Transit Corp	\$1,425,453.93
Totals			\$6,068,619.99

**AGENDA ITEM
FOUR**

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VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Meeting Notes from The Technical Advisory Committee Meeting Conducted on January 8, 2020.

SUMMARY STATEMENT

Meeting Notes from the Technical Advisory Committee meeting conducted on January 8, 2020.

RECOMMENDED ACTION

Information item only.

PRESENTED BY
Debi Lorrach,
Clerk of the Board

FISCAL IMPACT

N/A

MEETING DATE

January 21, 2020

ITEM NUMBER

4

**VICTOR VALLEY TRANSIT AUTHORITY
TECHNICAL ADVISORY COMMITTEE**

January 8, 2020

MEETING NOTES

The meeting of the Technical Advisory Committee (TAC) of Victor Valley Transit Authority was opened at 3:04 p.m. at Victor Valley Transit Authority, Board room, 17150 Smoke Tree Street, Hesperia, CA.

ROLL CALL

TAC Members

Present:	Ro Ratliff, City of Victorville	Tina Souza, City of Hesperia
Staff Present:	Kevin Kane, VVTA	Nancie Goff, VVTA
	Craig Barnes, VVTA	Maged Azer, VVTA
	Debi Lorrach, VVTA	Christine Plasting, VVTA

1. Public Comment.

None.

2. Review Draft Board Agenda.

a. VVTA Annual NTD Audit Report for Fiscal Year Ending June 30, 2019
Completed by EideBailly CPAs & Business Advisors.

The NTD Audit this year presented challenges, for example, the operations contractor changing, Ms. Goff explained, VVTA passed the audit with no findings.

b. VVTA Annual Financial Audit Report for Fiscal Year Ending June 30, 2019
Completed by EideBailly CPAs & Business Advisors.

Mr. Azer stated that the financial audit and single audit show that VVTA is strong with no findings and no material misstatements. Additionally, the farebox ratio is 20.3%, a stellar ratio.

3. Bus stop shelters/benches/lighting.

Mr. Kane shared that Director Lovingood approached him during the SBCTA Board meeting and mentioned that there is a bus stop southbound on Cottonwood that could be relocated about 400 feet further up the street where the IEHP office is located and is where the majority of the bus riders are traveling. Mr. Barnes is already working on relocating the bus stop closer to the IEHP office.

4. SBCTA Update.

None.

5. Other Business.

There was brief discussion regarding the Article 3 reimbursements for the City of Hesperia and The City of Victorville; neither are ready for submission at this time.

Mr. Kane reviewed several different subjects such as VVTA's succession planning, updating the SRTP, rescinding the Notice to Cure from National Express Transit as well as the CTSA being approved by SBCTA as an on-going agency.

As discussed in the past, Mr. Kane is part of a committee to create and submit suggestions to the TDA (Transportation Development Act). A few of the suggestions include a lower farebox ratio for all modes, possible non-inclusion of the ADA Paratransit in the farebox ratio as well as a comprehensive plan for agencies that fall below the farebox ratio requirement to improve.

6. Adjournment: 3:30 pm

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**AGENDA ITEM
FIVE**

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VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

Management reports.

SUMMARY STATEMENT

The attached Performance Reports are presented to the Board of Directors to provide an overview of the transit system's costs and performance.

- Randy the Reindeer Social Media Campaign Analysis.
- "Next" invoice for October and November.
- Monthly Performance Statistics Systemwide Summary.
- Monthly Ridership Report.
- Monthly ADA Denial Report.
- Monthly Road Call Report.
- "Next" On Time Performance Report FY 2020.

RECOMMENDED ACTION

Information items only.

PRESENTED BY
Kevin Kane,
Executive Director

FISCAL IMPACT
N/A

MEETING DATE
January 21, 2020

ITEM NUMBER
5

Randy the Reindeer Social Media Campaign Analysis

December 5 - December 24, 2019

In December 2019, VVTA's Marketing Manager created a social media campaign with VVTA's holiday bus, Randy the Reindeer. Social media used was Twitter, Facebook and Instagram. Although the main purpose of the campaign was to highlight the fare-free aspect to the community, the social media campaign was geared for analyzing who VVTA's audience is online and which platforms work best for each. To gauge this, the campaign encouraged individuals to take a selfie with the bus or photo of the bus and post to the social media page they use most often. To encourage participation, VVTA offered a chance to win a Samsung Galaxy Tablet, 10-day TouchPass Card, 15-Day TouchPass Card or 31-Day TouchPass Card.



Campaign Goals:

The purpose in running this campaign was 3-fold:

1. Analyzing who VVTA's followers are and which social media platforms they tend to gravitate towards.
2. Increase VVTA's social media presence in terms of new followers, likes and overall engagement.
3. Collect Data to determine which type of social media posts gets the most engagement from each platform.

Goal 1: The Audience

- **Instagram:** Engagement was primarily students 21 and under. They respond best with interesting and entertaining posts, don't respond much to "news" posts.

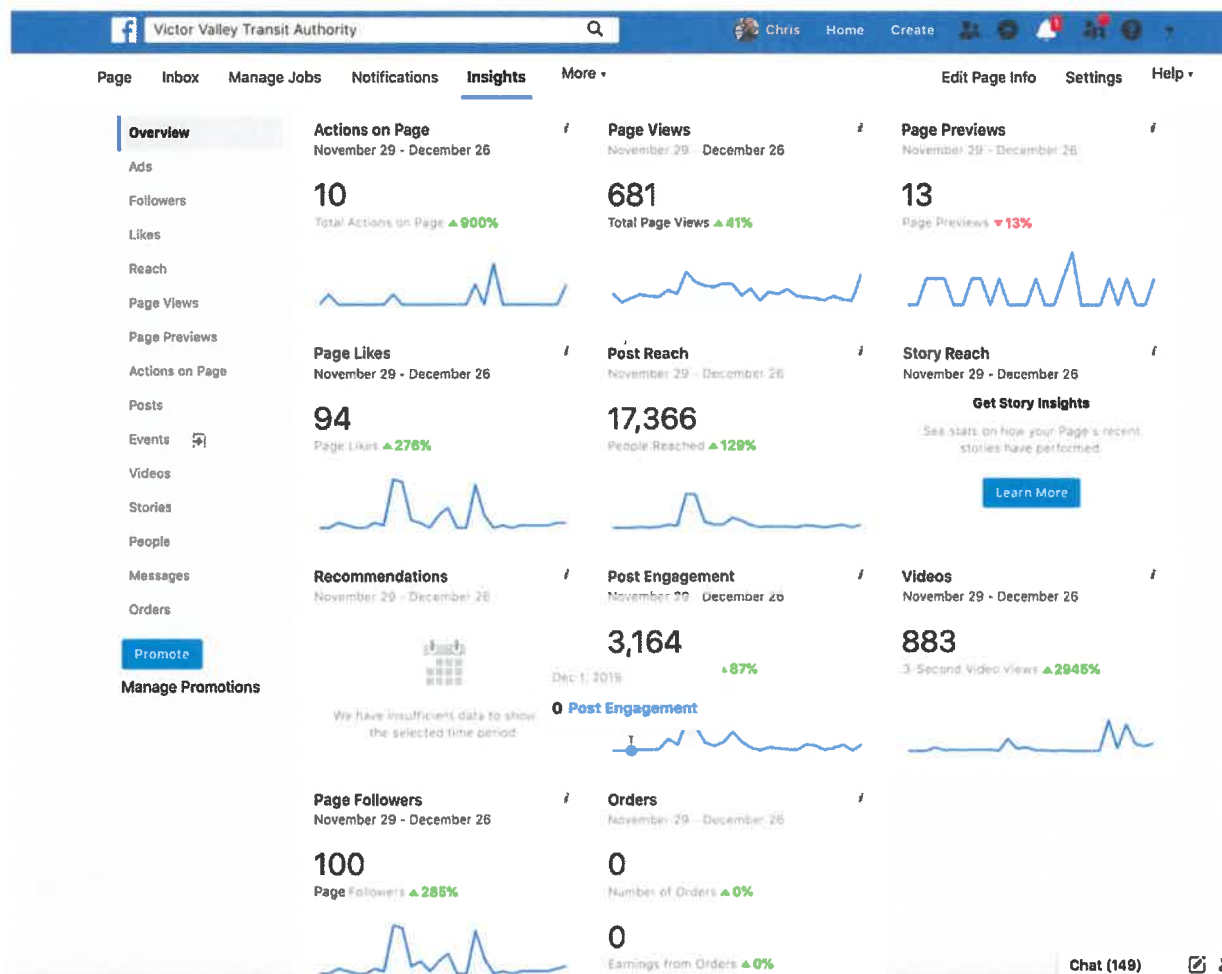
- **Facebook:** Adults 21-55. In this campaign, responses ranged from college-aged students, parents of smaller children, and adults, who took a photo of the bus, not with it.

- **Twitter:** There was no engagement through this platform in terms of photo entries, which indicates that VVTA's Twitter audience is primarily interested in the VVTA service news and bus route information. Even so, the campaign still increased engagement numbers and that is a positive.

Goal 2: Analytics

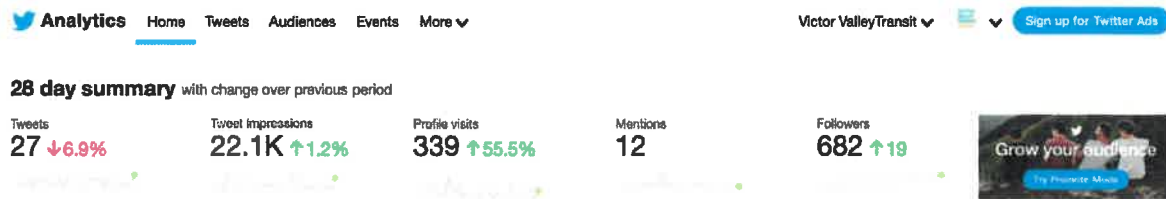
Instagram: Current engagement through this campaign rose their presence 6% with the average 28 likes per post. While in analytics this is considered average, this was a huge increase from previous months, which shows VVTA is on the right path heading into 2020. Most exciting were the cell phone video posts from VVTA's Marketing Manager when he would see "Randy" driving down the street. Those video posts on Instagram had an average of 100 views each!

Facebook: This social media platform is where VVTA grew the most as seen in the below charts:



Over the course of the campaign, VVTA gained 100 new page followers (285% increase), 681-page views (41% increase), post reaches to 17,366 people (129% increase), and an increase of 900% of people taking action on VVTA posts, rather than passively viewing a post.

Twitter: As mentioned above, VVTA did not see any action in terms of submissions on Twitter, but the numbers through the campaign were still very good as seen below:



While actual posts from riders on Twitter was down, total impressions were up as well as post visits which were up 55.5%. The campaign also garnered 19 new twitter followers.

Goal 3: Engagement Trends

Instagram: VVTA's audience here responds best with quick and fun videos plus posts that show the community (human) side of VVTA.

Facebook: A great mixture of news, information and community-based posts, geared mainly towards parents appears to work here.

Twitter: Strictly VVTA service news updates & information works best here. Occasionally some internal tweets about events within the company, but their riders are not here on Twitter at this point. This platform is great to get information out quickly and succinctly to partners within the community and industry.

National Express Transit17150 Smoke Tree St.
Hesperia Calif. 92345

INVOICE NO.

91778457

BILL TO Victor Valley Transit Authority
17150 Smoke Tree St.
Hesperia, Calif 92345

DATE

12/5/2019

CONTRACT NAME:
Victor Valley TransitAttention: Mr. Kevin Kane
Executive Director

MONTH November

BILLING PERIOD 11/01/19 to 11/30/19

	Budgeted Revenue hours	Actual Revenue hours	Budgeted Expense	Actual Expense	Variance (+ or -)	Budgeted Expense Year-to-date	Actual Expense Year-to-date	Variance (+ or -) Year-to-date
ADA ParaTransit	3,272.00	3,419.63	\$240,917.36	\$251,787.36	\$10,870.00	\$1,173,077.44	\$1,279,782.11	\$106,704.67
Subscription	1,133.00	1,243.89	\$83,422.79	\$91,587.62	\$8,164.83	\$406,203.16	\$481,197.94	\$74,994.78
Regional Fixed Rt	10,745.23	10,696.63	\$755,819.48	\$752,400.95	(\$3,418.52)	\$3,834,568.46	\$3,820,232.11	(\$14,336.35)
County	1,734.78	1,711.00	\$122,024.43	\$120,351.74	(\$1,672.69)	\$616,387.95	\$605,991.28	(\$10,396.67)
Rte. 200	50.00	50.00	\$3,517.00	\$3,517.00	\$0.00	\$15,077.00	\$15,077.00	\$0.00
B.V. Link/Lifeline	608.35	604.00	\$42,791.34	\$42,485.36	(\$305.98)	\$215,935.36	\$214,377.78	(\$1,557.58)
Fort Irwin	452.00	452.00	\$35,658.28	\$35,658.28	\$0.00	\$185,796.18	\$185,164.42	(\$631.76)
Barstow-Fixed Route	1,787.89	1,786.00	\$125,760.18	\$125,627.24	(\$132.94)	\$639,817.27	\$639,817.27	\$0.00
Barstow-County	733.29	733.00	\$51,579.62	\$51,559.22	(\$20.40)	\$262,660.67	\$262,660.67	\$0.00
Barstow-DAR	454.00	275.74	\$33,428.02	\$20,302.74	(\$13,125.28)	\$107,879.44	\$107,879.44	\$0.00
SUBTOTALS	20,970.54	20,971.89	\$1,494,918.49	\$1,495,277.51	\$359.01	\$7,457,402.93	\$7,612,180.02	\$154,777.09

* County routes include 20,21,22,23 and 24

TOTAL INVOICE INCLUDING VARIANCE

\$1,495,277.51

Please REMIT TO:

National Express Transit Corp.
62807 Collections Center Dr
CHICAGO, IL 60693

Manager's Signature and Business Phone

National Express Transit17150 Smoke Tree St.
Hesperia Calif. 92345

INVOICE NO.

