SunLine Transit Agency
December 2, 2020
9:45 a.m. – 11:00 a.m.

AGENDA

FINANCE/AUDIT COMMITTEE
Regular Meeting

****

VIA VIDEOCONFERENCE

Pursuant to California Governor Newsom's Executive Orders N-25-20 issued on March 4, 2020 and N-29-20 issued on March 18, 2020, the Finance/Audit Committee meeting will be conducted remotely through Zoom. Please follow the instructions below to join the meeting remotely.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Join Zoom Meeting - from PC, Laptop or Phone

https://us02web.zoom.us/j/82832748805
Meeting ID: 828 3274 8805

Teleconference Dial In
888-475-4499 (Toll Free)
Meeting ID: 828 3274 8805

One tap mobile
+16699009128,,82832748805#

Phone controls for participants:
The following commands can be used on your phone's dial pad while in Zoom meeting:
• *6 - Toggle mute/unmute
• *9 - Raise hand

For members of the public wishing to submit comment in connection with the Finance/Audit Committee Meeting: all public comment requests need to be submitted via email to the Clerk of the Board at clerkoftheboard@sunline.org prior to December 1, 2020 at 5:00 p.m. with your name, telephone number and subject of your public comment (agenda item or non-agenda item). Members of the public may make public comments through their telephone or Zoom connection when recognized by the Chair. If you send written comments, your comments will be made part of the official record of the proceedings and read into the record.

****

ITEM **RECOMMENDATION**

In compliance with the Brown Act and Government Code Section 54957.5, agenda materials distributed 72 hours prior to the meeting, which are public records relating to open session agenda items, will be available for inspection by members of the public prior to the meeting at SunLine Transit Agency's Administration Building, 32505 Harry Oliver Trail, Thousand Palms, CA 92276 and on the Agency's website, www.sunline.org.

In compliance with the Americans with Disabilities Act, Government Code Section 54954.2, and the Federal Transit Administration Title VI, please contact the Clerk of the Board at (760) 343-3456 if special assistance is needed to participate in a Board meeting, including accessibility and translation services. Notification of at least 48 hours prior to the meeting time will assist staff in assuring reasonable arrangements can be made to provide assistance at the meeting.

ITEM	RECOMMENDATION
1. CALL TO ORDER	
2. FLAG SALUTE	
3. ROLL CALL	
4. PRESENTATIONS	
5. FINALIZATION OF AGENDA	
6. PUBLIC COMMENTS	**RECEIVE COMMENTS**

NON AGENDA ITEMS
Members of the public may address the Committee regarding any item within the subject matter jurisdiction of the Committee; however, no action may be taken on off-agenda items unless authorized. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Comments may be limited to 3 minutes in length.

7. COMMITTEE MEMBER COMMENTS	**RECEIVE COMMENTS**
8. CONSENT CALENDAR	**RECEIVE & FILE**

All items on the Consent Calendar will be approved by one motion, and there will be no discussion of individual items unless a Board Member requests a specific item be pulled from the calendar for separate discussion. The public may comment on any item.

8a) Checks $1,000 and Over Report for September 2020	(PAGE 4-8)
8b) Credit Card Statement for September 2020	(PAGE 9-12)

ITEM		**RECOMMENDATION**
	8c) Monthly Budget Variance Report for September 2020	(PAGE 13-18)
	8d) Contracts Signed in Excess of $25,000 October 2020	(PAGE 19-20)
	8e) Union & Non-Union Pension Investment Asset Summary September 2020	(PAGE 21-24)
	8f) Ridership Report for October 2020	(PAGE 25-29)
	8g) SunDial Operational Notes for October 2020	(PAGE 30-33)
	8h) Metrics for October 2020	(PAGE 34-44)
	8i) Quarterly Performance Summary for 3rd Quarter of Calendar Year 2020	(PAGE 45-49)
	8j) Board Member Attendance for October 2020	(PAGE 50-51)
9.	**FISCAL YEAR 2020 AUDIT REPORTS** (Staff: Luis Garcia, Chief Financial Officer)	**RECEIVE & FILE** (PAGE 52-178)
10.	**RATIFICATION OF CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT CLAIM** (Staff: Luis Garcia, Chief Financial Officer)	**APPROVE** (PAGE 179)
11.	**APPROVAL FOR APPROPRIATION AND RESOLUTION NO. 0784 TO OBTAIN FEDERAL FINANCIAL ASSISTANCE** (Staff: Luis Garcia, Chief Financial Officer)	**APPROVE** (PAGE 180-183)
12.	**ZERO EMISSION TECHNICAL SUPPORT AGREEMENT** (Staff: Rudy Le Flore, Chief Project Consultant)	**APPROVE** (PAGE 184)
13.	**SOCALGAS HYDROGEN DEMONSTRATION PROJECT** (Staff: Rudy Le Flore, Chief Project Consultant)	**APPROVE** (PAGE 185)
14.	**REVISION TO INVESTMENT POLICY STATEMENTS – POLICY NO. B-090298(A)(B)** (Staff: Luis Garcia, Chief Financial Officer)	**INFORMATION** (PAGE 186-187)
15.	**ADJOURN**	

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Checks $1,000 and Over Report for September 2020

Summary:

The Checks $1,000 and Over Report lists all of the checks processed at the Agency with a value of over $1,000 for a given month. Items identified in bold font represent "pass through" payments that were, or will be, reimbursed to SunLine under the provisions of specific grants or contracts. Items identified with underlines represent "shared" payments with SunLine and specific vendors/employees.

- The table below identifies the checks over $50,000 in the month of September which required signature from the Chair or Vice Chair.

Vendor	***Check #***	***Amount***
COMPLETE COACH WORKS	*684079*	*$132,393.34*
DESERT BUSINESS INTERIORS	*684078*	*$64,003.50*
STATEWIDE SERVICES, INC	*684060*	*$52,446.04*

Recommendation:

Receive and file.

Back to Top

SunLine Transit Agency
Checks $1,000 and Over
September 2020

NOTE: 1). Bold check payments represent "pass through", bold Italicized check payments represent "Capital Expenses", payments that were, or will be reimbursed to SunLine under the provisions of specific grants or contracts. 2). Underlined check payments represent "shared" payments with SunLine and specific vendors/employees.

Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
PERMA - INSURANCE	General Liability & Workers Comp Premium	683910	09/09/2020	170,278.25
COMPLETE COACH WORKS	***WIP-Covid19 Capital Expenditures***	***684079***	***09/25/2020***	***132,393.34***
U.S. BANK INSTITUTIONAL TRUST-WESTERN	Pension Deposit	683921	09/09/2020	109,992.84
U.S. BANK INSTITUTIONAL TRUST-WESTERN	Pension Deposit	684071	09/23/2020	105,576.60
DESERT BUSINESS INTERIORS	***WIP-Covid19 Capital Expenditures***	***684078***	***09/24/2020***	***64,003.50***
IMPERIAL IRRIGATION DIST	Utilities	684018	09/23/2020	53,270.18
STATEWIDE SERVICES, INC.	***WIP-Indio Facility Improvements***	***684060***	***09/23/2020***	***52,446.04***
SO CAL GAS CO.	Utilities	684056	09/23/2020	49,991.08
WSP USA INC.	***TDM & Vanpool Program***	***683873***	***09/02/2020***	***47,363.47***
DAHL, TAYLOR AND ASSOCIATES, INC.	***WIP-Operation Facility Consulting Engineer***	***683889***	***09/09/2020***	***39,156.94***
DESERT BUSINESS INTERIORS	***WIP-Indio Facility Improvements***	***683844***	***09/02/2020***	***36,227.42***
GUARDIAN LIFE INSURANCE COMPANY THE	Employee Benefits/ LTD/STD/LIFE Ins Prem	684101	09/30/2020	35,406.92
ELEMENT MARKETS RENEWABLE ENERGY, LLC	Utilities	684092	09/30/2020	33,648.02
IMPERIAL IRRIGATION DIST	Utilities	683903	09/09/2020	24,096.45
MICHELIN NORTH AMERICA, INC.	Lease Tire Service	683962	09/16/2020	23,388.56
MICHELIN NORTH AMERICA, INC.	Lease Tire Service	684110	09/30/2020	23,072.92
PERMA - INSURANCE	Insurance Loss	684043	09/23/2020	20,060.60
THE LEFLORE GROUP LLC	Projects Consultant	683971	09/16/2020	17,561.50
BURKE, WILLIAMS & SORENSEN, LLP	Legal Service	683994	09/23/2020	17,257.72
NFI PARTS	Inventory Repair Parts	683829	09/02/2020	16,600.38
RUSH TRUCK CENTERS OF CALIFORNIA, INC.	Inventory Repair Parts	684052	09/23/2020	13,864.65
OLD GREEN HOUSE LLC	Planning Consultant	684123	09/30/2020	13,200.00
BALLARD POWER SYSTEMS	Repair Parts-Fuel Cell	683835	09/02/2020	11,184.45
IMPERIAL IRRIGATION DIST	Utilities	683955	09/16/2020	11,157.29
NFI PARTS	Inventory Repair Parts	683985	09/23/2020	11,013.80
NFI PARTS	Inventory Repair Parts	683929	09/16/2020	10,405.63
DESERT BUSINESS INTERIORS	***WIP-Indio Facility Improvements***	***683941***	***09/16/2020***	***10,331.25***
BAE SYSTEMS CONTROLS, INC.	***WIP-Battery Dominant Hydrogen Fuel Cell Bus***	***683879***	***09/09/2020***	***10,000.00***
VERIZON WIRELESS	Wireless Telephone Service	683870	09/02/2020	9,926.47
HDR ENGINEERING, INC.	Planning Consultant	683949	09/16/2020	9,870.00
KELLERMEYER BERGENSONS SERVICES, LLC	Janitorial Service	683960	09/16/2020	8,986.77
SONSRAY FLEET SERVICES	Inventory Repair Parts	684067	09/23/2020	8,135.45
ZEN AND THE ART OF CLEAN ENERGY SOLUTIONS	Consultant Services	684076	09/23/2020	7,875.00
SONSRAY FLEET SERVICES	Inventory Repair Parts	684128	09/30/2020	7,815.96
EV CHARGE SOLUTIONS	***WIP-Misc Maintenance Equipment Project***	***683908***	***09/09/2020***	***7,336.95***
ROBERT HALF	Temporary Help	684049	09/23/2020	7,275.00
GARON WYATT INVESTIGATIVE SERVICES	Insurance Loss	684096	09/30/2020	7,173.34
HD INDUSTRIES	Inventory Repair Parts	684017	09/23/2020	7,134.28

Back to Top

SunLine Transit Agency
Checks $1,000 and Over
September 2020

NOTE: 1). Bold check payments represent "pass through", bold Italicized check payments represent "Capital Expenses", payments that were, or will be reimbursed to SunLine under the provisions of specific grants or contracts. 2). Underlined check payments represent "shared" payments with SunLine and specific vendors/employees.

Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
ADMIRAL SECURITY SERVICES, INC.	Security Guard Services	683928	09/16/2020	6,975.92
THE LEARNING & PERFORMANCE IMPROVEMENT	Consulting General	684027	09/23/2020	6,720.00
AMALGAMATED TRANSIT UNION	***Amalgamated Transit Union #1277***	***683876***	***09/09/2020***	***6,591.18***
AMALGAMATED TRANSIT UNION	***Amalgamated Transit Union #1277***	***683990***	***09/23/2020***	***6,531.80***
LONGOBART-ROSS CONSULTING	***WIP-Fleet Management Information System***	***684030***	***09/23/2020***	***6,500.00***
ROMAINE ELECTRIC CORP.	Inventory Repair Parts	684050	09/23/2020	5,223.60
COUNTY OF RIVERSIDE	***WIP-Zero Emissions Maintenance Facility***	***683937***	***09/16/2020***	***5,000.00***
TRANSIT PRODUCTS & SERVICES	Inventory Repair Parts	683867	09/02/2020	4,898.75
TRANSIT PRODUCTS & SERVICES	Inventory Repair Parts	684069	09/23/2020	4,898.75
MURCHISON & CUMMING, LLP	Insurance Loss	683854	09/02/2020	4,854.27
BATTERY SYSTEMS, INC.	Inventory Repair Parts	683993	09/23/2020	4,802.34
PRINCIPAL LIFE INSURANCE COMPANY	PPO Dental Benefits Oct 2020	684118	09/30/2020	4,730.56
PRINCIPAL LIFE INSURANCE COMPANY	PPO Dental Benefits Sept 2020	683862	09/02/2020	4,686.69
AARVIG & ASSOCIATES, APC	Insurance Loss	684080	09/30/2020	4,438.02
YELLOW CAB OF THE DESERT	**Taxi Voucher Program**	**683874**	**09/02/2020**	**4,366.57**
PRUDENTIAL OVERALL SUPPLY	Uniforms	684047	09/23/2020	4,300.76
CREATIVE BUS SALES, INC,	Inventory Repair Parts	683841	09/02/2020	4,288.07
JACKSON LEWIS P.C.	Insurance Loss	683905	09/09/2020	4,130.00
BATTERY RUSH	Bus Stop Supplies	683836	09/02/2020	4,072.70
ROBERT HALF	Temporary Help	683970	09/16/2020	4,000.00
TPX COMMUNICATIONS	Communications	684068	09/23/2020	3,957.21
CALIFORNIA DENTAL NETWORK, INC.	Dental Benefits	683996	09/23/2020	3,953.42
JANEK CORPORATION THE	Inventory Repair Parts	684024	09/23/2020	3,938.50
STANTEC ARCHITECTURE, INC.	***WIP-Operation Facility***	***684059***	***09/23/2020***	***3,781.11***
OPENAPPS, INC.	Contract Services General	684115	09/30/2020	3,700.00
ELDORADO NATIONAL (CALIFORNIA), INC.	Inventory Repair Parts	683890	09/09/2020	3,682.06
SC FUELS	Lubricants and Oils	683865	09/02/2020	3,671.65
VALLEY SANITARY DISTRICT	Annual Sewer Service Permit	684134	09/30/2020	3,630.00
ROBERT HALF	Temporary Help	683912	09/09/2020	3,600.00
PUBLICINPUT.COM	Advertising	684087	09/30/2020	3,500.00
ROBERT HALF	Temporary Help	684121	09/30/2020	3,392.00
AVAIL TECHNOLOGIES	Inventory Repair Parts	683935	09/16/2020	3,263.11
CALIFORNIA STATE DISBURSEMENT UNIT	**Garnishments**	**683997**	**09/23/2020**	**3,199.29**
AUGER CONSULTING GROUP LLC	Consulting Services	683961	09/16/2020	3,080.00
KELLERMEYER BERGENSONS SERVICES, LLC	Janitorial Services	684029	09/23/2020	2,960.40
TIME WARNER CABLE	Utilities	683976	09/16/2020	2,959.98
SPORTWORKS NORTHWEST, INC.	***WIP-Replacement of Fixed Route Buses***	***684127***	***09/30/2020***	***2,816.00***
HOME DEPOT CREDIT SERVICES	Facility Maintenance	683952	09/16/2020	2,806.07
YELLOW CAB OF THE DESERT	**Taxi Voucher Program**	**684075**	**09/23/2020**	**2,785.89**

Back to Top

SunLine Transit Agency
Checks $1,000 and Over
September 2020

NOTE: 1). Bold check payments represent "pass through", bold Italicized check payments represent "Capital Expenses", payments that were, or will be reimbursed to SunLine under the provisions of specific grants or contracts. 2). Underlined check payments represent "shared" payments with SunLine and specific vendors/employees.

Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
TEC OF CALIFORNIA, INC.	Inventory Repair Parts	684065	09/23/2020	2,784.56
SOUTHWEST NETWORKS, INC.	IT Support Services	683975	09/16/2020	2,750.00
OFFICETEAM	Temporary Help	684037	09/23/2020	2,703.86
AVAIL TECHNOLOGIES	Inventory Repair Parts	683878	09/09/2020	2,698.70
SUNLINE REGULATORY ADMINI	Jan thru Jun 2020 due to SRA	684062	09/23/2020	2,683.50
TYLER TECHNOLOGIES, INC.	Organizational services	684070	09/23/2020	2,665.00
CARQUEST AUTO PARTS STORES	Inventory Repair Parts	684083	09/30/2020	2,657.21
JESSE FRESCAS JR.	***WIP-Indio Facility Improvements***	***684025***	***09/23/2020***	***2,560.00***
GILLIG LLC	Inventory Repair Parts	684097	09/30/2020	2,508.82
MILE3 WEB DEVELOPMENT	Website Maintenance	684111	09/30/2020	2,500.00
NFI PARTS	Inventory Repair Parts	684081	09/30/2020	2,489.92
IMPERIAL IRRIGATION DIST	Utilities	684103	09/30/2020	2,432.69
ADMIRAL SECURITY SERVICES, INC.	Security Guard Services	683984	09/23/2020	2,322.64
OFFICETEAM	Temporary Help	684114	09/30/2020	2,296.80
OFFICETEAM	Temporary Help	683965	09/16/2020	2,244.00
CPAC INC.COM	Computer Network Software Agmt 9/11/20 - 9/10/21	683938	09/16/2020	2,193.60
PALM SPRINGS MOTORS, INC.	Inventory Repair Parts	684040	09/23/2020	2,182.66
COMPLETE COACH WORKS	Inventory Repair Parts	683839	09/02/2020	2,118.74
WORK ZONE CAM LLC	***WIP-Operation Facility***	***683872***	***09/02/2020***	***2,100.00***
GRAINGER	Inventory Repair Parts	684016	09/23/2020	2,049.00
JOHNSON EQUIPMENT COMANY	Outside Repair-Support Vehicle	684105	09/30/2020	2,038.76
ELEA CAREY	Contract Services General	684006	09/23/2020	2,019.50
SC FUELS	Lubricants and Oils	684055	09/23/2020	1,978.61
GRAINGER	Materials & Supplies	683947	09/16/2020	1,946.64
ROBERT HALF	Temporary Help	683864	09/02/2020	1,945.63
ELDORADO NATIONAL (CALIFORNIA), INC.	Repair Parts-Fixed Route	684005	09/23/2020	1,929.84
CUMMINS SALES AND SERVICE	Repair Parts-Fixed Route	683940	09/16/2020	1,819.31
ASPEN REFRIGERANTS, INC.	Freon & Coolant	683992	09/23/2020	1,810.12
VALLEY OFFICE EQUIPMENT, INC.	Office Equipment Maintenance	683980	09/16/2020	1,801.75
STERLING HEALTH SERVICES, INC.	Benefit Management Expenses	684061	09/23/2020	1,800.00
ELECTRONIC DATA MAGNETICS, INC.	Printing Expense	683943	09/16/2020	1,777.88
DESERT AIR CONDITIONING, INC.	Air Conditioning Expense	683843	09/02/2020	1,727.00
HD INDUSTRIES	Repair Parts-Fixed Route	683948	09/16/2020	1,664.73
DESERT URGENT CARE	Medical Exams	684020	09/23/2020	1,635.00
CREATIVE BUS SALES, INC,	Inventory Repair Parts	684000	09/23/2020	1,621.51
SMARTDRIVE SYSTEMS, INC.	General Services	683917	09/09/2020	1,580.00
VINCENT PRINTING COMPANY, INC.	Advertising	684073	09/23/2020	1,534.02
PALM SPRINGS MOTORS, INC.	Inventory Repair Parts	684116	09/30/2020	1,533.06
MILE3 WEB DEVELOPMENT	Website Maintenance	684032	09/23/2020	1,478.00

Back to Top

SunLine Transit Agency
Checks $1,000 and Over
September 2020

NOTE: 1). Bold check payments represent "pass through", bold Italicized check payments represent "Capital Expenses", payments that were, or will be reimbursed to SunLine under the provisions of specific grants or contracts. 2). Underlined check payments represent "shared" payments with SunLine and specific vendors/employees.

Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
NFI PARTS	Inventory Repair Parts	683875	09/09/2020	1,417.36
LUMINATOR TECHNOLOGY GROUP, INC.	***WIP-FC19 Radio & Camera Installation***	***684031***	***09/23/2020***	***1,346.88***
PLAZA TOWING, INC.	Towing Service	683861	09/02/2020	1,325.00
BURRTEC WASTE & RECYCLING SERVICES	Trash Service	683881	09/09/2020	1,297.93
BURRTEC WASTE & RECYCLING SERVICES	Trash Service	683882	09/09/2020	1,291.97
SONSRAY FLEET SERVICES	Inventory Repair Parts	683977	09/16/2020	1,273.01
HEM DATA CORPORATION	Consulting General	683951	09/16/2020	1,095.00
FORENSIC DRUG TESTING SERVICES	Medical Exams	684012	09/23/2020	1,050.75
OFFICETEAM	Temporary Help	683856	09/02/2020	1,037.85
BATTERY SYSTEMS, INC.	Inventory Repair Parts	683837	09/02/2020	1,029.78
CREATIVE BUS SALES, INC,	Inventory Repair Parts	684088	09/30/2020	1,018.61

Total Checks Over $1,000	$1,506,932.89
Total Checks Under $1,000	$49,748.43
Total Checks	$1,556,681.32

Back to Top

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Credit Card Statement for September 2020

Summary:

The attached report summarizes the Agency's credit card expenses for September 2020 with a statement closing date of October 2, 2020.

Recommendation:

Receive and file.

Back to Top

SunLine Transit Agency Visa Credit Card Statement
Closing Date: 10/02/20
Name on Card: Lauren Skiver

	Trans. Date	Post Date	Reference	Detail - Description	Credits	Charges
1	9/4/2020	9/4/2020	DropBox	12 Dropbox Licenses and Dropbox Business Advanced Plan; Annual Renewal		$2,016.00
2	9/8/2020	9/8/2020	APTA	Registration for 2020 APTA Tech Virtual Conference; Jeff Guidry, Operations System Specialist		$195.00
3	9/24/2020	9/24/2020	Red Robin	Red Robin Catering Order; Executive Team Lunch Planning Session		$180.12
4	9/29/2020	9/29/2020	Walmart	Vacuum Cleaner for Second Floor; Executive Office, Performance Department and Finance Department		$139.00
				Credits and Charges:	$0.00	$2,530.12

Back to Top

WELLS FARGO

WELLS FARGO BUSINESS ELITE CARD

VISA

CONSOLIDATED BILLING CONTROL ACCOUNT STATEMENT

Prepared For	SUNLINE TRANSIT LUIS GARCIA
Account Number	[redacted]
Statement Closing Date	10/02/20
Days in Billing Cycle	29
Next Statement Date	11/03/20

Credit Line	$40,000
Available Credit	$37,469

For Customer Service Call:
800-231-5511

Inquiries or Questions:
Wells Fargo SBL PO Box 29482
Phoenix, AZ 85038-8650

Payments:
Elite Card Payment Center PO Box 77066
Minneapolis, MN 55480-7766

0-5
1-2

Payment Information

New Balance	$2,530.12
Current Payment Due (Minimum Payment)	**$500.00**
Current Payment Due Date	**10/28/20**

Thank you for using our Automatic Payment service. See the **Important Information** section below for your next scheduled payment.

If you wish to pay off your balance in full: The balance noted on your statement is not the payoff amount. Please call 800-231-5511 for payoff information.

Account Summary

Previous Balance		$2,334.06
Credits	-	$0.00
Payments	-	$2,334.06
Purchases & Other Charges	+	$2,530.12
Cash Advances	+	$0.00
Finance Charges	+	$0.00
New Balance	=	$2,530.12

Wells Fargo Cash Back SM Program Summary

Previous Cash Back Balance		$0.00
Cash Earned this Month		$37.95
Trades From Other Company Cards		$0.00
Bonus/Adjustments		$0.00
Cash Back Balance	=	$37.95
Cash Awarded this Period		$0.00
Year to Date Cash Back Awarded		$399.39

Cash Back Notice

Your next cash back reward is scheduled for 12/2020. Use your Business Card for all of your business expenses plus everyday purchases and get 1.5% Cash Back.

See reverse side for important information.

[redacted]

DETACH HERE

Detach and mail with check payable to "Wells Fargo" to arrive by Current Payment Due Date.

Make checks payable to: Wells Fargo

Account Number	[redacted]
New Balance	$2,530.12
Total Amount Due (Minimum Payment)	**$500.00**
Current Payment Due Date	**10/28/20**

Amount Enclosed: $.

[redacted]

Print address or phone changes:

Work ( )

ELITE CARD PAYMENT CENTER YTG
PO BOX 77066 29
MINNEAPOLIS MN 55480-7766

SUNLINE TRANSIT
LUIS GARCIA
32505 HARRY OLIVER TRL
THOUSAND PALMS CA 92276-3501

19036
G309

Back to Top

WELLS FARGO

Rate Information

Your rate may vary according to the terms of your agreement.

TYPE OF BALANCE	ANNUAL INTEREST RATE	DAILY FINANCE CHARGE RATE	AVERAGE DAILY BALANCE	PERIODIC FINANCE CHARGES	TRANSACTION FINANCE CHARGES	TOTAL FINANCE CHARGES
PURCHASES	11.240%	.03079%	$0.00	$0.00	$0.00	$0.00
CASH ADVANCES	23.990%	.06572%	$0.00	$0.00	$0.00	$0.00
TOTAL				$0.00	$0.00	$0.00

Important Information

0-5
1-2

$0 - $2,530.12 WILL BE DEDUCTED FROM YOUR ACCOUNT AND CREDITED AS YOUR AUTOMATIC PAYMENT ON 10/28/20. THE AUTOMATIC PAYMENT AMOUNT WILL BE REDUCED BY ALL PAYMENTS POSTED ON OR BEFORE THIS DATE.