91766914

BILL TO Victor Valley Transit Authority
17150 Smoke Tree St.
Hesperia, Calif 92345

DATE 11/04/2019

CONTRACT NAME:
Victor Valley TransitAttention: Mr. Kevin Kane
Executive Director

MONTH

October

BILLING PERIOD 10/01/19 to 10/31/19

	Budgeted Revenue hours	Actual Revenue hours	Budgeted Expense	Actual Expense	Variance (+ or -)	Budgeted Expense Year-to-date	Actual Expense Year-to-date	Variance (+ or -) Year-to-date
ADA ParaTransit	3,272.00	3,852.31	\$230,414.24	\$271,279.67	\$40,865.43	\$921,656.96	\$1,014,774.73	\$93,117.77
Subscription	1,133.00	1,490.79	\$79,785.86	\$104,981.43	\$25,195.57	\$319,143.44	\$384,824.88	\$65,681.44
Regional Fixed Rt	11,704.09	11,586.78	\$787,451.18	\$779,558.56	(\$7,892.62)	\$3,042,934.47	\$3,029,280.65	(\$13,653.82)
County	1,872.02	1,829.00	\$125,949.51	\$123,055.12	(\$2,894.39)	\$488,635.14	\$480,042.80	(\$8,592.34)
Rte. 200	40.00	40.00	\$2,691.20	\$2,691.20	\$0.00	\$11,437.60	\$11,437.60	\$0.00
B.V. Link/Lifeline	661.68	657.00	\$44,517.83	\$44,202.96	(\$314.87)	\$171,119.28	\$169,882.00	(\$1,237.28)
Fort Irwin	519.80	516.00	\$39,218.91	\$38,932.20	(\$286.71)	\$148,349.79	\$147,731.10	(\$618.69)
Barstow-Fixed Route	1,951.71	1,950.00	\$131,311.05	\$131,196.00	(\$115.05)	\$508,223.03	\$508,223.03	\$0.00
Barstow-County	803.31	800.00	\$54,046.70	\$53,824.00	(\$222.70)	\$208,653.45	\$208,653.45	\$0.00
Barstow-DAR	454.00	339.46	\$31,970.68	\$23,904.77	(\$8,065.91)	\$86,487.03	\$86,487.03	\$0.00
SUBTOTALS	22,411.61	23,061.34	\$1,527,357.15	\$1,573,625.91	\$46,268.77	\$5,906,640.19	\$6,041,337.27	\$134,697.08

* County routes include 20,21,22,23 and 24

TOTAL INVOICE INCLUDING VARIANCE

\$1,573,625.91

Please REMIT TO:

National Express Transit Corp.
62807 Collections Center Dr
CHICAGO, IL 60693

Manager's Signature and Business Phone



FY 2020 -- Monthly Performance Statistics by Mode
Systemwide Summary
All Routes

Performance Statistics for October

Mode	Passengers	Revenue Hours	Operating Costs	Passenger Revenue	Passengers Per Rev. Hour	Operating Cost Per Passenger	Operating Cost Per Rev. Hour	Passenger Revenue Per Passenger	Passenger Revenue Per Rev. Hour	Farebox Recovery Ratio
Bus (Motorbus)	153,463	16,869.3	\$1,477,329	\$197,723	9.1	\$9.63	\$87.58	\$1.29	\$11.72	13.38%
Commuter Bus	3,043	515.7	\$55,157	\$31,736	5.9	\$18.13	\$106.97	\$10.43	\$61.55	57.54%
Demand Response	17,736	5,694.6	\$518,843	\$47,198	3.1	\$29.25	\$91.11	\$2.66	\$8.29	9.10%
System Total	174,242	23,079.5	\$2,051,329	\$276,657	7.5	\$11.77	\$88.88	\$1.59	\$11.99	13.49%

FY 2020 -- Monthly Performance Statistics by Mode
Systemwide Summary
All Routes

Performance Statistics for November

Mode	Passengers	Revenue Hours	Operating Costs	Passenger Revenue	Passengers Per Rev. Hour	Operating Cost Per Passenger	Operating Cost Per Rev. Hour	Passenger Revenue Per Passenger	Passenger Revenue Per Rev. Hour	Farebox Recovery Ratio
Bus (Motorbus)	122,645	15,536.7	\$1,366,454	\$224,721	7.9	\$11.14	\$87.95	\$1.83	\$14.46	16.45%
Commuter Bus	2,452	452.0	\$50,775	\$15,844	5.4	\$20.71	\$112.33	\$6.46	\$35.05	31.20%
Demand Response	14,918	4,940.5	\$454,121	\$61,647	3.0	\$30.44	\$91.92	\$4.13	\$12.48	13.58%
System Total	140,015	20,929.1	\$1,871,350	\$302,212	6.7	\$13.37	\$89.41	\$2.16	\$14.44	16.15%



Monthly Ridership Report

November, FY 2020

Bus (Motorbus), Commuter Bus, Demand Response Only

Total (All Day Types)

Mode	Passengers		Passengers Per Revenue Hour		Farebox Recovery Ratio	
	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
Bus (Motorbus)	124,428	122,645	7.9	7.8	20.98%	16.45%
Commuter Bus	2,836	2,452	4.7	5.4	45.14%	31.20%
Demand Response	15,512	14,918	3.1	3.0	11.30%	13.58%
System Total	142,776	140,015	6.7	6.6	19.59%	16.15%

Barstow

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Hesperia

[illegible]

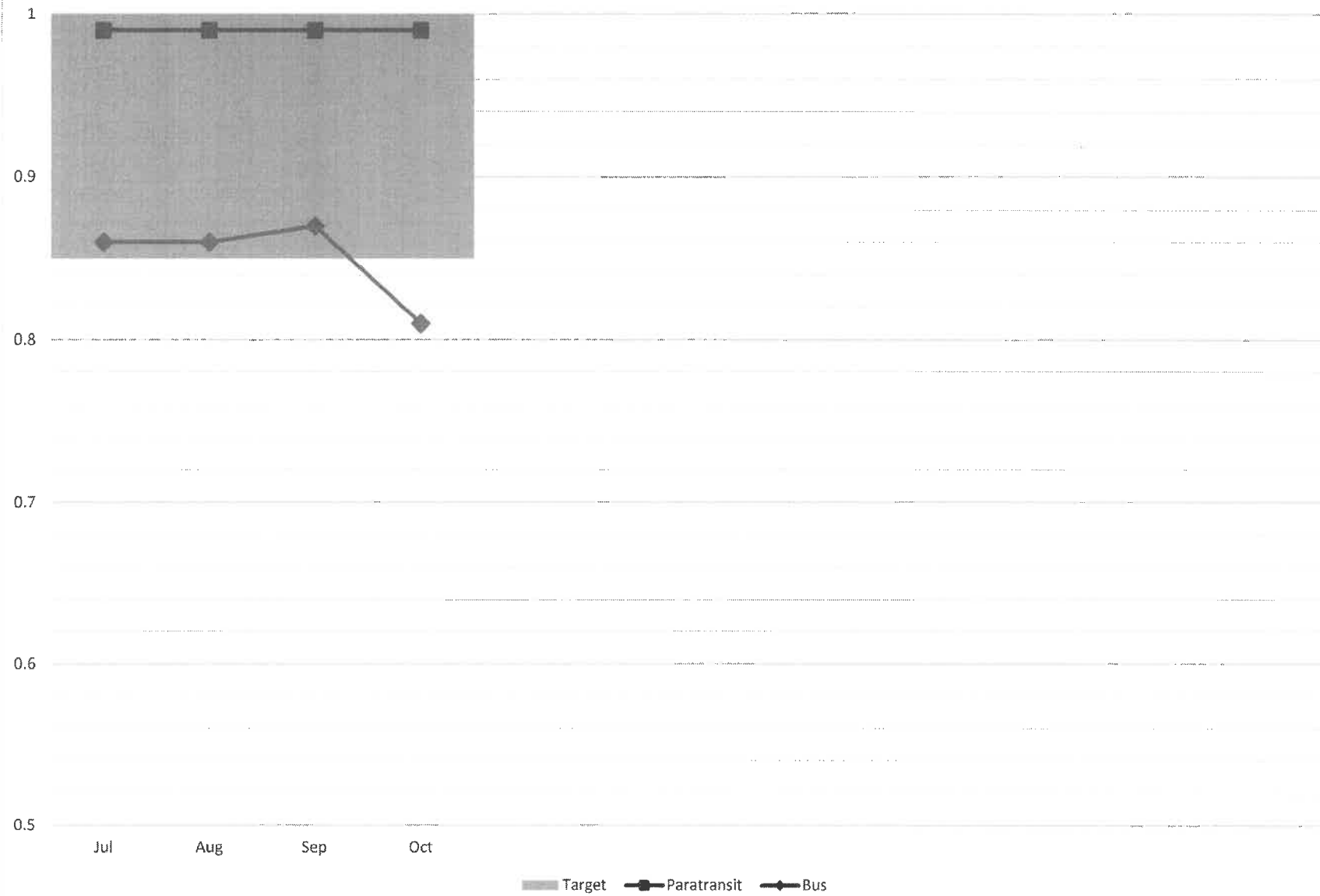
October 2019
Major and Non-Major
Miles between road calls - VVTA and Barstow

	Total Miles	Road Calls	Miles Between Road Calls
Demand Response	90,369	4	22,592
Commuter Bus	20,139	2	10,070
Motor Bus	289,925	134	2,164
Total System	400,433	140	2,860

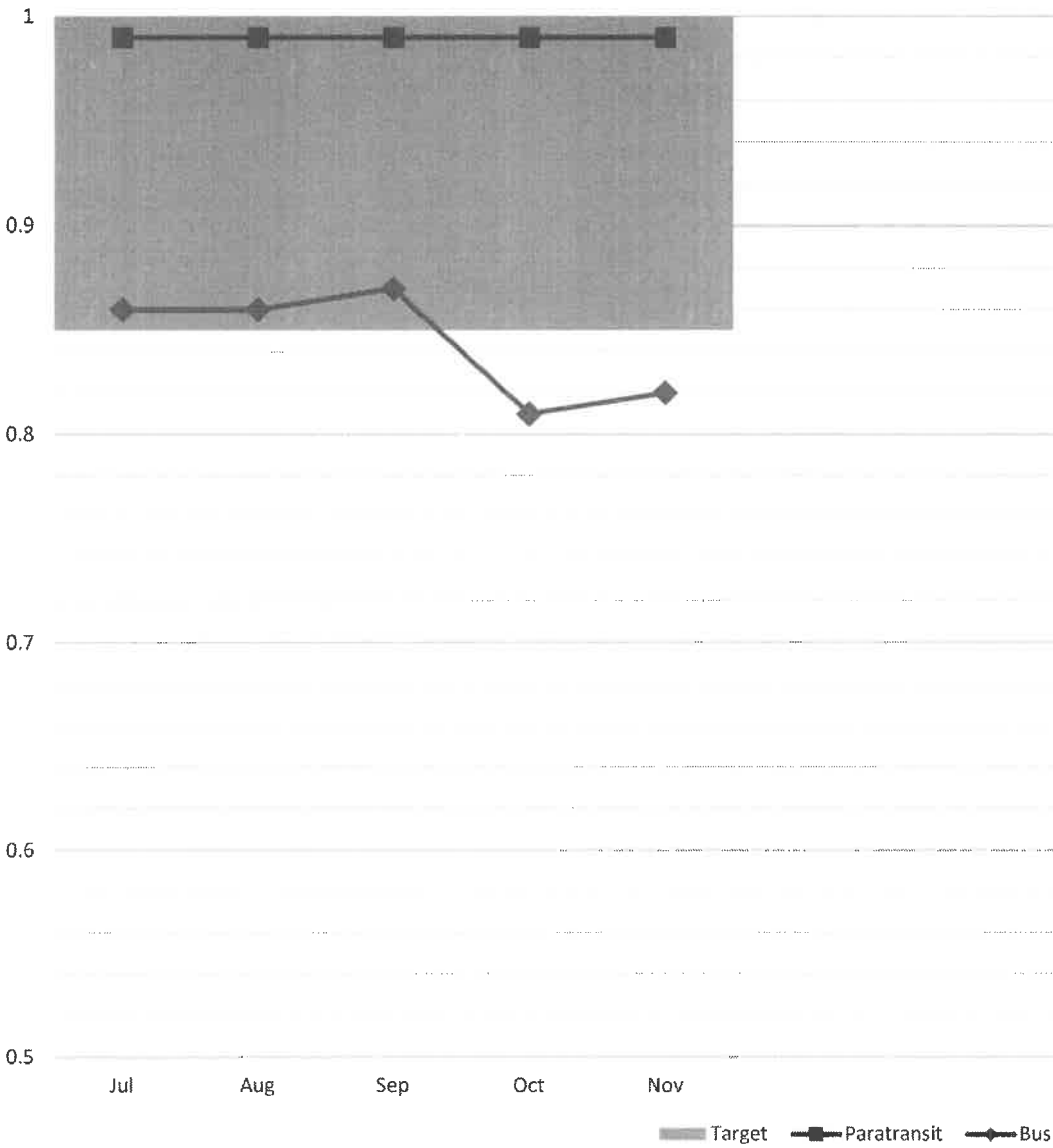
November 2019
Major and Non-Major
Miles between road calls - VVTA and Barstow

	Total Miles	Road Calls	Miles Between Road Calls
Demand Response	78,516	5	15,703
Commuter Bus	17,652	2	8,826
Motor Bus	267,877	99	2,706
Total System	364,045	106	3,434

FY 20 System Wide Schedule Adherence



FY 20 System Wide Schedule Adherence



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**AGENDA ITEM
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VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

**VVTA Annual NTD Audit Report for Fiscal Year Ending June 30, 2019
Completed by EideBailly CPAs & Business Advisors.**

SUMMARY STATEMENT

In 1974 Congress established the NTD to be the Nation's primary source for information and statistics on the transit systems of the United States and is used to calculate Federal funding formulas. Urban and rural transit grantees of Federal funding are required to report. The NTD also requires monthly operating and safety statistics reports from agencies such as VVTA. This is because VVTA is required to file as a Full Reporter.

Transit agencies are responsible for the data that they report to the NTD. If the data do not follow NTD prescribed procedures or seem unreasonable or inaccurate, or an agency cannot provide a reasonable response to explain data, the NTD may publish the data with a 'questionable' notation.

Like many federal reviews, this in-depth review is performed for NTD by a contracted Independent Auditor. The Independent auditor's statement is provided to the Board to receive and file. This report year, there were a few inquiries due to fluctuations in data as compared to the prior year. For instance, an increase in operating expenses was noted by the auditor and VVTA was able to support the change as a result of the new operations and maintenance contract, as well as, an overall increase in fuel costs. Similarly, fluctuations on the FFA-10 form that allocate pertinent data by areas served changed as compared to the prior year. This was due to updating the methodology for allocating the data among the rural and urbanized areas (UZA's).

The results of the auditor's statement find that no events or instances of non-compliance were found that would require adjustment to or disclosure to the FFA-10 or Agreed Upon Procedures Report.

RECOMMENDED ACTION

Receive and file.

PRESENTED BY
Marie Downing,
Grants Analyst

FISCAL IMPACT

N/A

MEETING DATE

January 21, 2020

ITEM NUMBER

6



National Transit Database Report
Agreed-Upon Procedures
June 30, 2019

Victor Valley Transit Authority

Independent Accountant’s Report On Applying Agreed-Upon Procedures 1

Procedures and Findings

 Procedures and Findings..... 3



CPAs & BUSINESS ADVISORS

Independent Accountant's Report On Applying Agreed-Upon Procedures

Board of Directors
Victor Valley Transit Authority
Hesperia, California

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form FFA-10 (FFA-10) for the Victor Valley Transit Authority (VVTA) annual National Transit Database (NTD) report:

1. A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
2. A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
4. A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
5. The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
7. Data are consistent with prior reporting periods and other facts known about VVTA's operations.

We have performed the procedures described in the attached procedures and findings of this report, which were agreed to by VVTA and the FTA and specified in the Declarations section of the *2019 Policy Manual*, solely to assist you in evaluating whether VVTA complied with the standards described above and that the information included in the NTD report FFA-10 form for the year ended June 30, 2019, is presented in conformity with the requirements of the *Uniform System of Accounts and Records and Reporting System; Final Rule*, as specified in 49 CFR part 630, *Federal Register*, January 15, 1993 and as presented in the *2019 Policy Manual*. VVTA's management is responsible for VVTA's compliance with those standards and the accuracy of the FFA-10 form. The sufficiency of these procedures is solely the responsibility of VVTA and FTA. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached procedures and findings either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings described in this report, which are referenced in order to correspond to the *2019 Policy Manual* procedures, were performed separately to each of the information systems used to develop the reported vehicle revenue miles (VRM), passenger miles (PM), and operating expenses of VVTA for the year ended June 30, 2019, and for each of the following modes: (1) Motor Bus - purchased transportation (MBPT), (2) Commuter Bus – purchased transportation (CBPT), (3) Demand Response - purchased transportation (DRPT) and (4) Vanpool Service - purchased transportation (VPPT).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the procedures noted in Exhibit 77 of the *2019 Policy Manual* or on the FFA-10. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Rancho Cucamonga, California
November 12, 2019

Excerpt from the FTA 2019 Policy Manual Exhibit 77 - Federal Funding Allocation Data Review Suggested Procedures:

FTA has specified and agreed to a set of procedures for the independent auditor to perform to satisfy the requirements of the Federal Funding Allocation data review. Several of the procedures below require the auditor to select a random sample of documents or data. The procedures do not specify the selected number (i.e., the percentage of the total documents/data). The auditor should use professional judgment to determine the percentage that will enable the auditor to make the required assurances.

The source documents and other records (such as data summaries) may be in the form of digital data files. The auditor should ensure that these files are securely stored and that a contingency plan is in place to ensure that the transit agency retains source documents for a minimum of three years:

- a. The procedures to be applied to each applicable mode and type of service (TOS) (directly-operated (DO) and purchased transportation (PT)) are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2019 Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

Results – We obtained and read a copy of VVTA’s Passenger Counting and Reporting (PCR) processing procedures. Based on our inquiry, we noted that VVTA maintains procedures that satisfy the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2019 Policy Manual.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
 - The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2019 Policy Manual.

Results – We inquired regarding VVTA’s procedures for the MBPT, CBPT, DRPT and VPPT services noting that the asserted procedures were consistently applied. In addition, based on our inquiry with the Deputy Executive Director and the CTSA Director, management asserted that the procedures resulted in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2019 Policy Manual.

- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form.

Results – We inquired with the Deputy Executive Director, regarding VVTA’s retention policy for NTD data, Total Modal Operating Expenses data, Actual Vehicle Revenue Mile and Passenger Miles Traveled. Per inquiry, the current practice is to retain electronic data for more than the three year minimum.

- d. Based on a description of the transit agency’s procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

Results – We inspected the following source documents for each type of service, selected three months out of the year and determined that the documents existed for each of these periods:

Type of Service	Source Document	Months Tested
MBPT	<ul style="list-style-type: none"> • MBPT Statistics Reports (queried from TransTrak system) • Random Sampling Database • Random Check Driver Trip Sheets • NTD Data Worksheets • Route plans 	<ul style="list-style-type: none"> • September 2018, January 2019 and April 2019. • Three years of data were noted to be archived on VVTA’s network.
CBPT	<ul style="list-style-type: none"> • CBPT Statistics Reports (queried from TransTrak system) • Random Sampling Database • Random Check Driver Trip Sheets • NTD Data Worksheets • Route plans 	<ul style="list-style-type: none"> • September 2018, January 2019 and April 2019. • Three years of data were noted to be archived on VVTA’s network.
DRPT	<ul style="list-style-type: none"> • DRPT Statistics Reports (queried from TransTrak system) • Random Sampling Database • NTD Data Worksheets • Ecolane Productivity Reports • Survey Trip Sheets • Driver Manifests 	<ul style="list-style-type: none"> • September 2018, January 2019 and April 2019. • Three years of data were noted to be archived on VVTA’s network.
VPPT	<ul style="list-style-type: none"> • VPPT Statistics Reports (queried from TransTrak system) • Rider Log-in Website • Vanpool Route data from Website • NTD Data Worksheets 	<ul style="list-style-type: none"> • September 2018, January 2019 and April 2019. • Three years of data were noted to be archived on VVTA’s network.

- e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

Results – *We inquired regarding the system of internal controls noting that each respective mode/type of service is being reviewed by personnel independent of the preparation process. The review is performed monthly for the MBPT, CBPT, DRPT and VPPT modes.*

- f. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

Results – *We selected a haphazard sample of 40 Check Trip Sheets for the MBPT and CBPT services and noted supervisory signatures documenting reviews of the data presented without exception. For the DRPT service the Survey Trip Sheets are prepared and reviewed by the contractor who provides the survey data to VVTA. Management asserted that the data which is in electronic format is reviewed before being entered into the accumulation worksheets that compiles the NTD data. For VPPT, data is accumulated electronically by the drivers. Management asserted that the data which is in electronic format is reviewed before being entered into the accumulation worksheets that compiles the NTD data.*

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

Results – *We obtained the worksheets utilized by VVTA to transcribe statistics to the Federal Funding Allocation Statistics form and compared the data to summaries without exception. We tested the arithmetical accuracy of the summarizations without exception.*

- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2019 Policy Manual.

Results – *Sampling was conducted for the MBPT, CBPT and DRPT modes. We inspected the sampling methodologies and noted that the sampling methodology used met the requirements of the 2019 Policy Manual.*

The VPPT mode does not involve sampling. This mode used a 100% count of actual PM.

- i. Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:
- According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
 - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
 - Service purchased from a seller is included in the transit agency's NTD report.
 - For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and ± 10 percent precision requirements.
 - Determine how the transit agency estimated annual PMT for the current report year.

Results – VVTA meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year. For the current year they have chosen to perform statistical sampling for the MBPT and DRPT modes to reflect recent service changes. The 2017 statistical sampling was used for the CBPT mode which did not experience the same level of changes in the current year. The VPPT mode does not involve sampling. This modes use a 100% count of actual PMT.

- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

Results – For the MBPT, CBPT and DRPT modes we obtained a copy of VVTA's methodology used in the statistical sampling to estimate Average PMT and determined that the methodology used by VVTA resulted in a random selection of runs and that the stated sampling procedure was followed.

The VPPT mode does not involve sampling since it uses a 100% count of actual PMT.

- k. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulations periods that were tested. Test the arithmetical accuracy of the summary.

Results – *For MBPT and CBPT we randomly selected 40 surveyed routes from the statistical sampling performed for the current year. We verified the mathematical accuracy of the survey count sheets and that the data was properly input to the accumulation worksheet to perform the Average PMT calculation. No exceptions were found as a result of this procedure.*

For DRPT we randomly selected 30 surveyed routes from the current year statistical sampling. We verified the mathematical accuracy of the survey count sheets and that the data was properly input to the accumulation worksheet to perform the Average PMT calculation. No exceptions were found as a result of this procedure.

For VPPT, we compared ridership being entered on the Vanpool internet database for September 2018, January 2019 and April 2019 against amounts uploaded to the Data Warehouse without exception. We also tested 6 Vanpool routes and verified the accuracy of calculations used to determine PMT with no exceptions noted as a result of these procedures.

- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual Vehicle Revenue Miles (VRM) with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

Results – *The procedure identified above is not applicable. Per inquiry with VVTA's management, VVTA did not provide charter, school bus or other ineligible services.*

- m. For actual VRM data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.

Results – *For the MBPT and CBPT modes, VVTA calculates actual missed vehicle revenue miles using the TransTrak system. The system generates an accumulation of missed revenue miles per trip which are subtracted from scheduled revenue miles. We selected a sample of 10 missed trips for MBPT and 10 missed trips for CBPT and noted that those trips were subtracted from the scheduled revenue miles. No exceptions with the arithmetic accuracy were noted as the result of these procedures.*

- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.

Results – *This procedure is not applicable as VRMs are not calculated from hubodometers.*

- If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

Results – *For the DRPT mode, Revenue Miles are calculated by the Ecolane system based on the odometer readings from the first pickup to the last drop off. Deadhead miles are excluded from the Revenue Miles calculations. We randomly selected 4 trips to test and noted without exception that the deadhead miles are not included in the Revenue Miles calculations.*

For the VPPT mode deadhead miles are automatically excluded because only commute miles are entered into the calculation of Revenue Miles and the results are reviewed by the CTSA and Deputy Executive Director.

- n. For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

Results – *The procedure identified above is not applicable as VVTA does not provide rail service.*

- o. If fixed guideway or High Intensity Busway Directional Route Miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet FTA definition of fixed guideway (FG) or High Intensity Busway (HIB) in that the service is:
- Rail, trolleybus (TB), Ferryboat (FB), or Aerial Tramway (TR); or
 - Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of-way (ROW); and
 - i. Access is restricted;
 - ii. Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway;
 - iii. Restricted access is enforced for freeways; priority lanes used by other HOV (i.e., Vanpools (VP), carpools) must demonstrate safe operation.