Summary of Sub Account Usage

Name	Sub Account Number Ending In	Monthly Spending Cap	Spend This Period
LAURA SKIVER	[redacted]	40,000	$2,530.12

Transaction Details

The transactions detailed on this Consolidated Billing Control Account Statement contain transactions made directly to this Control Account plus all transactions made on Sub Accounts. If there were no transactions made by a Sub Account that Sub Account will not appear.

Trans	*Post*	*Reference Number*	*Description*	*Credits*	*Charges*
09/28	09/28	F326800M000CHGDDA	AUTOMATIC PAYMENT - THANK YOU	2,334.06	
			TOTAL [redacted] $2,334.06-		

Transaction Summary For **LAURA SKIVER**
Sub Account Number Ending In **0263**

09/04	09/04	2469216L82XH9H4AZ	DROPBOX*32G7GK3SHK84 DROPBOX.COM CA	2,016.00
09/08	09/08	2463923LDS66JDR84	APTA 202-4964800 DC	195.00
09/24	09/24	2444500LW00L279Q8	RED ROBIN NO 253 303-846-6111 CA	180.12
09/29	09/29	2444500M2BLMGAE5S	WM SUPERCENTER #5096 PALM DESERT CA	139.00
			TOTAL $2,530.12	
			LAURA SKIVER / Sub Acct Ending In [redacted]	

Wells Fargo News

What can alerts do for your business?*

Receive timely updates on your business credit card account via email or text. Alerts allow you to set up and receive only the messages that are important to you. Sign up for alerts during your Wells Fargo Business Online® session by going to your Business Elite Card account screen and selecting the Manage Alerts menu option.

Not enrolled in Online banking? Enroll today at wellsfargo.com/biz/online-banking

**Availability may be affected by your mobile carrier's coverage area. Your mobile carrier's message and data rates may apply.*

[redacted]

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Monthly Budget Variance Report for September 2020

<u>Summary:</u>

The budget variance report compares revenues and expenses to the respective line item budgets. The report identifies current monthly revenues and expenses as well as Fiscal Year-to-Date (FYTD) values. Most of the current monthly budget values are calculated by taking 1/12th of the annual budget. The FYTD budget values are calculated by dividing the yearly budget by the number of months progressed through the fiscal year.

- As of September 30, 2020, the Agency's revenues net of subsidies are unfavorable by $159,306 or 17.96% under the FYTD budget. Expenditures are favorable by $1,119,680 or 10.97% below the FYTD budget.

<u>Recommendation:</u>

Receive and file.

Back to Top

SunLine Transit Agency
Budget Variance Report
September 2020

Description	FY21 Total Budget	Current Month Actual	Current Month Budget	Current Month Favorable (Unfavorable)	FYTD Actual	FY21 FYTD Budget	Fiscal Year-to-Date Favorable (Unfavorable)	Percentage Remaining
Operating Revenues:								
Passenger Revenue	1,399,824	3,789	116,652	(112,863)	8,201	349,956	(341,755)	99.4%
Other Revenue	2,149,017	242,186	179,085	63,101	719,703	537,254	182,449	66.5%
Total Operating Revenue	**3,548,841**	**245,975**	**295,737**	**(49,762)**	**727,904**	**887,210**	**(159,306)**	**79.5%**
Operating Expenses:								
Operator & Mechanic Salaries & Wages	10,110,722	806,985	842,560	35,575	2,421,832	2,527,681	105,848	76.0%
Operator & Mechanic Overtime	1,237,377	63,028	103,115	40,087	160,251	309,344	149,093	87.0%
Administration Salaries & Wages	6,283,696	507,944	523,641	15,698	1,484,307	1,570,924	86,617	76.4%
Administration Overtime	82,132	8,905	6,844	(2,060)	18,191	20,533	2,342	77.9%
Fringe Benefits	9,892,136	757,851	824,345	66,494	2,362,383	2,473,034	110,651	76.1%
Communications	243,300	17,718	20,275	2,557	53,161	60,825	7,664	78.2%
Legal Services	425,000	23,868	35,417	11,548	50,016	106,250	56,234	88.2%
Computer/Network Software Agreement	627,653	43,268	52,304	9,036	136,998	156,913	19,915	78.2%
Uniforms	85,084	2,832	7,090	4,259	21,118	21,271	153	75.2%
Contracted Services	522,700	46,751	43,558	(3,193)	113,586	130,675	17,089	78.3%
Equipment Repairs	10,858	245	905	660	719	2,715	1,996	93.4%
Security Services	110,000	10,538	9,167	(1,371)	31,036	27,500	(3,536)	71.8%
Fuel - CNG	1,219,687	112,323	101,641	(10,682)	308,820	304,922	(3,898)	74.7%
Fuel - Hydrogen	1,033,088	75,927	86,091	10,164	213,865	258,272	44,407	79.3%
Tires	226,381	18,663	18,865	202	46,688	56,595	9,907	79.4%
Office Supplies	73,221	2,865	6,102	3,236	8,591	18,305	9,714	88.3%
Travel/Training	156,482	3,418	13,040	9,622	15,100	39,121	24,021	90.4%
Repair Parts	1,423,348	137,825	118,612	(19,213)	341,716	355,837	14,121	76.0%
Facility Maintenance	48,598	8,409	4,050	(4,359)	14,545	12,150	(2,396)	70.1%
Electricity - CNG & Hydrogen	921,000	83,248	76,750	(6,498)	238,623	230,250	(8,373)	74.1%
Natural Gas	1,095,000	99,160	91,250	(7,910)	267,347	273,750	6,403	75.6%
Water and Gas	7,900	515	658	143	1,799	1,975	176	77.2%
Insurance Losses	1,781,829	123,872	148,486	24,614	342,511	445,457	102,946	80.8%
Insurance Premium - Property	24,737	2,754	2,061	(692)	8,262	6,184	(2,077)	66.6%
Repair Claims	50,000	812	4,167	3,355	5,241	12,500	7,259	89.5%
Fuel Taxes	134,400	7,500	11,200	3,700	23,946	33,600	9,654	82.2%
Other Expenses	4,949,976	357,705	412,498	54,793	922,374	1,237,494	315,120	81.4%
Self Consumed Fuel	(1,936,155)	(188,230)	(161,346)	(26,883)	(522,665)	(484,039)	38,626	73.0%
Total Operating Expenses (Before Depreciation)	**40,840,150**	**3,136,698**	**3,403,346**	**266,647**	**9,090,358**	**10,210,038**	**1,119,680**	**77.7%**
Operating Expenses in Excess of Operating Revenue		**$ (2,890,724)**			**$ (8,362,454)**			
Subsidies:								
Local - Measure A, Commuter 10, Haul Pass	6,228,744	482,836	519,062	36,226	1,396,775	1,557,186	160,411	77.6%
State - LTF, LCTOP	11,337,000	878,814	944,750	65,936	2,542,285	2,834,250	291,965	77.6%
Federal - CMAQ,5307,5309,5310,5311,5311(f),5312	6,162,705	477,717	513,559	35,842	1,381,966	1,540,676	158,710	77.6%
CARES Act 5307, 5311, 5311(f)	13,562,860	1,051,357	1,130,238	78,881	3,041,427	3,390,715	349,288	77.6%
Total Subsidies	**37,291,309**	**2,890,724**	**3,107,609**	**216,885**	**8,362,454**	**9,322,827**	**960,373**	**77.6%**
Net Operating Gain (Loss) After Subsidies	**$ -**	**$ -**			**$ -**			

Back to Top

Description	FY21 Total Budget	Current Month Actual	Current Month Budget	Current Month Favorable (Unfavorable)	Fiscal Year-to-Date FYTD Actual	Fiscal Year-to-Date FY21 FYTD Budget	Fiscal Year-to-Date Favorable (Unfavorable)	Percentage Remaining
Operating Expenses:								
Wages & Benefits	27,606,063	2,144,712	2,300,505	155,794	6,446,964	6,901,516	454,552	76.6%
Services	3,930,788	307,807	327,566	19,759	736,015	982,697	246,682	81.3%
Fuels & Lubricants	2,458,579	193,905	204,882	10,976	546,432	614,645	68,213	77.8%
Tires	226,381	18,663	18,865	202	46,688	56,595	9,907	79.4%
Materials and Supplies	1,859,844	184,919	154,987	(29,932)	476,314	464,961	(11,353)	74.4%
Utilities	2,310,240	211,176	192,520	(18,656)	585,146	577,560	(7,586)	74.7%
Casualty & Liability	2,890,550	212,995	240,879	27,885	616,925	722,638	105,713	78.7%
Taxes and Fees	134,400	7,500	11,200	3,700	23,946	33,600	9,654	82.2%
Miscellaneous Expenses	1,359,460	43,252	113,288	70,036	134,594	339,865	205,271	90.1%
Self Consumed Fuel	(1,936,155)	(188,230)	(161,346)	(26,883)	(522,665)	(484,039)	38,626	73.0%
Total Operating Expenses (Before Depreciation)	**40,840,150**	**3,136,698**	**3,403,346**	**266,647**	**9,090,358**	**10,210,038**	**1,119,680**	**77.7%**
Revenues:								
Passenger Revenue	1,399,824	3,789	116,652	(112,863)	8,201	349,956	(341,755)	99.4%
Other Revenue	2,149,017	242,186	179,085	63,101	719,703	537,254	182,449	66.5%
Total Operating Revenue	**3,548,841**	**245,975**	**295,737**	**(49,762)**	**727,904**	**887,210**	**(159,306)**	**79.5%**
Net Operating Gain (Loss)		**$ (2,890,724)**			**$ (8,362,454)**			
Subsidies:								
Local - Measure A, Commuter 10, Haul Pass	6,228,744	482,836	519,062	36,226	1,396,775	1,557,186	160,411	77.6%
State - LTF, LCTOP	11,337,000	878,814	944,750	65,936	2,542,285	2,834,250	291,965	77.6%
Federal - CMAQ,5307,5309,5310,5311,5311(f),5312	6,162,705	477,717	513,559	35,842	1,381,966	1,540,676	158,710	77.6%
CARES Act 5307, 5311, 5311(f)	13,562,860	1,051,357	1,130,238	78,881	3,041,427	3,390,715	(349,288)	77.6%
Total Subsidies	**37,291,309**	**2,890,724**	**3,107,609**	**216,885**	**8,362,454**	**9,322,827**	**960,373**	**77.6%**
Net Operating Gain (Loss) After Subsidies	**$ -**	**$ -**			**$ -**			

Back to Top

Passenger Revenue - Unfavorable

- The negative variance in passenger fares is attributed to a decrease in ridership and no fare collection as of March 17, 2020. Local fixed route and paratransit bus service will be provided free of charge until further notice. The Agency is taking precautions to provide the recommended social distancing and to help the community in these uncertain times.
- For September, ridership was at 46.50% below FY20 FYTD totals.
- Total system ridership was 453,449 trips below FY20 FYTD amounts.

Ridership

	FY20-September	FY21-September	Variance	%Δ
Fixed Route	338,300	166,293	(172,007)	-50.8%
Paratransit	12,873	5,491	(7,382)	-57.3%
SolVan	1,304	1,307	3	0.2%
System Total	352,477	173,091	(179,386)	-50.9%

Ridership

	FYTD-FY20	FYTD-FY21	Variance	%Δ
Fixed Route	931,307	501,778	(429,529)	-46.1%
Paratransit	38,842	15,250	(23,592)	-60.7%
SolVan	4,052	3,724	(328)	-8.1%
System Total	974,201	520,752	(453,449)	-46.5%

Other Revenue - Favorable

- The favorable variance is attributed to a large amount of advertising revenue in July & August and accrued CNG rebate revenue. CNG revenue will be weighted more in the first half of FY21.
- CNG rebate was federally approved through the end of calendar year 2020.

Operator & Mechanic Salaries & Wages - Favorable

- The favorable balance is primarily attributed to expenses that have not yet been incurred for the Refueled initiative which will be implemented in the second half of FY21.

Operator & Mechanic Overtime - Favorable

- The favorable balance is primarily attributed to the low amount of overtime scheduled in the modified service due to COVID-19.

Administration Salaries & Wages - Favorable

- The favorable variance in administrative salaries and wages is attributed to vacant positions across the Agency (e.g. Human Resources Generalist, Field Supervisor, ZEB Administrator).

Administration Overtime - Favorable

- Administrative overtime is a variable expense dependent on the needs of the Agency and holiday work schedules.

Fringe Benefits - Favorable

- The favorable balance is primarily attributed to expenses that have not yet been incurred for the Refueled initiative which will be implemented in the second half of FY21.

Communications - Favorable

- Communication expenditures are within an acceptable range of the budgeted amount.

Legal Services - Favorable

- Legal service fees are a variable cost that changes depending on usage; expenditures vary from month-to-month.

Computer/Network Software Agreement - Favorable

- Software agreement expenditures are dependent on annual renewals of software agreements. The expenses vary month-to-month.

Uniforms - Favorable

- Uniform expenditures are within an acceptable range of the budgeted amount.

Contracted Services - Favorable

- The favorable expenses are primarily attributed to lower use of the public relations/marketing consultant in the first quarter of the FY. The usage is scheduled to increase as more hours are allocated to the Refueled initiative.