Results – *The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.*

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that he or she computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

Results – *The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.*

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:
- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
 - If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.

Results – *The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.*

- r. Measure FG/HIB DRM from maps or by retracing route.

Results – *The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.*

- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and Operating Expense (OE) for the service operated over the same FG/HIB.

Results – *The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.*

- t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2019 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2019 report year, the Agency Revenue Service Date must occur within the transit agency's 2019 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.

Results – *The procedure identified above is not applicable as VVTA does not operate using fixed guideways or high intensity directional routes.*

- u. Compare operating expenses with audited financial data after reconciling items are removed.

Results – *Operating expenses were compared to the trial balances subject to audit without exception.*

- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.

Results – *We identified the purchased transportation fare revenues reported on the B-30 and reconciled the amounts to the general ledger without exception.*

- w. If the transit agency's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement for the PT data.

Results – *The data for purchased transportation are included in the reporting by VVTA and therefore no IAS for the purchased transportation services is included.*

- x. If the transit agency purchases transportation services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.

Results – We inspected the MBPT, CBPT, DRPT and VPPT service contracts and determined that they contained the items noted above without exception. We inquired with the Deputy Executive Director, regarding VVTA's retention policy for executed contracts for purchased transportation programs. Per inquiry, the current practice is to retain contracts for ten years.

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

Results – For the MBPT mode VVTA provides services between two UZA's and a non-UZA. For the current year allocations VVTA hired a planning consultant to calculate the VRM allocations for both CBPT and MBPT services. Some urban areas and clusters within the MBPT service had not previously been captured for VVTA reporting. We tested five of the new UZA route allocations against Google Maps without exception.

All DRPT data is reported in one UZA.

The requirement to allocate VPPT data is not applicable per NTD reporting requirements.

- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

Results – The following fluctuations were noted on the FFA-10 Form:

- A 15.4% increase in Operating Expenses for MBPT
- A 13.1% decrease in Passenger Miles for MBPT
- A 19.5% increase in Operating Expenses for CBPT
- A 10.9% increase in Operating Expenses for DRPT
- A 52.6% decrease in Operating Expenses for VPPT

A 15.4% increase in the Operating Expenses for MBPT was noted. Per inquiry with the Deputy Executive Director, this was the result of a new operations and maintenance contract entered in October 2018. The contract included substantially higher employee wages. Additionally, there was a county-wide increase in market fuel prices.

A 13.1% decrease in the Passenger Miles for CBPT was noted. Per inquiry with the Deputy Executive Director, this was the result of a corresponding drop in current year ridership.

A 19.5% increase in the Operating Expenses for CBPT was noted. Per inquiry with the Deputy Executive Director, this was the result of a new operations and maintenance contract entered in October 2018. The contract included substantially higher employee wages. Additionally, there was a county-wide increase in market fuel prices

A 10.9% increase in the Operating Expenses for MBPT was noted. Per inquiry with the Deputy Executive Director, this was the result of a new operations and maintenance contract entered in October 2018. The contract included substantially higher employee wages. Additionally, there was a county-wide increase in market fuel prices

A 52.6% decrease in the Operating Expenses for VPPT was noted. Per inquiry with the Deputy Executive Director, the methodology of allocating costs to the VPPT mode has changed for the current year. Leasing expenses which had previously been allocated directly to the mode are now being reported as a reconciling item with Operating Lease Expenses on form F-40.

- aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by FTA.

Results – *We have documented the procedures followed based on the FTA 2019 Policy Manual Exhibit 77 - Federal Funding Allocation Data Review - Suggested Procedures, and noted the documents reviewed and tests performed in our workpapers. Additional procedures were not performed.*

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**AGENDA ITEM
SEVEN**

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VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

**VVTA Annual Financial Audit Report for Fiscal Year Ending June 30, 2019
Completed by EideBailly CPAs & Business Advisors.**

SUMMARY STATEMENT

In December 2019, VVTA received its audited Annual Financial Report for fiscal year ending June 30, 2019, along with the required Single Audit for Federal Award Programs. In management's opinion it was an "exemplary" audit. There were no audit findings, no material misstatements, and no management recommendations were noted. VVTA was found to be materially in compliance with GAAP (Generally Accepted Accounting Principles), and Government Uniform Guidance standards and all other related codified rules. VVTA received an "unmodified" opinion and has qualified as low-risk auditee.

HIGHLIGHTS

- ❑ **Net Position:** Overall Net Position increased \$7,840,948 and was largely impacted by a net investment in capital assets and restricted capital assets of \$3,052,958 as well as an increase in Unrestricted Net Position of \$4,787,990. These changes are explained in detail in this report.
- ❑ The value of the Authority's capital assets (net of deletions and depreciation) increased by \$3,071,068 or 4.6%. This increase was caused by investment in new assets of \$8,643,992 offset by depreciation and asset retirement costs totaling \$5,572,924. This increase in depreciable asset value also had a significant positive impact on the overall ending net position as explained later in the attached Financial Statement.
- ❑ The Authority's overall operations statistics were impacted this year by the new Operations and Maintenance contract that started October 1st, 2018. The new Contractor's rates were higher by 8.22% when compared to the rate for the prior contract. This increase is consistent with the transit service required by the Authority to provide the best service to our community. Additionally, FY 18/19 shows significant increase in the fuel expenses due to the increase of the fuel market prices.

RECOMMENDED ACTION

Receive and file.

PRESENTED BY
Maged Azer
Finance Director

FISCAL IMPACT

N/A

MEETING DATE

January 21, 2020

ITEM NUMBER

7

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

VVTA Annual Financial Audit Report for Fiscal Year Ending June 30, 2019 Completed by EideBailly CPAs & Business Advisors.

- ❑ Program revenues: Passenger Fares increased by 12% or \$325,081, as compared to the prior year. This increase is due to an increase in the monthly pass organizations that provide passes to students. Other program revenues for FY18/19 totaled \$1,893,366 representing an increase of \$711,802 when compared to the prior year. This increase was largely due to the result of selling LCFS credits. Program revenues contributed by Federal, State and Local agencies increased by \$7,489,429 were sufficient to meet the operating expense needs of the Authority.
- ❑ Capital revenues contributed by Federal, State and Local agencies totaled \$7,953,777 a decrease of \$658,519 compared with last year. Capital revenues from these sources were provided by grants to support specific capital purchases. Capital purchases vary greatly from year to year depending on the needs and objectives of the Authority. The funds received were enough to meet the capital needs of the agency for FY18/19.
- ❑ Total revenues increased by 25.3% from \$31,108,702 in FY 17/18 to \$38,976,495 in FY18/19 largely due to the addition of operating revenues as explained above.
- ❑ Total expenses including depreciation and interest, for the fiscal year totaled \$31,135,547 and represents an increase of \$3,098,508 or 11% when compared to the prior fiscal year. This was impacted by the increases in operating expenses as mentioned above due the new contractor rates and the increase in the fuel market prices.

Cash and equivalents at end of year were \$23,280,616. Of this amount, \$3,356,568 is available for operations, with the balance restricted by grant agreements or governing body policy to be used on specific capital projects including the purchasing of rolling stock, vehicle equipment and capital improvements, repairs and equipment for the Authority's facility.

VICTOR VALLEY TRANSIT AUTHORITY

AGENDA MATTER

**VVTA Annual Financial Audit Report for Fiscal Year Ending June 30, 2019
Completed by EideBailly CPAs & Business Advisors.**

Included in this cash position is \$12,264,054 which is restricted by a debt agreement in connection with the 2016 COP construction of the Authority's Hesperia facility and 2018 COP the construction of the new facility in Barstow, \$1,797,842 in Prop 1B funds and \$939,454 in LCTOP funds both of which are restricted by grant agreements for certain capital projects, and \$4,922,698 restricted by the Authority's governing board for specific capital projects.





Basic Financial Statements
June 30, 2019

Victor Valley Transit Authority
(A Joint Powers Authority)

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Independent Auditor's Report

To the Board of Directors
Victor Valley Transit Authority
Hesperia, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Victor Valley Transit Authority (Authority) as of and for the year ended June 30, 2019, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

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

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, schedule of the Authority's proportionate share of the net pension liability and the schedule of contributions, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 23, 2019

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

This discussion and analysis of the Victor Valley Transit Authority's (Authority) financial performance for the fiscal year ended June 30, 2019, provides a financial summary of the Authority's current year results in comparison to the prior year. It should be read in conjunction with the accompanying, financial statements and notes to the financial statements.

The Management's Discussion and Analysis (MD&A) section of the Authority's annual financial report provides condensed comparative data and briefly discusses the financial activities during the fiscal year ended June 30, 2019. It is a separate but an integral part of the financial statements and notes that follow. The purpose of this MD&A is to promote an understanding of the Authority's financial statements.

The financial statements of the Authority supply information using accounting methods similar to those used by private sector companies. These statements offer short and long-term information about its activities.

The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides the basis for evaluating the capital structure, liquidity and overall financial integrity of the Authority.

The Statement of Revenues, Expenses and Changes in Net Position displays the revenues, expenses and changes in net position for the Authority and measures the success of operations over the past year. It can be used to determine credit worthiness and whether revenue sources matched, exceeded or failed to meet expenses.

The final financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It accounts for the cash and cash equivalents balance available at the beginning of the year and at year's end. It displays cash received, cash expended, and the net change in the amount of cash and cash equivalents.

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

HIGHLIGHTS

- ❑ Net Position: Overall Net Position increased \$7,840,948 and was largely impacted by a net investment in capital assets and restricted capital assets of \$3,052,958 as well as a increase in Unrestricted Net Position of \$4,787,990. These changes are explained in detail in this report.
- ❑ The value of the Authority's capital assets (net of deletions and depreciation) increased by \$3,071,068 or 4.6%. This increase was caused by investment in new assets of \$8,643,992 offset by depreciation and asset retirement costs totaling \$5,572,924. This increase in depreciable asset value also had a significant impact on the overall ending net position as explained later in this discussion.
- ❑ The Authority's overall operations statistics were impacted this year by the new Operations and Maintenance contract that started October 1st, 2018. The new Contractor's rates were higher by 8.22% when compared to the rate for the prior contract. This increase is consistent with the transit service required by the Authority to provide the best service to our community. Additionally, FY 18/19 shows significant increase in the fuel expenses due to the increase of the fuel market prices countrywide.
- ❑ Program revenues: Passenger Fares increased by 12% or \$325,081, as compared to the prior year. This increase is due in part to a new client (ALS) which increased the purchases of student monthly passes. Other program revenues for FY18/19 totaled \$1,893,366 representing an increase of \$711,802 when compared to the prior year. This increase was largely due to the result of selling LCFS credits. Program revenues contributed by Federal, State and Local agencies increased by \$7,489,429 were sufficient to meet the operating expense needs of the Authority.
- ❑ Capital revenues contributed by Federal, State and Local agencies decreased by \$658,519 to a total of \$7,953,777. Capital revenues from these sources were provided by grants to support specific capital purchases. Capital purchases vary greatly from year to year depending on the needs and objectives of the Authority. The funds received were enough to meet the capital needs of the agency for FY18/19.
- ❑ Total revenues increased by 25.3% from \$31,108,702 in FY 17/18 to \$38,976,495 in FY18/19 largely due to the addition of operating revenues as explained above.
- ❑ Total expenses, including depreciation and interest, for the fiscal year totaled \$31,135,547 and represents an increase of \$3,098,508 or 11% when compared to the prior fiscal year. This was impacted by increases in operating expenses of \$2,412,673 as mentioned above due the new contractor rates and the increase in the fuel market prices. Additionally, increases in General and Administrative costs of \$222,929, depreciation expenses of \$279,583, and interest expenses of \$275,234, offset the contribution of capital assets totaling (\$91,911) to a non-profit partner providing ride services to senior and disabled clients (not applicable in 18/19).

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

- ❑ Cash and equivalents at end of year were \$23,280,616. Of this amount, \$3,356,568 is available for operations, with the balance restricted by grant agreements or governing body policy to be used on specific capital projects including the purchasing of rolling stock, vehicle equipment and capital improvements, repairs and equipment for the Authority's facility.

Included in this cash position is \$12,264,054 which is restricted by a debt agreement in connection with the 2016 COP construction of the Authority's facility and 2018 COP the construction of the new facility in Barstow, \$1,797,842 in Prop 1B funds and \$939,454 in LCTOP funds both of which are restricted by grant agreements for certain capital projects, and \$4,922,698 restricted by the Authority's governing board for specific capital projects.