Equipment Repairs - Favorable

- Equipment repair costs vary depending on the needs of the Agency (i.e., Shop Equipment, Farebox). Farebox repairs have been reduced due to the temporary free service related to COVID-19.

Security Services - Unfavorable

- Security service expenditures are within an acceptable range of the budgeted amount.

Back to Top

Fuel - CNG - Unfavorable

- Internal consumption has decreased by 60,665 GGEs compared to FY20 FYTD amounts.
  The lower internal consumption is primarily attributed to service redesign projects not yet initiated. The redesign will include streamlined routes and increased frequency.

Internal GGE Usage

	GGE Usage	Variance FY20 vs. FY21	Variance Previous Month	%Δ FY20 vs FY21	%Δ Previous Month
September FY20	118,442				
September FY21	96,339	(22,103)	(4,143)	-18.66%	-4.12%
August FY21	100,482				
FYTD September FY20	356,027				
FYTD September FY21	295,362	(60,665)		-17.04%	

Fuel - Hydrogen - Favorable

- Hydrogen usage will increase with additional usage and the addition of more hydrogen vehicles.

Tires - Favorable

- The lower tire expenditures are primarily attributed to redesign route projects that have not yet commenced.

Office Supplies - Favorable

- Office supplies are a variable expense; costs change throughout the year as supplies are needed.

Travel/Training - Favorable

- Travel & training savings can be attributed to different times at which training sessions are attended. Additionally, COVID-19 restrictions will affect staff travel.

Repair Parts - Favorable

- The favorable balance is primarily attributed to savings for fixed route repairs in the month of July.

Facility Maintenance - Unfavorable

- The unfavorable balance is primarily attributed to emergency repairs in the month of September.

Electricity - CNG & Hydrogen - Unfavorable

- The unfavorable balance in electricity expenditures is primarily attributed to increased costs associated with cooling needs of hydrogen production in the summer months.

Natural Gas - Favorable

- In September, there was an increase of 10,925 GGEs used for outside fueling sales compared to the previous month.
- GGE outside usage has increased 30,609 GGEs compared to FY20 FYTD amounts.

Outside GGE Usage

	GGE Usage	Variance FY20 vs. FY21	Variance Previous Month	%Δ FY20 vs FY21	%Δ Previous Month
September FY20	12,689				
September FY21	23,614	10,925	1,429	86.10%	6.44%
August FY21	22,185				
FYTD September FY20	42,084				
FYTD September FY21	72,693	30,609		72.73%	

Back to Top

Water and Gas - Favorable
- Water and gas expenses are within an acceptable range of the budget.

Insurance Losses - Favorable
- Insurance losses can vary widely from month-to-month.

Insurance Premium - Property - Unfavorable
- Expenses for property insurance premiums are within an acceptable range of the budget.

Repair Claims - Favorable
- Repair claim expenses vary month-to-month.

Fuel Taxes - Favorable
- Outside fueling sales are currently $82,576 above FY20 FYTD amounts.
- For September, sales have increased by $3,991 from the previous month.
- The favorable variance in fuel taxes is due to lower fuel sales.

Outside Fueling Revenue

	Revenue	Variance FY20 vs. FY21	Variance Previous Month	%Δ FY20 vs FY21	%Δ Previous Month
September FY20	$ 33,837				
September FY21	$ 63,399	$ 29,562	$ 3,991	87.36%	6.72%
August FY21	$ 59,408				
FYTD September FY20	$ 112,960				
FYTD September FY21	$ 195,536	$ 82,576		73.10%	

Other Expenses - Favorable
- Costs vary from month-to-month depending on the needs of the Agency or when programs are active (e.g., medical exams and testing, consulting fees, recruiting employees, printing services, temporary help services, SunRide Rideshare, Vanpool).

Self-Consumed Fuel - Favorable
- The favorable variance in self-consumed fuel is due to lower internal fuel consumption.

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Contracts Signed Between $25,000 and $100,000 for October 2020

Summary:

In accordance with Chapter 2, Section 1.2 of the Procurement Policy, the attached report summarizes SunLine's contracts signed in excess of $25,000 and less than $100,000. This ensures the Board is aware of the obligations entered into under the CEO/General Manager's authority.

- For the month of October 2020, there was one (1) agreement executed between $25,000 and $100,000.
- Contract executed:

Vendor	Purpose
Trapeze	Trapeze Consulting Services

Recommendation:

Receive and file.

Back to Top

Contracts Signed Between $25,000 and $100,000

October 2020

Vendor	Product/Service	Need	Budgeted	Budgeted Amount	Cost	Type
Trapeze	Trapeze Consulting Services	Consulting services for scheduling support.	FY21 Budget	$ 345,000.00	$ 41,375.00	Executed Agreement

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Union & Non-Union Pension Investment Asset Summary September 2020

Summary:

The pension asset summary demonstrates the market value of all assets as well as the total asset allocation for SunLine's union and non-union retirement plans. The following table states the target and range values for asset allocations based on the current investment policy:

	Target	Range
Equities	60%	35 – 75%
Fixed Income	40%	25 – 64%
Cash & Equivalent	0%	0 – 10%

For the month of September, SunLine's investments fell within the approved range of investment type for the union and non-union assets.

Union

	Actual	Range
Equities	61.04%	35 – 75%
Fixed Income	38.03%	25 – 64%
Cash & Equivalent	0.93%	0 – 10%

Non-Union

	Actual	Range
Equities	61.07%	35 – 75%
Fixed Income	37.97%	25 – 64%
Cash & Equivalent	0.96%	0 – 10%

For the month of September, the market value of assets decreased by $479,998 and $501,520 for the union and non-union plans, respectively. Overall market performance during September 2020 decreased compared to the gains in the first portion of the calendar year. Overall the year-to-date plan assets are still at

Back to Top

an estimated positive gain of $2,167,277 and $2,078,681 for the union and non-union plans, respectively.

Month-to-Month Asset Comparison

Month	Market Value - Union	Market Value – Non-Union
August 2020	$33,434,267	$33,663,845
September 2020	$32,954,269	$33,162,325
Increase (Decrease)	($479,998)	($501,520)

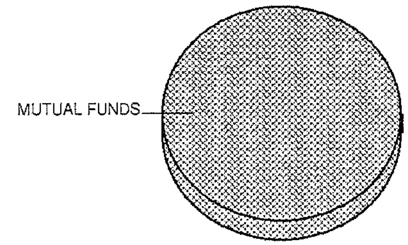
Recommendation:

Receive and file.

ASSET SUMMARY

ASSETS	09/30/2020 MARKET	09/30/2020 BOOK VALUE	% OF MARKET
Cash And Equivalents	307,707.19	307,707.19	0.93
Mutual Funds-Equity	20,112,652.37	7,415,284.17	61.04
Mutual Funds-Fixed Income	12,533,900.08	12,164,193.68	38.03
Total Assets	**32,954,259.64**	**19,887,185.04**	**100.00**
Accrued Income	9.60	9.60	0.00
Grand Total	**32,954,269.24**	**19,887,194.64**	**100.00**

Estimated Annual Income **731,398.73**



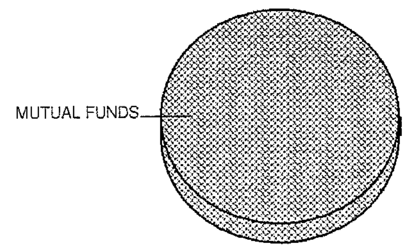
ASSET SUMMARY MESSAGES

Estimated Annual Income is an estimate provided for informational purposes only and should not be relied on for making investment, trading, or tax decisions. The estimates may not represent the actual value earned by your investments and they provide no guarantee of what your investments may earn in the future.

ASSET SUMMARY

ASSETS	09/30/2020 MARKET	09/30/2020 BOOK VALUE	% OF MARKET
Cash And Equivalents	318,393.67	318,393.67	0.96
Mutual Funds-Equity	20,252,631.83	7,450,657.84	61.07
Mutual Funds-Fixed Income	12,591,290.53	12,221,070.79	37.97
Total Assets	**33,162,316.03**	**19,990,122.30**	**100.00**
Accrued Income	9.55	9.55	0.00
Grand Total	**33,162,325.58**	**19,990,131.85**	**100.00**

Estimated Annual Income 735,395.05



ASSET SUMMARY MESSAGES

Estimated Annual Income is an estimate provided for informational purposes only and should not be relied on for making investment, trading, or tax decisions. The estimates may not represent the actual value earned by your investments and they provide no guarantee of what your investments may earn in the future.

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Ridership Report for October 2020

Summary:

Monthly Ridership			Monthly Variance	
	Oct 19	**Oct 20**	**Net**	**Percent**
Fixed Route	384,795	185,159	(199,636)	-51.9%
SolVan	1,369	1,384	15	1.1%
Sundial	13,924	6,098	(7,826)	-56.2%
System Total	400,088	192,641	(207,447)	-51.9%

The COVID-19 pandemic caused a major national and global disruption with the closures of businesses, schools, entertainment venues, and the enforcement of state and local public health policies. In October 2020, the adverse effects of COVID-19 on SunLine's system-wide ridership caused a decrease of 207,447 rides or -51.9% compared to the same month of the previous year.

Consequently, the fiscal year-to-date system ridership dropped by 660,896 rides or -48.1% compared to the previous fiscal year. Two new supplemental charts are included to demonstrate fixed route and paratransit ridership trends, and the percentage of ridership recovered.

October 2020 Fiscal Year-to-Date Ridership	
Fiscal Year 2020	1,374,289
Fiscal Year 2021	713,393
Ridership Decrease	**(660,896)**

Recommendation:

Receive and file.