- ❑ In FY14/15 VVTA adopted the provisions of GASB 68 which had implications on costs and net position of the Authority. Statement 68 was issued by GASB in June 2012, requiring public employers who participate in a defined benefit pension plan administered as a trust or similar arrangement (such as CalPERS), to comply with new accounting and financial reporting standards. These standards required, amongst other things, that risk pooled employers like VVTA, would have to report their proportionate share of collective Net Pension Liability (NPL), Pension Expenses, and Deferred Inflows/Outflows of resources, from the funds that CalPERS managed. Prior to GASB 68, VVTA reported only amounts contributed by VVTA to the CalPERS retirement plan on behalf of eligible participating staff members, as an expense without indication of a shared liability for future potential pension expenses. In the FY18/19 financial statements, VVTA has reported its proportionate share of collective Net Pension Liability (NPL), Pension Expenses, and Deferred Inflows/Outflows of resources. These requirements had a very minor impact on VVTA's overall financial statements. Ending proportionate share of NPL for VVTA in FY18/19 is \$162,489 or 0.4% of total liabilities.
- ❑ Additional information pertaining to the specific impact of these Statements and the treatment on the Authorities' financial statements are detailed in the "notes to the financial statements" and in the "Required Supplementary Information" section following the notes.

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

FINANCIAL ANALYSIS OF VICTOR VALLEY TRANSIT AUTHORITY

One of the most important questions asked is “*Is the Authority better off or worse off as a result of the year's activities?*” The Statement of Net Position and the Statement of Revenues and Expenses, provide information about the Authority's activities to help answer that question. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or weakening. The Authority accounts for all transactions in an enterprise fund which uses the full accrual basis of accounting. The activity shown in Table A-1 represents all activity through that fund.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES

A summary of the Authority's *Statement of Net Position* is presented in Table A-1.

Table A-1
Condensed Statement of Net Position

	<u>30-Jun</u>		<u>Dollar</u>	<u>Percentage</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Change</u>
Current Assets	\$30,071,736	\$18,107,714	\$ 11,964,022	
Capital assets (net)	\$69,230,642	\$66,159,574	\$ 3,071,068	
Total Assets	<u>\$99,302,378</u>	<u>\$84,267,288</u>	<u>\$ 15,035,090</u>	17.8%
Deferred Outflows (pensions)	\$394,426	\$470,625	\$ (76,199)	
Deferred Outflows (refunding)	\$1,045,939	\$1,104,047	\$ (58,108)	
Total Assets & Deferred Outflows	<u>\$100,742,743</u>	<u>\$85,841,960</u>	<u>\$ 14,900,783</u>	17.4%
Current Liabilities	\$9,923,514	\$12,665,288	\$ (2,741,774)	
Non-Current Liabilities	\$32,997,893	\$23,159,851	\$ 9,838,042	
Net Pension Liability	\$162,489	\$179,958	\$ (17,469)	
Total Liabilities	<u>\$43,083,896</u>	<u>\$36,005,097</u>	<u>\$ 7,078,799</u>	19.7%
Deferred Inflows (pension)	\$20,720	\$39,684	\$ (18,964)	N/A
Net Position				
Net investment in capital assets	\$36,478,688	\$43,513,770	\$ (7,035,082)	
Restricted for Debt Service	\$12,264,054	\$2,176,014	\$ 10,088,040	
Unrestricted	<u>\$8,895,385</u>	<u>\$4,107,395</u>	<u>\$ 4,787,990</u>	
Total Net Position	<u>\$57,638,127</u>	<u>\$49,797,179</u>	<u>\$ 7,840,948</u>	15.7%
Total Liabilities, Deferred Inflows & Net Position	<u>\$100,742,743</u>	<u>\$85,841,960</u>	<u>\$ 14,900,783</u>	17.4%

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

Table A-1, shows the Authority's total net position increased from \$49,797,179 in FY17/18 to \$57,638,127 in FY18/19 or 15.7% as a result of the year's activities and as explained further in this report.

- **Current assets** Increased by \$11,964,022 or 66%, the increase is mainly due to the increase of cash with fiscal agent by \$10,088,040 which is the 2018 COP funds for the new facility in Barstow (construction in progress). Additionally, the increase includes the Board reserved funds of \$623,024, the increase in interest revenue due to the investment of the 2018 COP unused funds, the increase of cash offset with the usage of Proposition 1B and LCTOP funds. The Authority expects to spend down its remaining funding over the next two years. Cash and Investments-Board Reserved are set aside by the Authority's Board of Directors for future capital projects. The increase to these funds in FY19 were derived from the sale of the LCFS credits.
- **Total Capital Assets** (net of depreciation) increased by \$3,071,068. This change reflects the net activity in the capital asset accounts including additions and retirements of assets as well as accumulated depreciation expense charges. This increase indicates that the Authority's investment activity in capital assets was more than its charges and increased by 4.6% as compared to the prior year.

	FY2019	FY2018
Land	\$1,693,350	\$1,693,350
Construction in Process	<u>1,995,653</u>	<u>986,075</u>
Total Non-Depreciable	3,689,003	2,679,425
Property & Equipment	<u>65,541,639</u>	<u>63,480,149</u>
Total Capital Assets (net)	<u>\$69,230,642</u>	<u>\$66,159,574</u>

The ending balance of \$1,995,653 in the Construction in Progress account is for the new transit facility in Barstow, scheduled to be completed on Spring 2020.

Investment of \$6.89m in Property and Equipment was for purchased capital assets of seven (7) new 35 and 40 ft Eldorado Axess buses used in Fixed Route operations, two (2) new Eldorado Aerotech buses used in Demand Responsive service, and two (2) new service vehicles used to provide supervisory support to the transit system, plus the first BEB Battery Electric Bus received in FY18/19 and the construction of the charging station to be ready for additional Electric Buses. Further investment was made into the installation of the ITS Intelligent Transportation System to replace the old Avail Technology System which monitors and tracks the buses. Some other replacement of major components (engines & transmissions) in a number of revenue vehicles to extend their useful life, new and replacement bus shelters and solar lighting for bus stops, along with furnishings, fixtures and computer equipment to support the Authority's transit facilities in Hesperia and Barstow California.

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

- ❑ **Total Liabilities increased by \$7,078,799** when compared to FY17/18 due to the new 2018 COP liability for the new facility in Barstow. offset with the decrease of the long-term liability of the 2016 COP as a result of terms for principle payments, plus the decrease of the unearned revenue.
- ❑ **Net position – Net Investment in capital assets decreased by \$7,035,082.** This was a result of the net activity in capital asset and liability accounts including additions and retirements of capital assets as well as accumulated depreciation expense charges and increases or decreases in liabilities as explained earlier in this discussion.
- ❑ **Net position in the amount of \$12,264,054 is restricted, \$2.2m for debt service on a long-term lease arrangement maturing in 2037.** These funds are reserved as required by finance lease documents 2016 COP to provide security to the lessor for future lease payment obligations by the Authority. These funds will remain in this restricted status until the lease agreement matures in 2037. Additionally, \$10M is restricted for the construction of the new facility in Barstow per the 2018 COP documents.
- ❑ **Net position in the amount of \$8,895,385 is unrestricted.** Unrestricted net position, is the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

REVENUES – EXPENSES – AND CHANGES IN NET POSITION

While the Statement of Net Position shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

Table A-2

Statement of Revenues, Expenses and Changes in Net Position

Revenues	30-Jun		Dollar	Percentage
	2019	2018	Change	Change
Program Revenues (operating):				
Charges for Services (Fares)	\$3,086,679	\$2,761,598	325,081	
Federal Grants-Operating	\$4,515,941	\$2,942,112	1,573,829	
State and Local Grants-Operating	\$21,526,732	\$15,611,132	5,915,600	
Other Revenues	\$1,893,366	\$1,181,564	711,802	
Capital Revenues:				
Federal Grants	\$4,611,189	\$5,093,781	(482,592)	
State and Local Grants	\$3,342,588	\$3,518,515	(175,927)	
Total Revenues	\$38,976,495	\$31,108,702	7,867,793	25.3%
Program Expenses				
Operations	\$21,474,495	\$19,061,822	2,412,673	
General and Administration	\$3,635,343	\$3,412,414	222,929	
Depreciation	\$4,868,549	\$4,588,966	279,583	
Capital Expenses:				
Capital Interest Expense:	\$1,157,160	\$881,926	275,234	
Contributed Capital	\$0	\$91,911	(91,911)	
Loss on Disposal of Assets	\$0	\$0	0	
Total Expenses	\$31,135,547	\$28,037,039	3,098,508	11.1%
Changes in net position	\$7,840,948	\$3,071,663	4,769,285	
Net Position - Beginning of year	\$49,797,179	\$46,725,516	\$3,071,663	7%
Net Position - End of year	\$57,638,127	\$49,797,179	\$7,840,948	15.7%

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

As shown on Table A-2, **Fare Revenues** Increased by \$325,081 or 12% in FY 18/19. This increase was largely due to an increase in the monthly pass organizations that provide passes to students. Fare Revenues are expected to increase in FY19/20 approximately three percent (3%) due to targeted marketing efforts to increase ridership as well as applying the Touch Pass card system

Program revenues to support operations received from Federal, State and Local agencies increased by \$7,489,429 or 40%, as compared to the prior year. Federal operating grants increased \$1,573,829, while State and Local operating grants increased \$5,915,600. These changes were programmed as part of the FY18/19 budget that covered the Authority needs for the operating expenses.

Other program revenues for FY18/19 totaled \$1,893,366, increased by \$711,802 when compared to the prior year, the main reason of this increase is the sale of LCFS credits more than last year plus the \$287k received from HVIP as credits for buying zero emission buses.

Capital revenues contributed by Federal, State and Local agencies totaled \$7,953,777, a decrease of \$658,519 when compared to FY17/18. Capital revenues from these sources were provided by grants to support specific capital purchases. Capital purchases vary greatly from year to year depending on the needs and objectives of the Authority. The funds received were enough to meet the capital needs of the agency for FY18/19 which are detailed in this report's discussion of "Net Position".

Total revenues increased by 25% from \$31,108,702 in FY 17/18 to \$38,976,495 in FY18/19, as explained in the report above.

Program expenses increased 11%, or \$3,098,508 when compared to the prior year. Of this amount, operation expenses increased by \$2,412,673 mainly due to the new contractor rates that started October 1st, 2018 as mentioned above, as well as the increase of the fuel market prices countrywide. General and Administration (G&A) costs increased by \$222,929 as part of a budgeted expansion in G&A support for the Authority's growing operational requirements.

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

FINANCIAL CONDITION

Overall, the Authority's financial condition remained strong and stable as a result of various planned program activity growth along with continued capital investment. The Authority continues to enjoy strong financial support from a variety of sources including Federal, State and Local funding sources as well as continuing an aggressive program of growing other program revenues such as Low Carbon Fuel Standard credits that generate income from the production of vehicle fuels from natural gas. Additionally, with the passage of the FAST act, the Federal government has pledged increased and stable support for transit overall, from which the Authority will continue to benefit. This strong financial condition is evidenced in Table A-1, which shows the Authority's total ending net position of **\$57,638,127**.

Some specific activities that have led to the Authority's financial condition as of June 30, 2019, include:

- ❑ This fiscal year, the authority invested \$6.89m in new capital asset acquisitions of vehicles and equipment. This robust investment demonstrates that the Authority's access to capital funding through Federal, State and local sources remains strong. The Authority's investment strategy is based on need from expansion, innovation and maintenance of its existing services. Capital asset investment in FY19/20 is forecasted to remain strong from investment in new Revenue vehicles and Electric Buses, as well as continued capital investments in its facilities. Additionally, the Authority raised \$10m through the issuance of Certificates of Participation for the construction of a Bus Maintenance Facility to support its expanded operations in Barstow, California.
- ❑ The Authority continued its extensive program for increasing the number of bus shelters, BEB buses, benches, solar lights and other passenger amenities. This program of bus stop improvements will continue into the next fiscal year. Plus completing the infrastructure for the BEB bus chargers.
- ❑ In June 2015, the Authority was designated as a Consolidated Transportation Services Agency (CTSA) for the High & North Desert regions of San Bernardino County. This represented an expanding role and commitment to the Authority's already established Mobility Management department and increased the VVTA service area from 425 to 950 square miles. Through the CTSA designation, the Authority has locked in Federal and Local funding and increased other funding opportunities through local non-profit partnerships. Throughout FY18/19 the Authority maintained these services by a slight increase in expenses of \$26,443 when compared with FY17/18.
- ❑ The Authority continued to invest in its Vanpool program operated under the management of its CTSA department. This program provides support for residents of the Authority's service area who must commute out of the service area for work. These vanpools serve to reduce traffic congestion and improve the environment through the lowering of carbon emissions. Additionally, the Authority reports the passenger miles produced by these vanpools continues to generate additional federal apportionment funding. These additional Federal funds are used for capital and operating support and expansion of VVTA's other transportation services. The Authority has continued its commitment to the Vanpool program in FY19/20 with further plans to aggressively market and grow the program. Additionally, the Authority is proud to report that VVTA is currently the 18th largest countrywide in the number of clients using Vanpool.

Victor Valley Transit Authority

Management's Discussion and Analysis

June 30, 2019

- The Authority is in its third year of a three-year contract for natural gas supply with BP Energy. This natural gas is used to create Compressed Natural Gas (CNG) fuel for the Authority's fleet of vehicles. The contract with BP has provided the Authority with a source of renewable natural gas (RNG), which has resulted in substantial reductions in greenhouse emissions. Additionally, the Authority generated \$818k in LCFS credits as a result of the RNG sourcing. The Authority will continue to source this valuable and environmentally friendly fuel in FY19/20.
- The overall financial outlook for the Authority's programs and services remains strong, with a continued commitment to investment in capital assets, technologies and services coupled with fiscally responsible management that protects the investments of the Authority and its' member jurisdictions, and its investors, while providing the highest quality of transportation services to the communities it serves.