Back to Top

SunLine Transit Agency
Monthly Ridership Report
October 2020

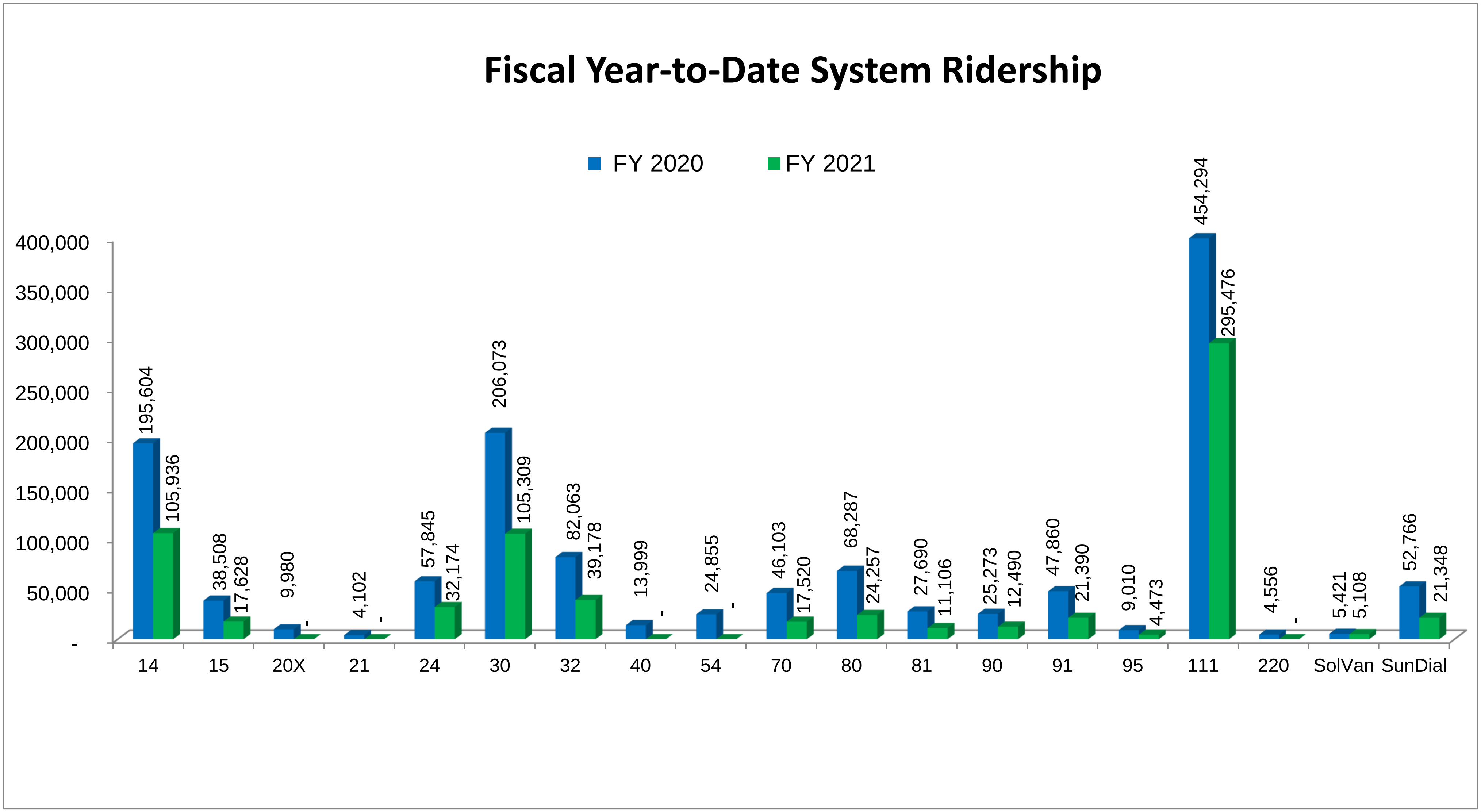
Route	Fixed Route Description	Oct 2020	Oct 2019	Sep 2020	FY 2021 & 2020 Month Var.	% Var.	FY 2021 YTD	FY 2020 YTD	YTD Var.	% Var.	Bikes Monthly	Bikes YTD	Wheelchairs Monthly	Wheelchairs YTD
14	DHS/PS	27,503	53,684	25,428	(26,181)	-48.8%	105,936	195,604	(89,668)	-45.8%	1,108	4,292	460	1,820
15	DHS	4,407	11,263	3,730	(6,856)	-60.9%	17,628	38,508	(20,880)	-54.2%	68	311	114	518
20X	DHS/PD	-	3,440	-	(3,440)	-100.0%	-	9,980	(9,980)	-100.0%	-	-		-
21	PD	-	1,646	-	(1,646)	-100.0%	-	4,102	(4,102)	-100.0%	-	-		-
24	PS	7,891	17,103	8,137	(9,212)	-53.9%	32,174	57,845	(25,671)	-44.4%	350	1,455	229	797
30	CC/PS	27,426	58,119	23,993	(30,693)	-52.8%	105,309	206,073	(100,764)	-48.9%	1,157	5,145	538	1,885
32	PD/RM/TP/CC/PS	11,321	23,869	10,177	(12,548)	-52.6%	39,178	82,063	(42,885)	-52.3%	574	2,121	158	528
40	PS/BUZZ	-	4,809	-	(4,809)	-100.0%	-	13,999	(13,999)	-100.0%	-	-	-	-
54	Indio/LQ/IW/PD	-	8,692	-	(8,692)	-100.0%	-	24,855	(24,855)	-100.0%	-	-	-	-
70	LQ/BD	5,709	15,168	4,277	(9,459)	-62.4%	17,520	46,103	(28,583)	-62.0%	322	1,393	86	228
80	Indio	6,982	22,890	5,525	(15,908)	-69.5%	24,257	68,287	(44,030)	-64.5%	254	1,006	66	286
81	Indio	3,104	9,444	2,653	(6,340)	-67.1%	11,106	27,690	(16,584)	-59.9%	85	485	15	93
90	Coachella/Indio	3,194	6,647	3,248	(3,453)	-51.9%	12,490	25,273	(12,783)	-50.6%	76	377	38	192
91	I/Cch/Th/Mec/Oas	5,792	14,442	5,381	(8,650)	-59.9%	21,390	47,860	(26,470)	-55.3%	210	767	69	220
95	I/Cch/Th/Mec/NS	1,254	2,330	1,117	(1,076)	-46.2%	4,473	9,010	(4,537)	-50.4%	35	183	9	32
111	PS to Indio	80,576	129,980	72,627	(49,404)	-38.0%	295,476	454,294	(158,818)	-35.0%	3,850	16,159	1,192	4,289
220	PD to Riverside	-	1,269	-	(1,269)	-100.0%	-	4,556	(4,556)	-100.0%		-		13
	Fixed Route Total	**185,159**	**384,795**	**166,293**	**(199,636)**	**-51.9%**	**686,937**	**1,316,102**	**(629,165)**	**-47.8%**	**8,089**	**33,694**	**2,974**	**10,901**
SolVan		1,384	1,369	1,307	15	1.1%	5,108	5,421	(313)	-5.8%				
	Demand Response													
SunDial		6,098	13,924	5,491	(7,826)	-56.2%	21,348	52,766	(31,418)	-59.5%				
	System Total	**192,641**	**400,088**	**173,091**	**(207,447)**	**-51.9%**	**713,393**	**1,374,289**	**(660,896)**	**-48.1%**				

	Oct-20	Oct-19	Sep-20
Weekdays:	22	23	22
Saturdays:	5	4	4
Sundays:	4	4	4
Total Days:	**31**	**31**	**30**

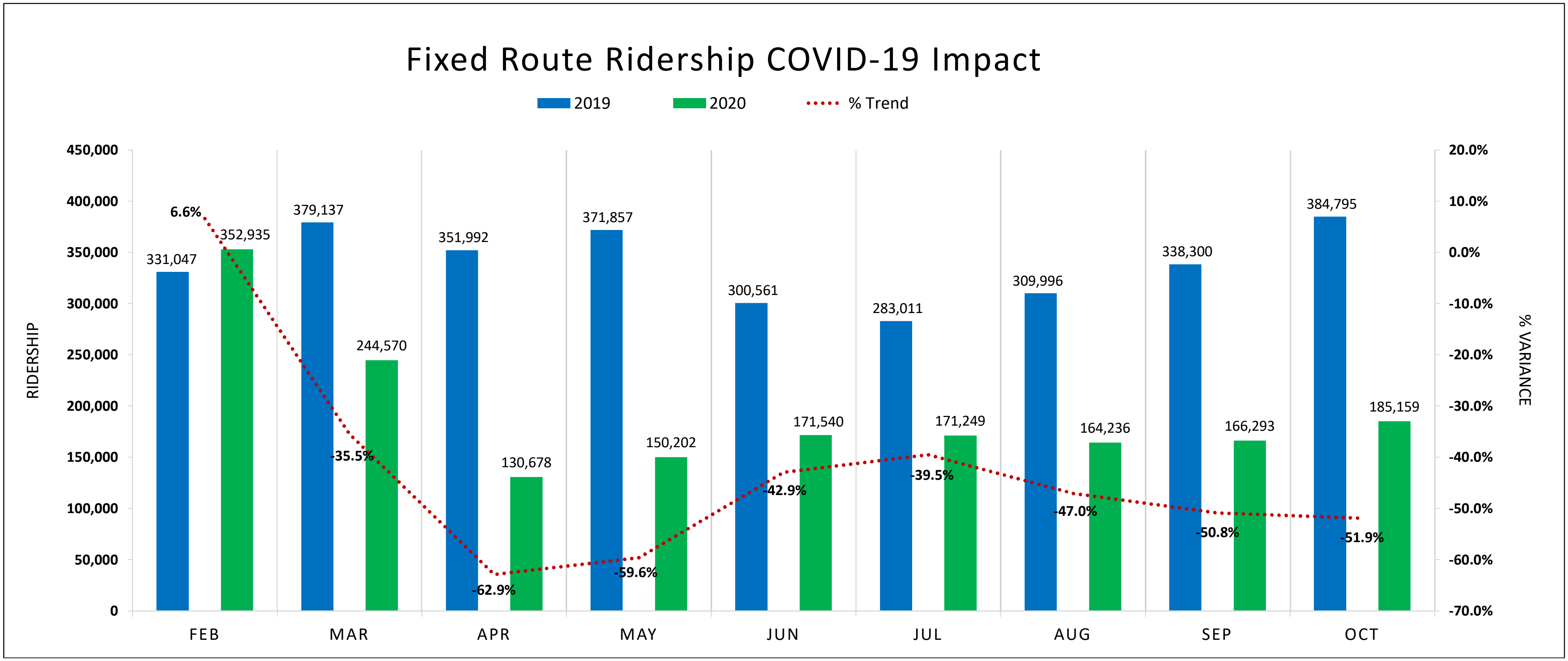
On Wednesday, March 18th, 2020, SunLine implemented fare-free rides and rear door boardings in response to the potential spread of Coronavirus Disease (COVID-19). Due to this implementation, there is no data available for the Haul Pass Program or Mobile Ticketing for October 2020.

Back to Top

SunLine Transit Agency
Fiscal Year-to-Date Ridership
October - 2020



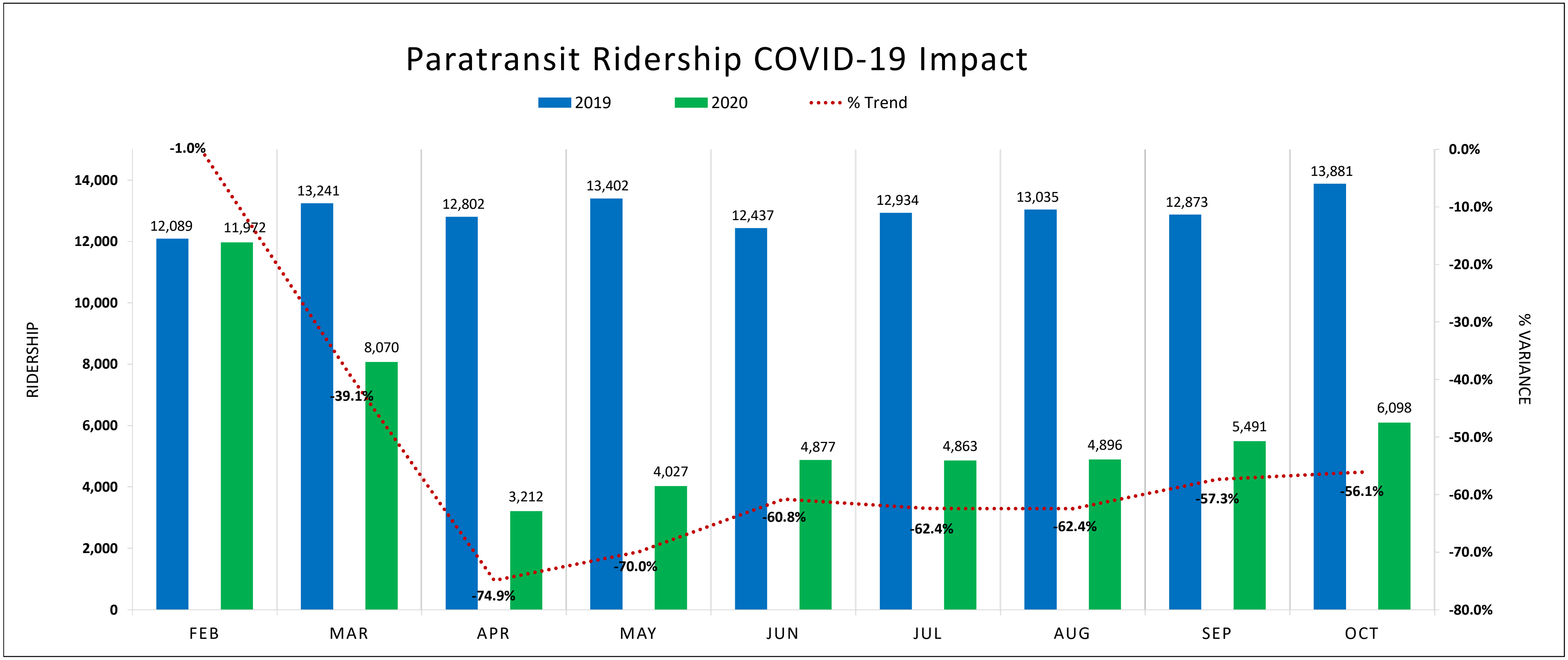
Back to Top



The COVID-19 pandemic caused a major national and global disruption with closures of businesses,
schools and entertainment venues due to the implementation of national and statewide public health policies.
Since March 21, 2020 SunLine has been operating at a reduced level of service (Level-3) in response to the potential spread of the disease.

Ridership:
FY 2019 Actual = 4,039,450
FY 2020 Actual = 3,379,520
FY 2021 SRTP Predicted = 3,761,953

Back to Top



The COVID-19 pandemic caused a major national and global disruption with closures of businesses,
schools and entertainment venues due to the implementation of national and statewide public health policies.
Since March 25, 2020 SunDial has been operating one on one off service in response to the potential spread of the disease.

Back to Top

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: SunDial Operational Notes for October 2020

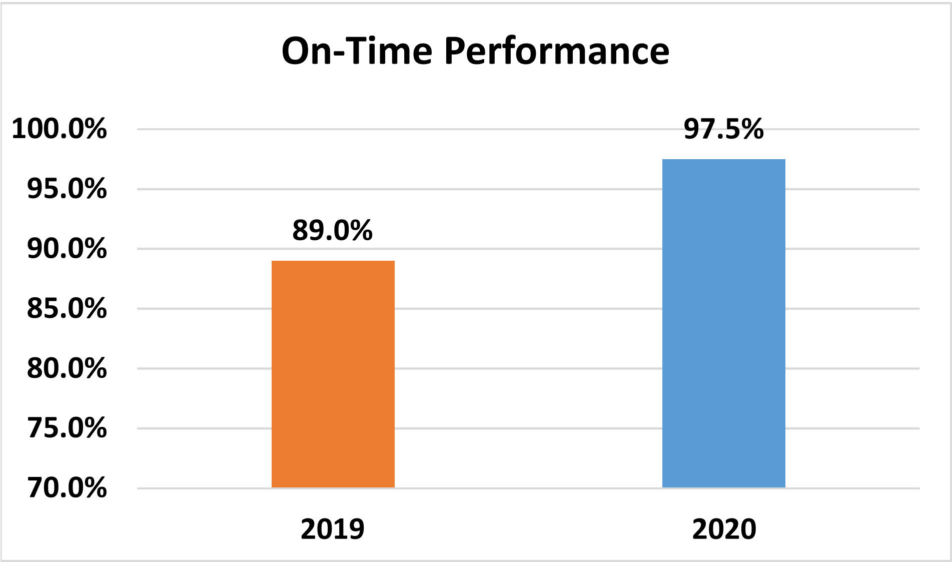
Summary:

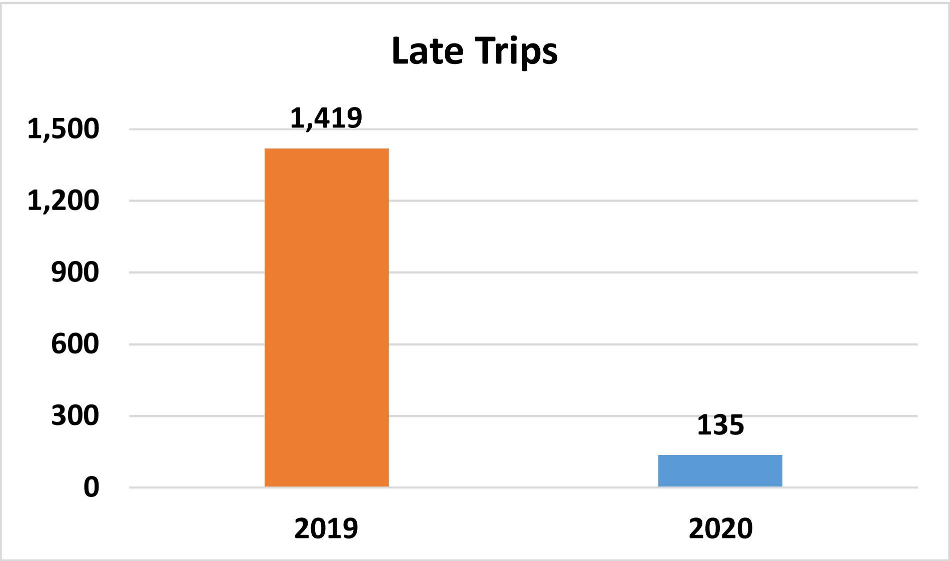
The attached report summarizes SunDial's operation for October 2020. There was a 9.5% increase in on-time performance. There were a total of 135 late trips compared to last year which had 1,419. The total trips decreased by 56.8% from the same period last year and the total passengers decreased by 56.0%. The total miles traveled decreased by 25.1%. Field supervisors utilizing CDC guidelines for social distancing continue to perform onboard inspections and safety evaluations which include pre-trips and yard checks. Mobility device boardings have decreased by 58.5%.

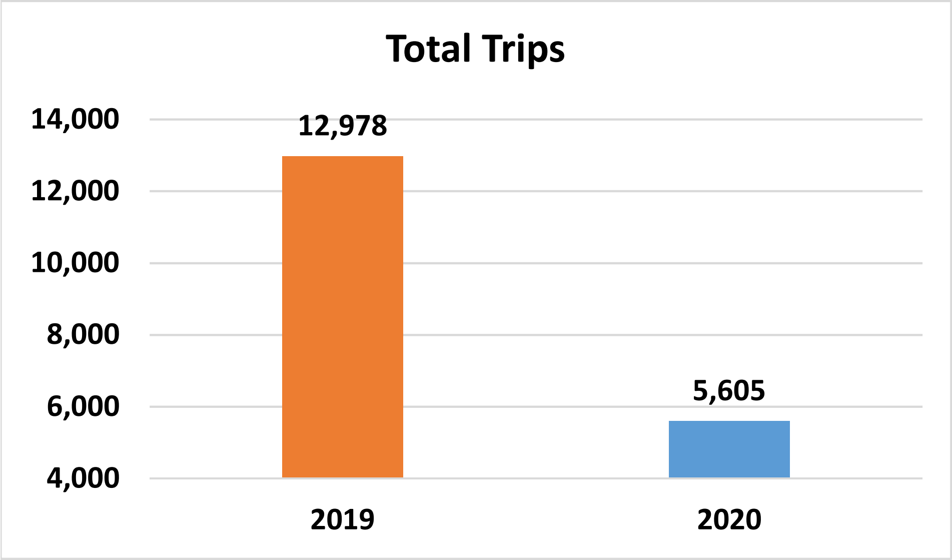
Recommendation:

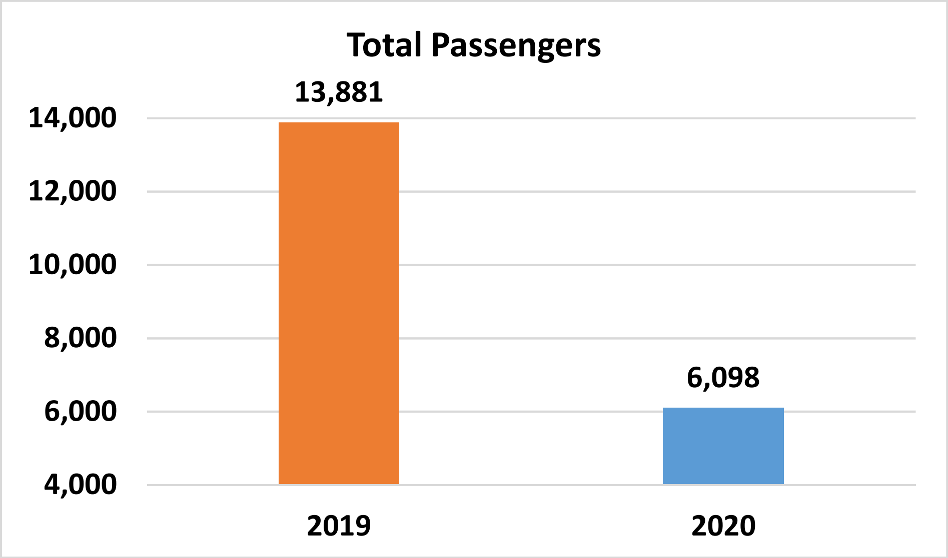
Receive and file.