CONTACTING THE AUTHORITY

This financial report is designed to provide our citizens and customers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions regarding this report or require additional financial information, please contact **Mr. Maged Azer, Director of Finance at: Victor Valley Transit Authority, 17150 Smoke Tree St., Hesperia, California 92345.**

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**STATEMENT OF NET POSITION
JUNE 30, 2019**

ASSETS

Current Assets

Cash	\$ 6,093,864
Cash and investments with fiscal agent - restricted	12,264,054
Cash and investments - Board reserved	4,922,698
Receivables:	
Federal, State, and other local grants	6,568,082
Other	155,853
Prepaid expenses	37,526
Fuel inventory	29,659
Total Current Assets	<u>30,071,736</u>

Capital Assets

Non-depreciable	3,689,003
Depreciable	99,017,874
Accumulated depreciation	<u>(33,476,235)</u>
Capital assets, net	<u>69,230,642</u>
TOTAL ASSETS	<u>99,302,378</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to pensions	394,426
Deferred amounts related to debt refunding	<u>1,045,939</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,440,365</u>

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	3,850,569
Unearned revenues	5,161,287
Compensated absences	111,658
Long-term liabilities - due within one year	800,000
Long-term liabilities - due in more than one year	32,997,893
Net pension liability	<u>162,489</u>
TOTAL LIABILITIES	<u>43,083,896</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to pensions	<u>20,720</u>
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NET POSITION

Net investment in capital assets	36,478,688
Restricted for:	
Debt service	12,264,054
Unrestricted	<u>8,895,385</u>
TOTAL NET POSITION	<u>\$ 57,638,127</u>

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

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019**

OPERATING REVENUES:

Fares	\$ 2,872,179
Special transit fares	214,500
Total Operating Revenues	<u>3,086,679</u>

OPERATING EXPENSES:

Operations	21,474,495
General and administration	3,635,343
Depreciation	4,868,549
Total Operating Expenses	<u>29,978,387</u>

OPERATING LOSS	<u>(26,891,708)</u>
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NON-OPERATING REVENUES AND EXPENSES:

Operating Assistance:	
Federal Transit Administration Section 5307	3,385,672
Federal Transit Administration Section 5310	51,314
Federal Transit Administration Section 5311	671,949
Federal Transit Administration Section 5316	14,944
Federal Transit Administration Section 5317	9,562
Federal Congestion Mitigation and Air Quality Improvement Program Demonstration	382,500
State Transit Assistance Fund, operating	157,237
Local Transportation Fund, operating	18,213,156
Measure I	1,128,340
AB 2766	1,095,545
Gain on disposal of assets	5,923
Interest income	300,277
LCFS Credit Sales	848,650
State - LCTOP	932,454
Miscellaneous	451,516
HVIP Credit	287,000
Interest expense	(1,157,160)
Total Non-operating Revenues and Expenses	<u>26,778,879</u>

INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(112,829)</u>
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CAPITAL CONTRIBUTIONS:

Federal Transit Administration Section 5307, capital	3,678,092
Federal Transit Administration Section 5310, capital	194,000
Federal Transit Administration Section 5339, capital	739,097
AB 2766, capital	6,567
Local Transportation Fund, capital	1,348,217
State Transit Assistance Fund	552,216
Proposition 1B	1,435,588
Total Capital Contributions	<u>7,953,777</u>

CHANGE IN NET POSITION	7,840,948
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NET POSITION, Beginning of year	<u>49,797,179</u>
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NET POSITION, End of year	<u>\$ 57,638,127</u>
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See accompanying notes are an integral part of these financial statements.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

Cash flows from operating activities:

Cash received from fares	\$ 3,086,679
Payments to employees	(996,956)
Payments to vendors for services	<u>(23,667,537)</u>
Net cash used in operating activities	<u>(21,577,814)</u>

Cash flows from non-capital financing activities:

Operating grants received	<u>21,875,452</u>
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Cash flows from capital and related financing activities:

Capital grants received	7,945,047
Purchase of capital assets	(7,939,617)
Debt proceeds	10,905,035
Principal payments	(856,993)
Interest paid	(1,099,052)
Proceeds from disposal of capital assets	<u>5,923</u>
Net cash provided by capital and related financing activities	<u>8,960,343</u>

Cash flows from investing activities:

Interest received	<u>300,277</u>
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Net increase in cash and cash equivalents	9,558,258
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Cash and cash equivalents, beginning of year	<u>13,722,358</u>
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Cash and cash equivalents, end of year	<u>\$ 23,280,616</u>
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Reconciliation of cash and cash equivalents to statement of net position:

Cash	\$ 6,093,864
Cash and investments with fiscal agent	12,264,054
Cash and investments Board reserved	<u>4,922,698</u>
Total Cash and Cash Equivalents	<u>\$ 23,280,616</u>

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

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

**Reconciliation of operating loss to net cash used
in operating activities:**

Operating loss	<u>\$ (26,891,708)</u>
Adjustments to reconcile operating (loss) to net cash used in operating activities:	
Depreciation expense	4,868,549
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(29,246)
Prepaid expenses	(16,577)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	450,253
Compensated absences	1,149
Net pension liability	(17,469)
Change in deferred outflows of resources	76,199
Change in deferred inflows of resources	<u>(18,964)</u>
Total Adjustments	<u>5,313,894</u>
Net cash used in operating activities	<u><u>\$ (21,577,814)</u></u>

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

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 1 – ORGANIZATION

Victor Valley Transit Authority (VVTA) is a joint powers authority whose members are the cities of Adelanto, Barstow, Hesperia, Victorville, the Town of Apple Valley and the County of San Bernardino First and Third district. VVTA provides bus services to these cities, as well as the communities of Lucerne Valley, Phelan, Pinon Hills, Wrightwood, Helendale, Oro Grande, Fort Irwin, Hinkley, Newberry Springs, Yermo and Needles, as a means of meeting the transit needs of various transit-dependent groups within their 950-square mile geographic service area. The bus services VVTA provides includes fixed route services, deviated route services, County deviated routes, ADA para-transit routes, and commuter services. Additionally, VVTA is designated as a Consolidated Transportation Services Agency (CTSA) for the High Desert and North Desert regions of San Bernardino County, and provides a variety of services to support transit dependent groups that are unable to access its standard transit services. Through direct contracts with vendor providers as well as cooperative agreements with various non-profit organizations, VVTA's CTSA supports a Vanpool Program, Car Share program, Travel Reimbursement Incentive Program (TRIP), and directly provides Travel Training services. CTSA services are provided for rural areas of the North Desert, the communities of Trona and Big River in addition to the communities listed above. VVTA is governed by a Board of Directors comprised of seven (7) representatives. Five Board members are elected council members each appointed by the cities they represent as well as the San Bernardino County Supervisors representing the First and Third County districts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity – VVTA meets the criteria as a stand-alone government, and accordingly, is accounted for and reported as though it were a primary government.

Basis of Accounting – VVTA's proprietary fund financial statements are reported using the *economic resources measurement focus* and accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of related cash flows.

Cash and cash equivalents includes demand deposits and amounts invested in savings and trustee accounts. For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term deposits with original maturities of three months or less from the date of acquisition.

Cash and investments with fiscal agent restricted – Certain VVTA accounts are restricted by debt agreements to fund specified debt service requirements. At June 30, 2019, the balance held with fiscal agent pursuant to this agreement was \$12,264,054.

Fair Value Measurements - Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. All fair values are determined by external consultants. Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Grants for operating assistance and capital acquisitions are included in revenue in the period in which the grant was earned. Federal capital grant funds claimed on a reimbursement basis have receivables for grant funds recorded as the related obligations are incurred. Capital grant funds advanced but not yet earned are treated as unearned revenues. Also, operating funds advanced from San Bernardino County Transit Authority (SBCTA) for working capital are treated as unearned revenues until earned. Operating assistance grants are included in non-operating revenues in the year in which the grant is applicable and the related expenses are incurred. Revenue earned under capital grants are recorded as capital contributions.

Prepaid Expenses – Prepaid expenses include inventories and costs for certain payments to vendors that reflect costs applicable to future accounting periods. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Fuel Inventory – Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel for VVTA vehicles. The cost of such inventories is recorded as expenses when consumed rather than purchased. The value of fuel held at the transit facility on June 30, 2019, was \$29,659.

Capital assets are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 to 40 years
Operations equipment	3 to 12 years
Furniture and office equipment	3 to 10 years

VVTA's capitalization threshold is \$1,500. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the useful lives are not capitalized. Interest incurred during the construction phase of the new facility project is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Operating and Non-Operating Revenue – VVTA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from directly providing services in connection with VVTA's principal operation of bus transit services. These revenues are primarily passenger fares. Non-operating revenues consist of federal, state and local operating grants, fuel tax credits, and investment income.

Operating Expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as Non-Operating Expenses.

Capital Contributions consist of grants that are legally restricted for capital expenses by federal, state, or local law that established those charges.

When both restricted and unrestricted resources are available for use, it is VVTA's policy to use restricted resources first, and then unrestricted resources as they are needed.

**VICTOR VALLEY TRANSIT AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of VVTA's participation in the California Public Employees Retirement System (CalPERS) plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported to CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. VVTA reports a deferred outflow related to pensions. VVTA also reports a deferred amount related to debt refunding which represents the remaining unamortized balance of the difference between the carrying value of the refunded debt and the reacquisition price.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. VVTA reports deferred inflows related to pensions.

New GASB Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or the 2019-20 fiscal year. VVTA has not determined the effect of this Statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 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. The Statement is effective for the reporting periods beginning after December 15, 2019, or 2020-2021 fiscal year. VVTA has not determined the effect of the Statement.

Governmental Accounting Standard No. 89 – GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. VVTA has not determined the effect of this Statement.

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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Governmental Accounting Standard No. 90 – GASB Statement No. 90, *Majority Equity Interests*-(an amendment of GASB Statements No. 14 and No. 61). The primary objectives of this Statement are to improve 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. 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. VVTA has not determined the effect of this statement.

Governmental Accounting Standard No. 91 – GASB Statement No. 91, (*Conduit Debt Obligations*). The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. VVTA has not determined the effect of this statement.

NOTE 3 – LEGAL SETTLEMENT, SOLAR PANEL REBATES, AND CNG TAX CREDITS

During the fiscal year ending June 30, 2014, VVTA received a legal settlement from the insurance companies of the primary contractor of the Administrative Office Facility in the amount of \$1,622,018. VVTA's Board of Directors approved to set aside these funds for future major repairs and renovation of the facility into an Administration/Maintenance Facility Reserve. The balance of these funds will be tracked separately on an annual basis. The balance is included in the unrestricted net position on the Statement of Net Position.

VVTA has received SCE Solar Panel Rebates totaling \$115,808 in the prior year. VVTA's Board of Directors has approved to allocate these rebates to the Administration/Maintenance Facility Reserve. The balance of these funds will be tracked separately on an annual basis. The balance is included in the unrestricted net position on the Statement of Net Position.

VVTA has also received CNG tax credits totaling \$563,348 the prior year. VVTA's Board of Directors has approved to allocate these tax credits to a Capital Reserve for Battery Electric Bus (BEB) Infrastructure project. The balance of these funds will be tracked separately on an annual basis. The balance is included in the unrestricted net position on the Statement of Net Position.

San Bernardino County Transportation Authority (SBCTA) has agreed that these funds are available to be retained and expended based upon the direction provided by VVTA's Board in accordance with existing Board Resolutions.

NOTE 4 – FEDERAL, STATE, AND LOCAL GRANTS

Federal Assistance

Under the provision of the Federal Transit Administration (FTA), funds are available to VVTA for operating assistance, security, and various capital costs. Total FTA assistance provided during the fiscal year ended June 30, 2019 was \$9,127,130.

**VICTOR VALLEY TRANSIT AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 4 – FEDERAL, STATE, AND LOCAL GRANTS, (CONTINUED)

Transportation Development Act

VVTA is subject to the provisions pursuant to Section 6634 of the California Code of Regulations and Sections 99268.4 and 99313.3 of the Public Utilities Code. VVTA receives allocations of local transportation funds pursuant to the Transportation Development Act of 1971. These funds are generated within San Bernardino County and are distributed based on annual claims filed by VVTA and approved by SBCTA.

A. Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's costs less the sum of fares received, local support required to meet the fare ratio, federal operating assistance, and the amount received during the year from a city or county to which the operator has provided service beyond its boundaries.