SunDial Operational Charts
OCTOBER 2019 vs. 2020



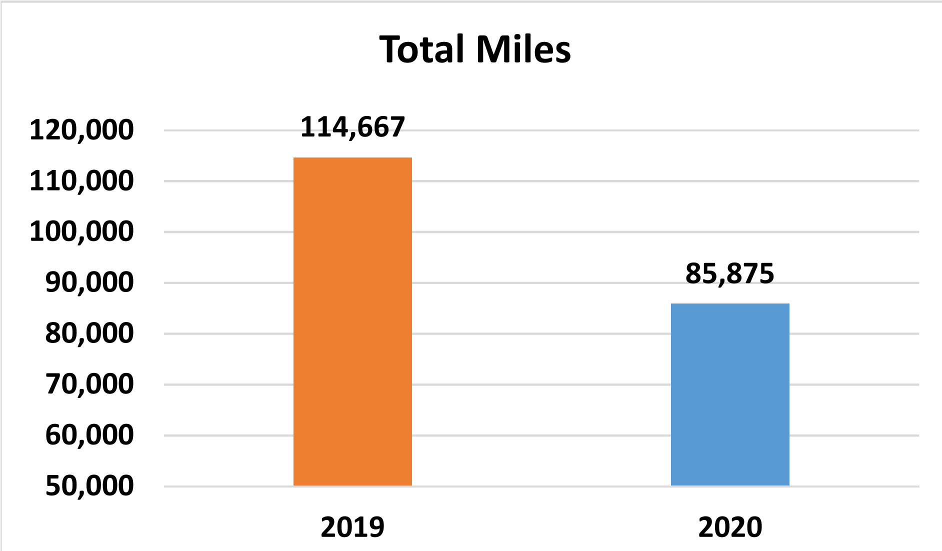


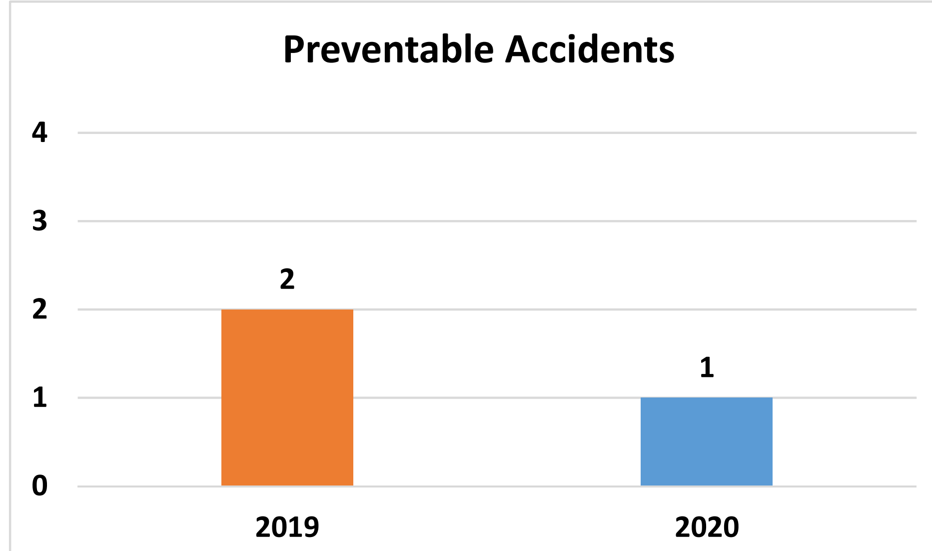


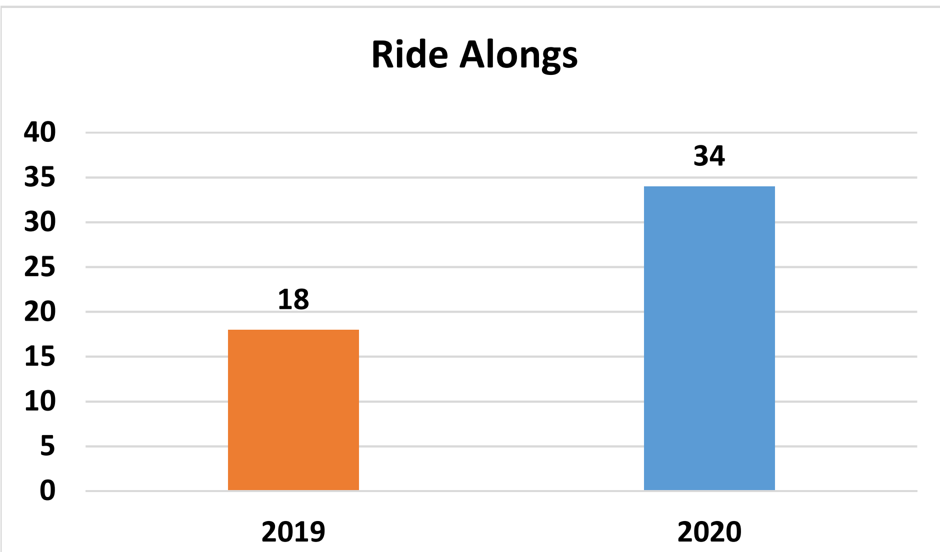


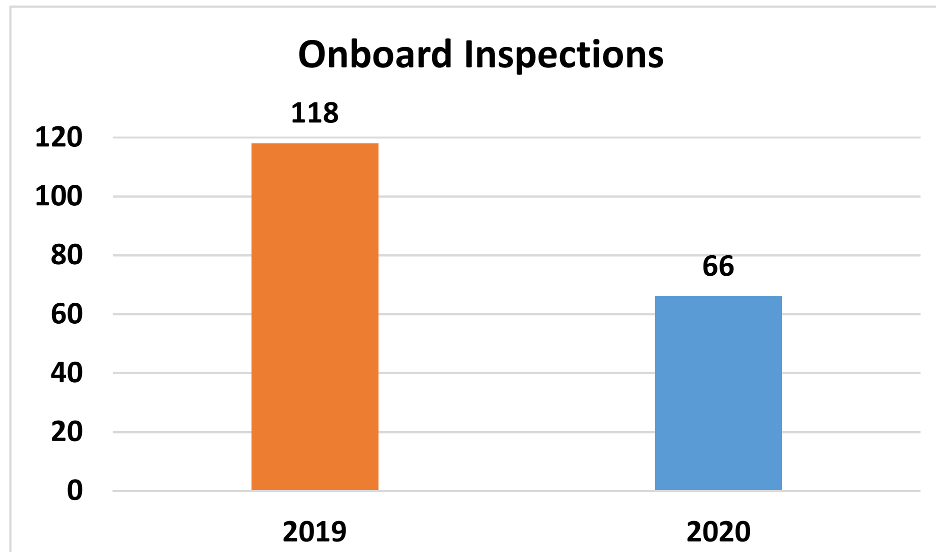
Back to Top

SunDial Operational Charts
OCTOBER 2019 vs. 2020



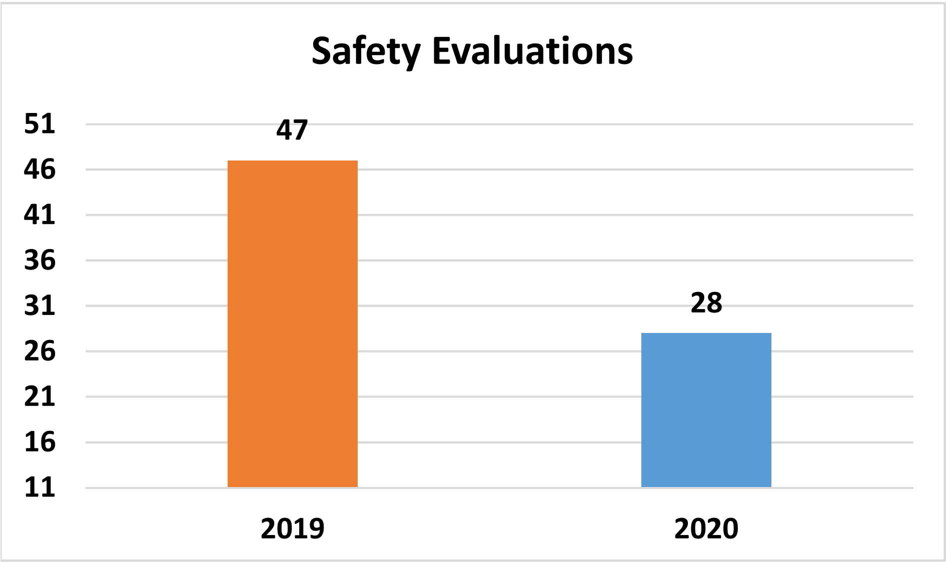


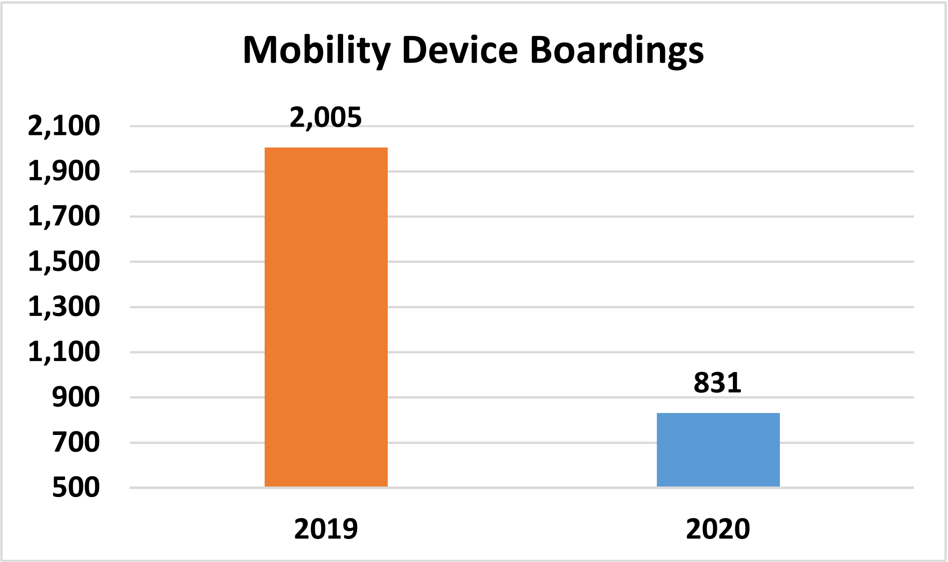




Back to Top

SunDial Operational Charts
OCTOBER 2019 vs. 2020





Back to Top

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Metrics for October 2020

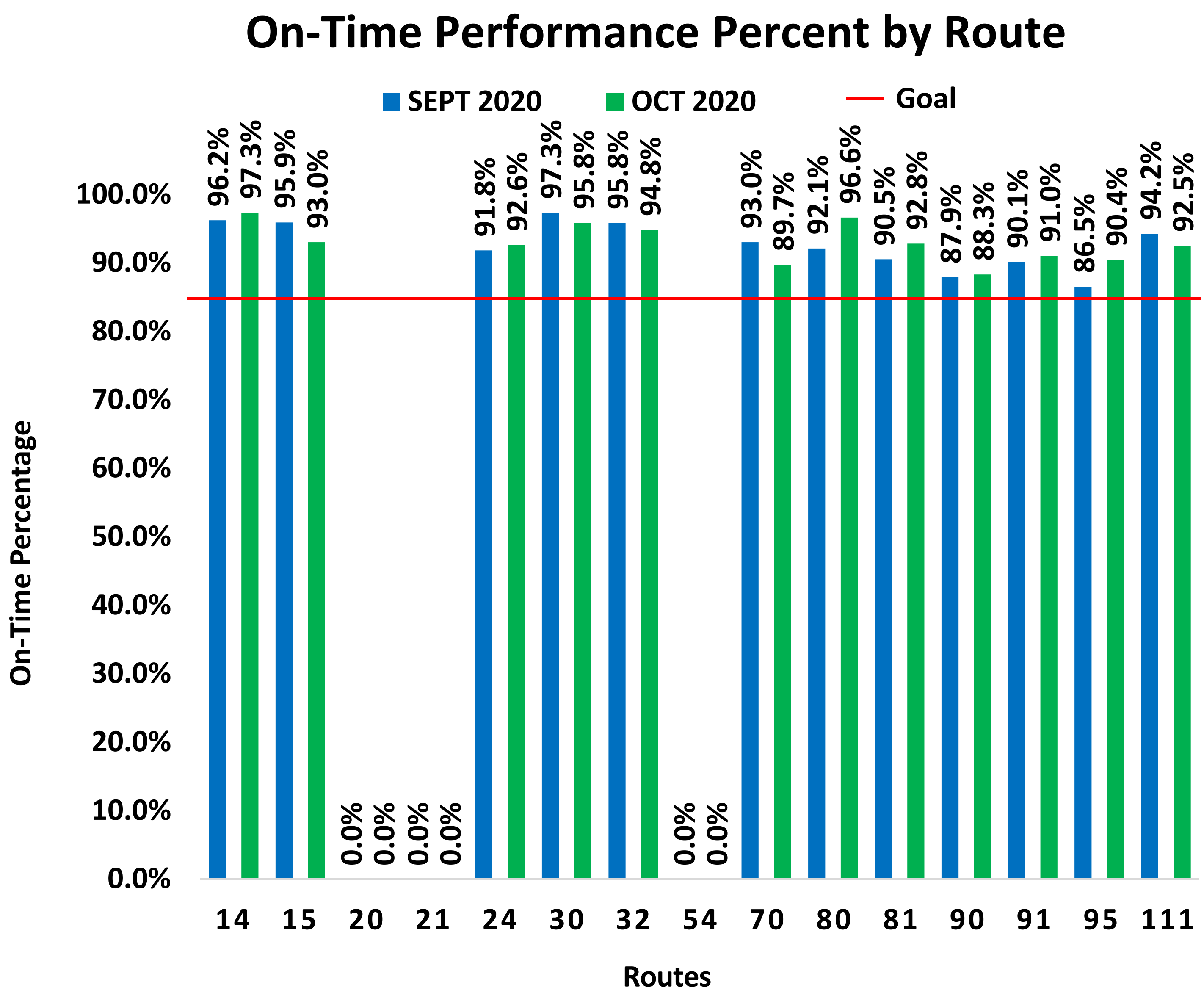
Summary:

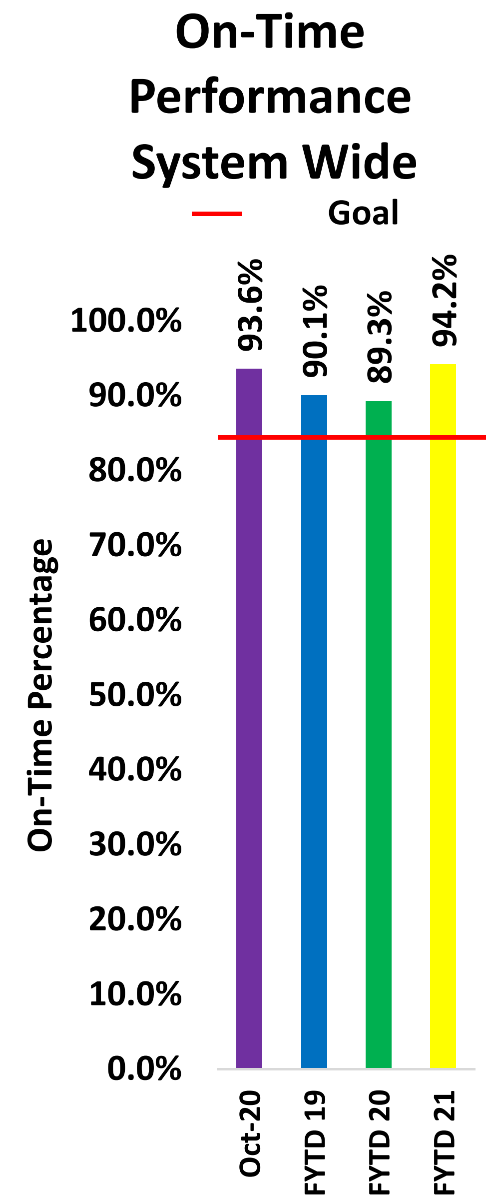
The metrics packet includes data highlighting on-time performance, early departures, late departures, late cancellations, driver absences, advertising revenue, fixed route customer feedback, paratransit customer feedback, and system performance.

Recommendation:

Receive and file.

Back to Top



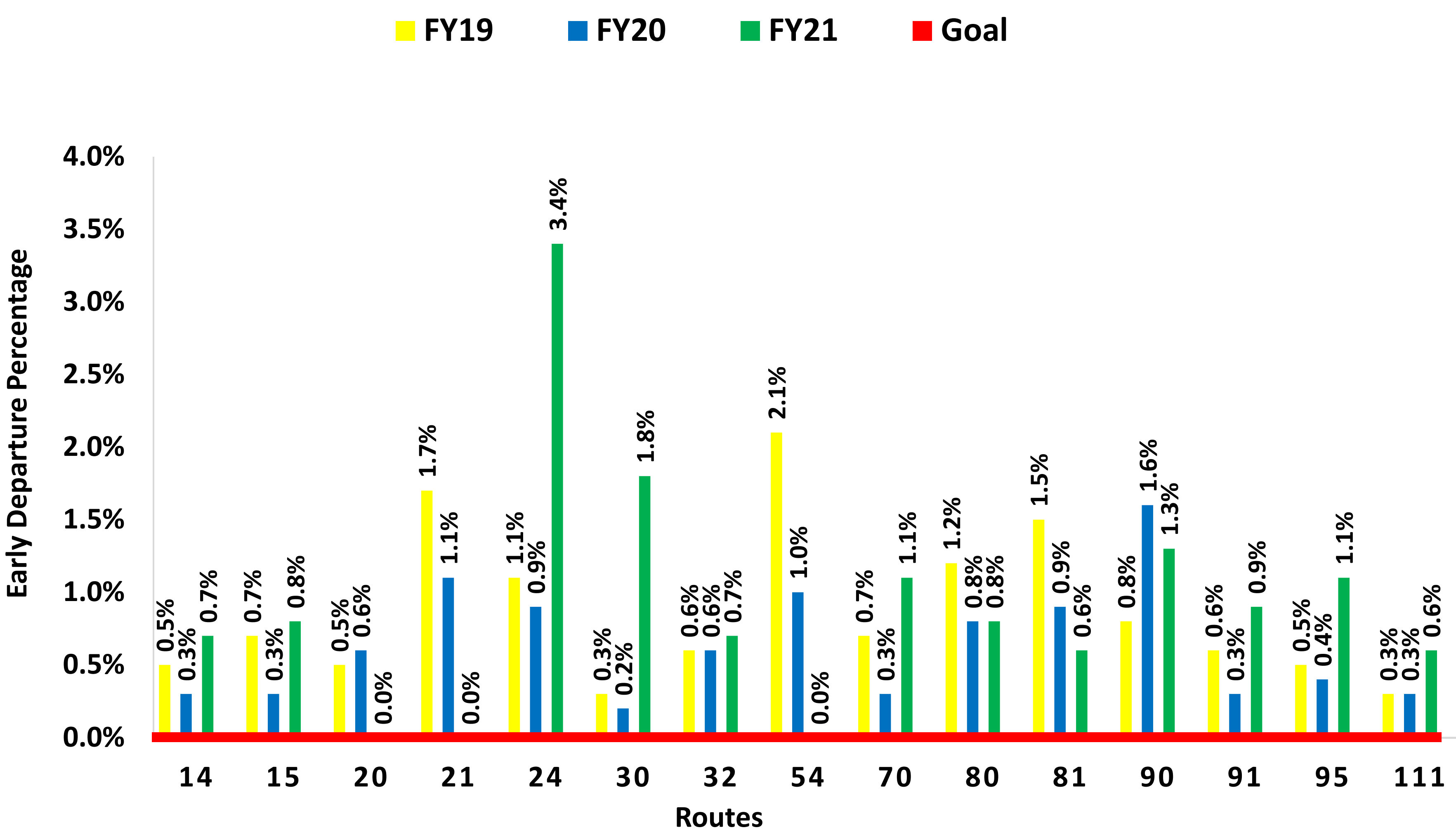


Definition: "On-time" - When a trip departs a time point within the range of zero minutes early to five minutes late.
Goal: Minimum target for On-Time performance is 85%.
Exceptions: Detours, train stuck on tracks, passenger problems, information technology system issues.