The computation of unearned revenue as of June 30, 2019 is as follows:

	Operating Funds	Capital Funds	Total
Beginning balance, July 1, 2018	\$ 3,489,486	\$ 5,074,977	\$ 8,564,463
Gross receipts			
Local Transportation Fund:			
Article 4	15,537,070	256,950	15,794,020
Federal Transportation Administration:			
Section 5307	3,385,672	3,678,092	7,063,764
Section 5310	51,314	194,000	245,314
Section 5311	671,949	-	671,949
Section 5316	14,944	-	14,944
Section 5317	9,562	-	9,562
Section 5339	-	585,957	585,957
CMAQ	382,500	-	382,500
State Transportation Fund, Article 6.5	157,237	-	157,237
Measure I	658,162	-	658,162
LCTOP	-	1,573,510	1,573,510
Prop 1B	-	17,799	17,799
State of Good Repair	-	1,246,414	1,246,414
Fares	3,086,679	-	3,086,679
Total gross receipts	23,955,089	7,552,722	31,507,811
Operating expenses, less depreciation	26,266,998	-	26,266,998
Capital acquisitions	-	8,643,989	8,643,989
Amounts received (used) in excess of costs as of June 30, 2019	(2,311,909)	(1,091,267)	(3,403,176)
Amount unearned at June 30, 2019	\$ 1,177,577	\$ 3,983,710	\$ 5,161,287

**VICTOR VALLEY TRANSIT AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 4 – FEDERAL, STATE, AND LOCAL GRANTS, (CONTINUED)

B. Section 99268.4 and 99405

Section 99268.4 indicates that in the case of an operator which is providing services using vehicles for the exclusive use of elderly and handicapped persons, the operator shall be eligible for the Local Transportation Funds commencing with claims for the 1980-81 fiscal year if it maintains, for the fiscal year, a ratio of fare revenue to operating costs at least equal to 10-percent for the elderly and handicapped service or a ratio of fare revenue to combined operating costs at least equal to 18-percent.

Section 99405(c) indicates that the 50-percent limitation shall not apply to the allocation to a city, county, or transit district for services under contract pursuant to subdivision (c) or (d) of Section 99400. The city, county or transit district shall be subject to Sections 99268.3, 99268.4, 99268.5, or 99268.9, as the case may be, and shall be deemed an operator for purposes of those sections, or shall be subject to regional, countywide, or county subarea purposes of those sections, or shall be subject to regional, countywide, or county subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the transportation planning agency or the county transportation commission for those services.

The Victor Valley Transit Authority was granted in September of 2017, pursuant to Section 99405, a fare ratio requirement of 18-percent by SBCTA.

The fare ratio as of June 30, 2019, is calculated as follows:

	Motor Bus Routes	Handicapped Demand Response	Total
Operating expenses	\$ 26,461,222	\$ 4,674,324	\$ 31,135,546
Less: Depreciation	(4,082,489)	(786,060)	(4,868,549)
Less: Exemptions	(5,462,341)	-	(5,462,341)
Adjusted operating expenses	<u>\$ 16,916,392</u>	<u>\$ 3,888,264</u>	<u>\$ 20,804,656</u>
Fare revenue	\$ 2,726,716	\$ 359,960	\$ 3,086,676
Fare ratio	16.1%	9.3%	14.8%
Local Funds (Measure I) used by the operator to supplement fare box revenues to satisfy the 18% fare ratio as permitted by section 99268.19	1,128,340	-	1,128,340
Adjusted fare revenue	<u>\$ 3,855,056</u>	<u>\$ 359,960</u>	<u>\$ 4,215,016</u>
Adjusted fare ratio	<u>22.8%</u>	<u>9.3%</u>	<u>20.3%</u>
Total fare ratio pursuant to P.U.C. Sections 99405(c), 99268.4 and , respectively	18.0%		18.0%

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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 4 – FEDERAL, STATE, AND LOCAL GRANTS, (CONTINUED)

Proposition 1B

The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Fund and the California Transit Assistance Fund (CTAF) are a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of \$19.9 billion was deposited into the Proposition 1B fund, \$3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety, security, disaster response or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement. Proposition 1B cash receipts and cash disbursements were as follows:

	<u>PTMISEA</u>
Unspent Prop 1B funds as of July 1, 2018	\$ 3,236,927
Prop 1B funds interest earned fiscal year ended June 30, 2019	17,799
Prop 1B expenses incurred during fiscal year ended June 30, 2019	<u>(1,456,884)</u>
Unearned balance, June 30, 2019	<u><u>\$ 1,797,842</u></u>

Low Carbon Transit Operations Program

The Low Carbon Transit Operations Program (LCTOP) provides funds for approved projects to support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. The unearned balance of LCTOP funds as of June 30, 2019, was \$939,454.

State of Good Repair

The State of Good Repair (SGR) program is a part of the Road Repair and Accountability Act of 2017, Senate Bill (SB) 1, signed by the Governor on April 28, 2017 in order to provide additional revenues for transit infrastructure repair and services improvements. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects. The unearned balance of SGR funds as of June 30, 2019, was \$1,246,414.

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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 5 – CASH AND INVESTMENTS

Cash and Investments are classified in the accompanying financial statements as follows:

Cash	\$ 6,093,864 **
Cash and investments with fiscal agent - restricted	12,264,054
Cash and investments - Board reserved	4,922,698
Total	<u>\$ 23,280,616</u>

**Cash balance includes \$1,797,842 of unspent Prop 1B grant funds which are restricted by grant covenants for specific capital projects and are not available for operating expenses or liabilities related to operating costs.

Cash and Investments consist of the following:

Cash on hand	\$ 25,673
Deposits with financial institutions	8,451,146
Certificates of deposit	2,539,743
Cash and cash equivalents held with fiscal agent	12,264,054
Total	<u>\$ 23,280,616</u>

Policies and Practices

VVTA is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations as specified in Section 53600. VVTA does not have a formal policy for investments that is more restrictive than the noted Government Code.

Investments of cash within the new facility project and accompanying funds held by the lease trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code.

VICTOR VALLEY TRANSIT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 5 – CASH AND INVESTMENTS, (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that 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 to changes in market interest rates. VVTA does not have a formal policy related to its investments interest rate risk.

Information about the sensitivity of the fair value of VVTA's investments to market interest rate fluctuations is provided by the following table shows the distribution of the investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)
		12 Months Or Less
Investments held by Authority:		
Certificates of Deposit	\$ 2,539,743	\$ 2,539,743

Credit Risk

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. Holdings held by the trustee are insured by the trust agreement. VVTA does not have a formal policy related to its investments credit risk. Presented below is the minimum rating required by (where applicable) the California Government Code and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Rating	Not Rated or Not Applicable
Held by Authority			
Certificates of Deposit	\$ 2,539,743	N/A	\$ 2,539,743

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, VVTA will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. VVTA does not have a policy of custodial credit risk for deposits. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2019, VVTA holds cash deposits with Desert Community Bank \$8,559,947 in excess of FDIC insurance limits. These amounts are collateralized by securities held by the bank.

VICTOR VALLEY TRANSIT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 5 – CASH AND INVESTMENTS, (CONTINUED)

Fair Value Hierarchy

VVTA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Various inputs are used in determining the value of VVTA's investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 - quoted prices in active markets for identical investments, Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) and Level 3 - significant unobservable inputs (including VVTA's own assumptions in determining the fair value of investments).

The fair value of the certificates of deposits is based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal years ended June 30, 2019, is as follows:

	Beginning Balance July 1, 2018	Additions	Retirements	Ending Balance June 30, 2019
Non-depreciable assets				
Land-Hesperia Facility	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Land-Barstow Facility	193,350	-	-	193,350
Construction in progress	986,075	1,756,976	(747,398)	1,995,653
Total assets, not depreciated	2,679,425	1,756,976	(747,398)	3,689,003
Depreciable assets				
Bus Facility-Hesperia	51,315,015	3,508	-	51,318,523
Bus Facility-Barstow	702,363	-	-	702,363
Operations equipment	39,367,537	6,780,796	(1,421,972)	44,726,361
Furniture and office equipment	2,676,838	102,709	(508,920)	2,270,627
Total depreciated assets	94,061,753	6,887,013	(1,930,892)	99,017,874
Accumulated depreciation				
Bus Facility-Hesperia	(6,864,118)	(1,283,165)	1,436	(8,145,847)
Bus Facility-Barstow	(129,191)	(70,339)	-	(199,530)
Operations equipment	(20,975,147)	(3,515,045)	1,463,562	(23,026,630)
Furniture and office equipment	(2,613,148)	-	508,920	(2,104,228)
Subtotal accumulated depreciation	(30,581,604)	(4,868,549)	1,973,918	(33,476,235)
Net depreciable assets	63,480,149	2,018,464	43,026	65,541,639
Total capital assets, net	\$ 66,159,574	\$ 3,775,440	\$ (704,372)	\$ 69,230,642

**VICTOR VALLEY TRANSIT AUTHORITY
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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 7 – RISK MANAGEMENT

VVTA is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-two participating member agencies: twenty-two cities, four transit agencies and six special districts. VVTA participates in the general liability, property, and business auto physical damage programs of PERMA.

The liability program provides coverage up to \$50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. VVTA participates in risk sharing pools for losses of up to \$1 million followed by PERMA's membership in the CSAC Excess Insurance Agency (EIA) for \$49 million excess liability coverage.

The property insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment and business interruption. Commercial property coverage is written on a replacement cost basis, eliminating the traditional commercial "named peril" policy.

The business auto physical damage insurance program is also group purchased under a master insurance policy with accumulated values from all participants effecting lower rates for members. Business auto physical damage is written on an agreed amount basis.

VVTA has not had any settlements that exceeded coverage within the last three (3) years and there have been no significant changes in insurance policies or coverage amounts.

NOTE 8 – COMMITMENTS

VVTA has a 5-year contract with their service provider for operations, National Express Transit. The contract includes services for the Fixed Routes, Demand Response, and commuter routes for Fort Irwin, and County connector routes. This contract is due to expire September 30, 2023.

VVTA currently contracts through ADA Ride for its ADA eligibility certification process. This contract provides ADA certifications for all disabled transit riders seeking transportation services within ADA guidelines. The current contract was established in 2008 and was renewed on July 20, 2015 for a three year period plus two one-year extension periods that are added by mutual agreement of the parties.

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**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 9 – LONG-TERM LIABILITIES

The following is a summary of the changes in the principal balance of long-term liabilities for the year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019	Due within One year	Due beyond One year
Governmental activities:						
2016 Refunding Lease	\$ 20,810,000	\$ -	\$ (590,000)	\$ 20,220,000	\$ 615,000	\$ 19,605,000
Premium on 2016 Refunding Lease	2,939,851	-	(146,993)	2,792,858	-	2,792,858
2018 Certificates of Participation	-	10,475,000	(120,000)	10,355,000	185,000	10,170,000
Premium on 2018 COP's	-	430,035	-	430,035	-	430,035
Total Long-Term Liabilities	<u>\$ 23,749,851</u>	<u>\$ 10,905,035</u>	<u>\$ (856,993)</u>	<u>\$ 33,797,893</u>	<u>\$ 800,000</u>	<u>\$ 32,997,893</u>

Certificates of Participation

In 2016, VVTA sold certificates of participation in the amount of \$23,300,000 to refund the 2007 Lease/Trust Agreement Certificates of Participation. As a result, the 2007 Lease/Trust Agreement Certificates of Participation were retired and the liability for those bonds has been removed from the Statement of Net Position. Proceeds were used to continue to finance the construction of the transit facility located in Hesperia, California. Proceeds were also used to pay delivery costs of the certificates.

Certificates began maturing on July 1, 2016 with semi-annual interest payments due January 1 and July 1 at various interest rates from 2.00 to 5.00 percent. Principal payments are due annually, July 1 at various amounts from \$550,000 to \$4,335,000. The final principal payment of the certificates is scheduled for July 1, 2037.

As part of the refunding, VVTA pledged farebox revenues as collateral for the issuance. Additionally, debt service payments were to be made from all legally available revenues, including farebox revenues, Federal Transit Assistance Funds, Local Transportation Funds, and State Transit Assistance Funds.

The future lease payment requirements for the refunding are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 615,000	\$ 924,300	\$ 1,539,300
2021	645,000	893,550	1,538,550
2022	675,000	861,300	1,536,300
2023	710,000	827,550	1,537,550
2024	750,000	792,050	1,542,050
2025-2029	4,335,000	3,360,000	7,695,000
2030-2033	5,535,000	2,163,000	7,698,000
2034-2037	6,955,000	588,400	7,543,400
Total	<u>\$ 20,220,000</u>	<u>\$ 10,410,150</u>	<u>\$ 30,630,150</u>

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 9 – LONG-TERM LIABILITIES, (CONTINUED)

Certificates of Participation

In 2018, VVTA sold Certificates of Participation in the par amount of \$10,475,000 to finance the construction of a new Bus Maintenance Facility on its property in Barstow, California. The debt payment schedule is set for thirty (30) years ending in 2048 with an average annual debt service payment of \$640,000. The total amount of debt payments will be \$18,163,050. The Authority has pledged its fare box revenues as collateral against the debt. In the event of default by VVTA under the Lease/Trust agreement, the Trustee has the right to exercise any remedy available under law or equity, including declaring all principal components of the unpaid lease payments, together with accrued interest at the rate or rates specified in the respective Outstanding Certificates from the immediately preceding Certificate Payment Date on which payment was made, to be immediately due and payable.

Certificates began maturing on July 1, 2019 with semi-annual interest payments due January 1 and July 1 at various interest rates from 4.00 to 5.00 percent. Principal payments are due annually, July 1 at various amounts from \$120,000 to \$615,000. The final principal payment of the certificates is scheduled for July 1, 2048.

The future lease payment requirements for the refunding are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 185,000	\$ 453,850	\$ 638,850
2021	195,000	446,450	641,450
2022	200,000	438,650	638,650
2023	210,000	428,650	638,650
2024	225,000	418,150	643,150
2025-2029	1,295,000	1,911,250	3,206,250
2030-2033	1,655,000	1,553,250	3,208,250
2034-2039	1,630,000	1,156,400	2,786,400
2040-2044	2,435,000	764,600	3,199,600
2045-2048	2,325,000	236,800	2,561,800
Total	<u>\$ 10,355,000</u>	<u>\$ 7,808,050</u>	<u>\$ 18,163,050</u>

NOTE 10 – COMPENSATED ABSENCES

Accumulated unpaid personal leave consisting of vacation pay, has been accrued at June 30, 2019 in the amount of \$111,658. VVTA's liability for compensated absences is typically liquidated within one year.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 11 – EMPLOYEES’ RETIREMENT PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. VVTA sponsors two tiers within the miscellaneous plans. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or 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 each plan are applied as specified by the Public Employees’ Retirement Law.

The plan’s provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Classic	New Member
Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits, as a % of Annual Salary	2.7%	2%
Required Employee Contribution Rates	8%	6.25%
Required Employer Contribution Rates	13.162%	7.036%

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 11 – EMPLOYEES’ RETIREMENT PLAN, (CONTINUED)

Contributions

Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following the notice of change in rate. Funding contributions for the plan 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. VVTA is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. During the year, VVTA paid 3-percent of the employee contribution rate for classic members, which are classified as employee contributions. Employer contributions to the pension plan were \$166,440 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, VVTA reported a liability of \$162,489 for its proportionate share of the collective net pension liability.

VVTA’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018. VVTA’s net pension liability for the Plan was measured as the total pension liability, less the pension plan’s fiduciary net position.

VVTA’s proportionate share of the net pension liability, measured as of June 30, 2017 and 2018, is as follows:

Proportion- June 30, 2018	0.00181 %
Proportion- June 30, 2019	0.00169 %
Change- Increase (Decrease)	<u>(0.00012) %</u>

For the year ended June 30, 2019, VVTA recognized pension expense of \$206,206. At June 30, 2019, VVTA 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
Differences between expected and actual experience	\$ 6,235	\$ 2,122
Changes in assumptions	18,524	4,540
Net difference between projected and actual earnings on pension plan investments	803	-
Difference between VVTA's contributions and proportionate share of contributions	111,448	-
Change in Employer's Proportion	90,976	14,058
Contributions subsequent to the measurement date	166,440	-
Total	<u>\$ 394,426</u>	<u>\$ 20,720</u>

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 11 – EMPLOYEES’ RETIREMENT PLAN, (CONTINUED)

The amount of \$166,440 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 102,278
2021	85,728
2022	20,721
2023	(1,461)
Total	<u>\$ 207,266</u>

Actuarial Assumptions

The June 30, 2017 actuarial valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	3.3%-14.2% ⁽¹⁾
Mortality	Derived using CalPERS' Membership data

⁽¹⁾ Depending on age, service, and type of employment

The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

Change of Assumption

The inflation rate of 2.50 percent used for the June 30, 2018 measurement date was decreased from 2.75 percent used for the June 30, 2017 measurement date.

Discount rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and employee rates. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 11 – EMPLOYEES’ RETIREMENT PLAN, (CONTINUED)

In determining the long-term expected 7.15 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees’ Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 the fund. The expected rate of return was set by calculating the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return Years 1-10	Real Rate of Return Years 11+
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents VVTA’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what VVTA’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:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$ 377,955
Current Discount Rate	7.15%
Net Pension Liability	\$ 162,489
1% Increase	8.15%
Net Pension Liability	\$ (15,373)

Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 12 – DEFERRED COMPENSATION PLAN

VVTA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all non-represented VVTA employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

VVTA has adopted the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. Management believes that VVTA has no fiduciary role under the plan, and plan funds are not available to VVTA's general creditors. Accordingly, VVTA has not reported plan assets in the accompanying financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
LAST TEN YEARS*
AS OF THE YEAR ENDED JUNE 30, 2019**

	2019	2018	2017	2016	2015
Proportion of the collective net pension liability	0.00169%	0.00181%	0.00159%	0.00177%	0.00244%
Proportionate share of the collective net pension liability	\$ 162,489	\$ 179,958	\$ 137,916	\$ 121,552	\$ 151,936
Covered payroll	\$ 1,517,121	\$ 1,253,046	\$ 1,039,065	\$ 902,643	\$ 690,387
Proportionate share of the net pension liability as a percentage of covered payroll	10.71%	14.36%	13.27%	13.47%	22.01%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%

Note to Schedule:

*Historical information is required only for measurement for which GASB 68 is applicable.
Fiscal Year 2015 was the first year of implementation, therefore, only five years are shown.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS*
AS OF THE YEAR ENDED JUNE 30, 2019**

	2019	2018	2017	2016	2015
Actuarially determined contributions - Miscellaneous	\$ 166,440	\$ 137,899	\$ 118,569	\$ 97,561	\$ 142,248
Contributions in relation to the actuarially determined contribution	166,440	137,899	118,569	97,561	142,248
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,800,825	\$ 1,517,121	\$ 1,253,046	\$ 1,039,065	\$ 902,643
Contributions as a percentage of covered payroll	9.24%	9.09%	9.46%	9.39%	15.76%

* - Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.



Single Audit Report
Year Ended June 30, 2019

**Victor Valley Transit Authority
(A Joint Powers Authority)**

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**FOR THE YEAR ENDED JUNE 30, 2019
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CPAs & BUSINESS ADVISORS

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*, the Transportation Development Act, and California Government Code §8879.50

To the Board of Directors
Victor Valley Transit Authority
Hesperia, 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 Victor Valley Transit Authority (Authority), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 23, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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, including Section 6667 of part 21 of the California Code of Regulations, Section §8879.50 of the California Government Code, and the allocation instructions of the San Bernardino County Transportation Authority, 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*, Section 6667 of part 21 of the California Code of Regulations, and Section §8879.50 of the California Government Code.

Purpose of this Report

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

Rancho Cucamonga, California
December 23, 2019



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

To the Board of Directors
Victor Valley Transit Authority
Hesperia, California

Report on Compliance for Each Major Federal Program

We have audited Victor Valley Transit Authority's (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, 2019. 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 the 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's 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, 2019.

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 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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 23, 2019 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 basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Rancho Cucamonga, California
December 23, 2019

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Transportation				
Direct Grants				
Federal Transit Cluster:				
Federal Transit Formula Grants, Section 5307	20.507	CA-2016-109	\$ 15,724	\$ -
Federal Transit Formula Grants, Section 5307	20.507	CA-2017-092-00	3,054,072	-
Federal Transit Formula Grants, Section 5307	20.507	CA-2018-105	175,499	-
Federal Transit Formula Grants, Section 5307	20.507	CA95-X132	382,500	-
Federal Transit Formula Grants, Section 5307	20.507	CA-2019-162-00	3,818,469	-
Bus & Bus Facilities Formula Program, Section 5339	20.526	CA-2017-092-00	68,698	-
Bus & Bus Facilities Formula Program, Section 5339	20.526	CA-2018-105-00	236,895	-
Bus & Bus Facilities Formula Program, Section 5339	20.526	CA-2019-042-00	433,504	-
Total Federal Transit Cluster			<u>8,185,361</u>	<u>-</u>
Transit Services Programs Cluster:				
Job Access Reverse Commute, Section 5316	20.516	CA-37-X178	14,944	-
New Freedom Program, Section 5317	20.521	CA-57-XO91	9,562	-
Passed Through California Department of Transportation:				-
Enhanced Mobility of Seniors and Individuals with Disabilities, Section 5310	20.513	64AC18-00694	245,314	-
Total Transit Services Programs Cluster			<u>269,820</u>	<u>-</u>
Formula Grants for Rural Areas, Section 5311	20.509	64B019-00867	671,949	-
Total Expenditures of Federal Awards			<u>\$ 9,127,130</u>	<u>\$ -</u>

See accompanying note to Schedule of Expenditures of Federal Awards.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs of the Victor Valley Transit Authority (Authority). The Authority's reporting entity is defined in Note 1 of the Authority's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies are included on the Schedule of Expenditures of Federal Awards. VVTA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 of the Authority's Financial Statements.

C. Subrecipients

The Authority did not make payments to subrecipients during the fiscal year ended June 30, 2019.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

Unmodified

Internal control over financial reporting:

Material Weakness(es) identified?

No

Significant Deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major federal programs:

Material Weakness(es) identified?

No

Significant Deficiency(ies) identified?

None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section 200.516(a)?

No

Identification of major federal programs:

CFDA Number(s)

20.507, 20.526

Name of Federal Program or Cluster

Federal Transit Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

II. FINANCIAL STATEMENT FINDINGS

None reported.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**VICTOR VALLEY TRANSIT AUTHORITY
(A JOINT POWERS AUTHORITY)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

**CORRESPONDENCE
/PRESS CLIPS**

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Meet Randy the Reindeer, VVTA's holiday themed bus

Victor Valley / Barstow – This holiday season VVTA has created a holiday bus known as Randy the Reindeer (Rudolph's cousin). The bus is decorated with colorful lights and cheerful Christmas characters. Randy is participating in the of Victorville and Adelanto Christmas parades. It will also be on display for the Girl Scout "Women in Transportation" event at the VVTA facility on November 10th in Hesperia. The bus will be placed in service on various routes throughout the system through Christmas Eve, giving passengers boarding a free ride as a gift from VVTA.

During the promotion the public will have a chance to win two 31-day Touchpass Cards or the Grand Prize, a Samsung Galaxy 32GB tablet, by liking VVTA's social media pages as well as posting a selfie next to the bus or photo of the Holiday bus on Instagram, Twitter, or Facebook using the hashtag #randythereindeer.

The winner of the contest will be picked on January 1st 2020 and announced soon after on social media. This project was made possible through the assistance of VVTA staff and several National Express (NEXT) employees.



The Victor Valley Transit Authority has decorated a special holiday-themed bus named "Randy the Reindeer" offering free rides on various routes now through Christmas Eve, as well as a social media campaign offering prizes for photos of the bus. Courtesy Victor Valley Transit Authority

DAILY PRESS

VVTA launches TouchPass for bus fares

By Rene Ray De La Cruz

Staff Writer

Posted Jan 2, 2020 at 8:00 PM

Updated Jan 2, 2020 at 8:00 PM

Officials say the electronic payment system will mean a stress-free experience for riders.

HESPERIA — The Victor Valley Transit Authority has launched its TouchPass electronic fare collection system, which officials say will allow bus passengers to pay fares using their smart card or mobile app.

VVTA Deputy Director Nancie Goff said the TouchPass system will make boarding local buses a stress-free experience, adding that prepaid options can simplify budgeting for fares.

“Gone are the days of fumbling around for exact change on a crowded bus with a line of anxious passengers behind you,” Goff in a Thursday news release.

VVTA’s TouchPass card and the mobile app can be downloaded on Google Play or the App Store. Passengers can also pick up a TouchPass card at the VVTA office in Hesperia, VVTA spokesman Chris Ackerman told the Daily Press.

Once obtained, a passenger can activate the card by calling 760-948-3030, or by visiting www.VVTA.org/mobile.

On the buses, passengers can tap the physical card or show the smartphone app to the TouchPass reader located near the farebox to pay their fares, Ackerman said.

The TouchPass’ electronic fare collection system stores account information on secure servers, which allows passengers to buy fare products anywhere, including at ticket windows, online and on the mobile app itself.

Current bus fares are \$1.50 for a single trip, \$4.00 for a day pass and \$5.50 for a county day pass. Special bus rates are available for veterans, seniors, the disabled, students and those on Medicare. Children ride for free. The full list of bus rates are available on VVTA's website, Ackerman said.

He noted that cash payments for bus fares will still be accepted.

VVTA began piloting the TouchPass system with a soft launch in early September 2019. Since then, VVTA has migrated many of its popular paper bus passes to the TouchPass smart cards.

"VVTA is driven to provide the latest technology that will enhance our passenger's experience," Executive Director Kevin Kane said. "With the recent addition of onboard WiFi, electronic fare payment is VVTA's natural next step into the future."

Ackerman said VVTA served an estimated 1.8 million passengers in 2019.

To pick up a TouchPass card, or for more information, call 760-995-3592, email cackerman@vvta.org or visit the VVTA office at 17150 Smoke Tree Street in Hesperia.

Rene Ray De La Cruz may be reached at 760-951-6227, RDeLaCruz@VVDailyPress.com. Follow him on Instagram [@renegadereporter](https://www.instagram.com/renegadereporter) and on Twitter [@DP_ReneDeLaCruz](https://twitter.com/DP_ReneDeLaCruz).