Back to Top

Early Departures by Route FYTD

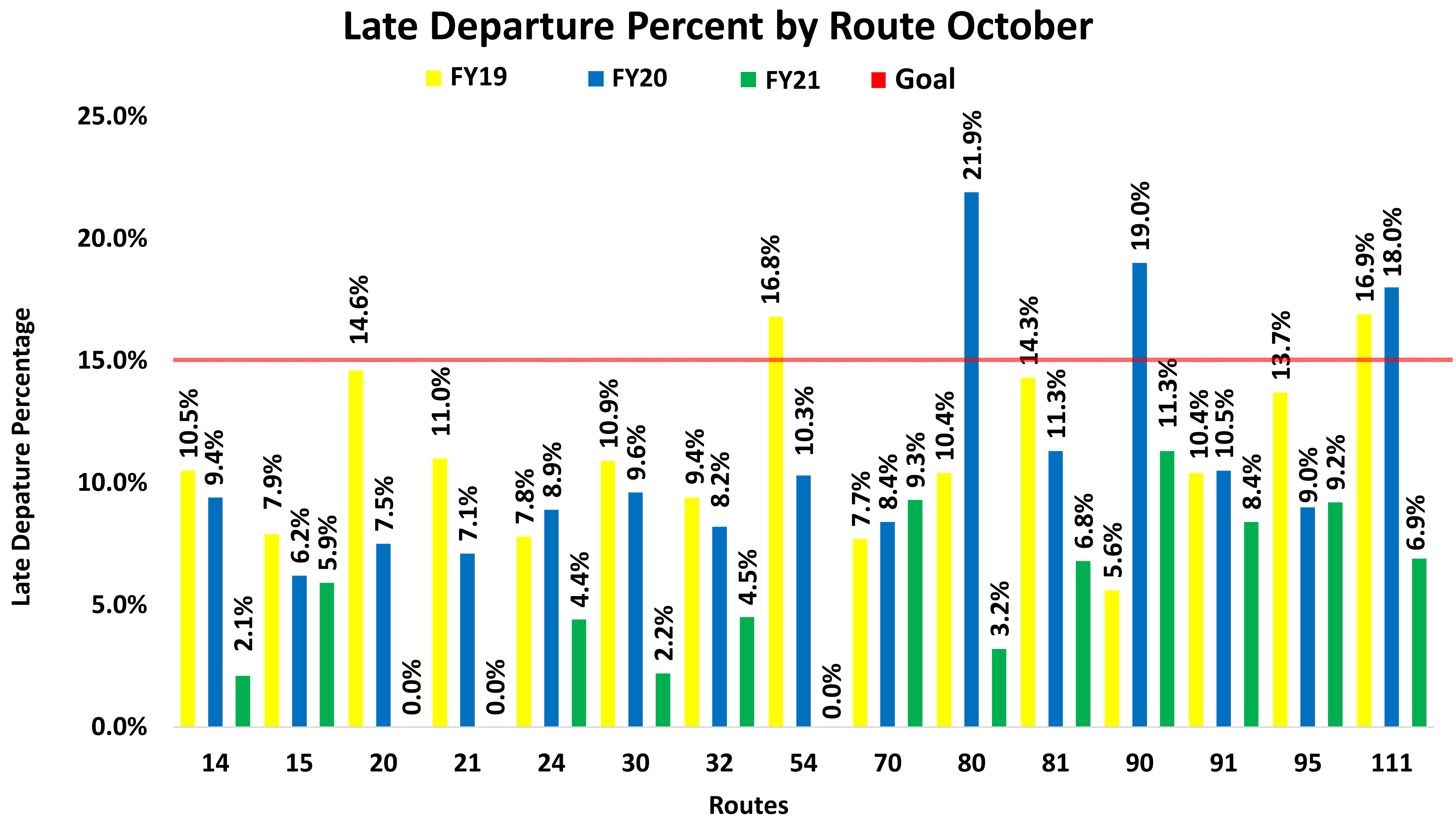
Through October 2020



Definition: When a bus leaves a time point, ahead of the scheduled departure time.

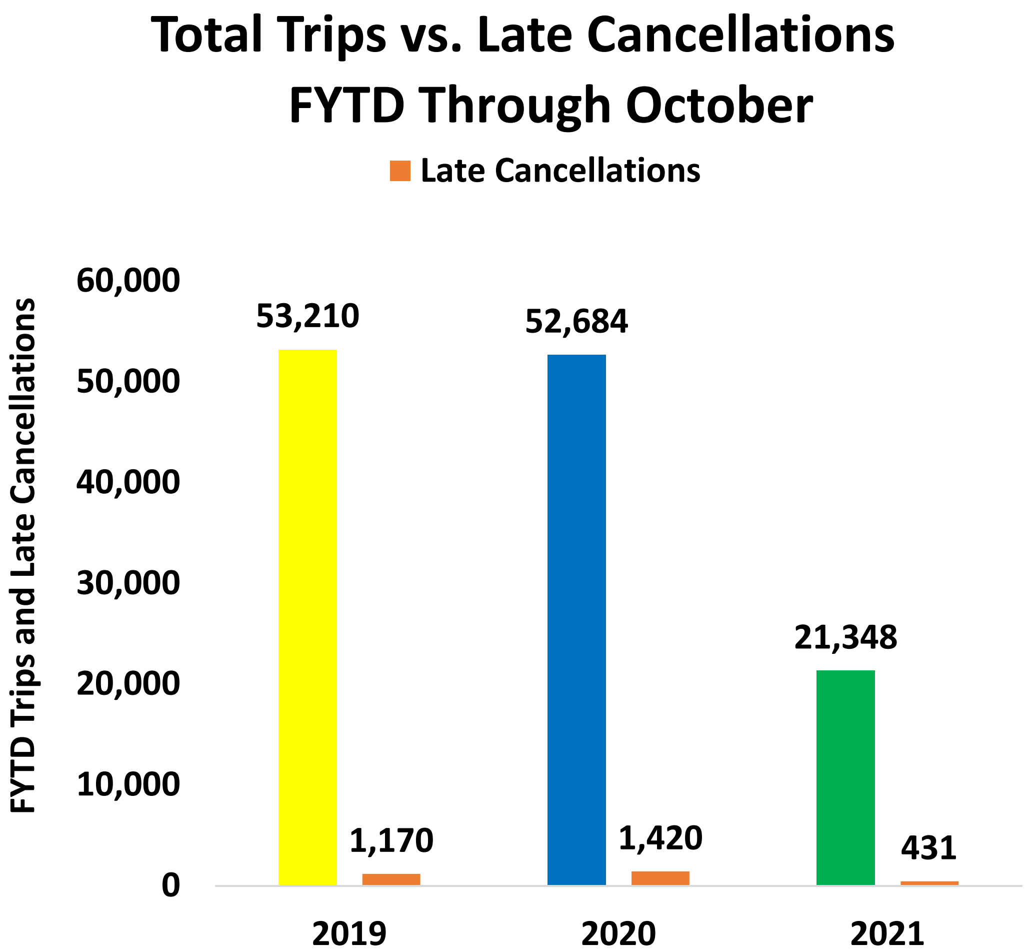
Goal: To reduce early departures to 0% for each route.

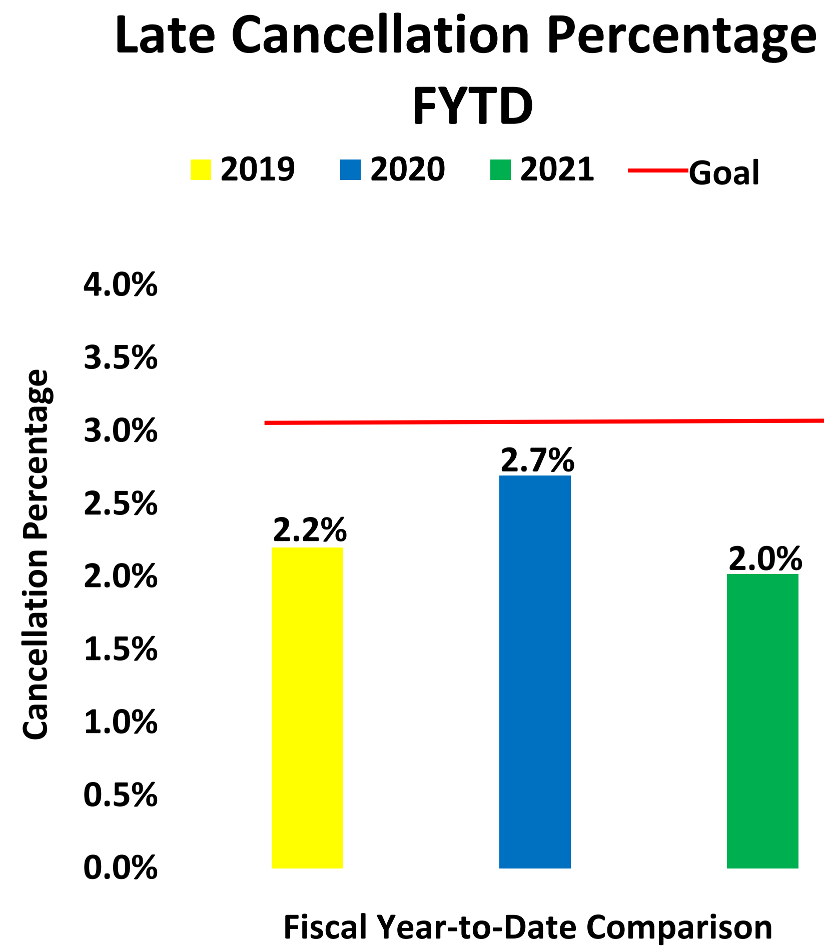
Back to Top



Late Definition: When a bus leaves a time point after the scheduled departure time.
The route is running late with a departure greater than 5 minutes.
Goal: To reduce late departures to 15%.

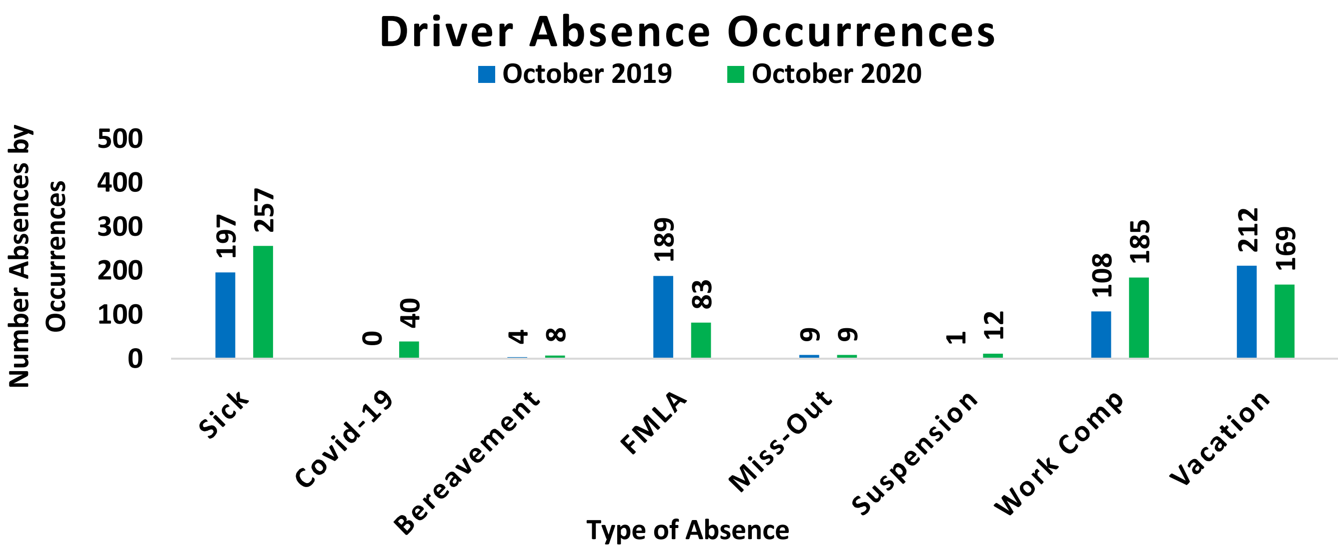
Back to Top

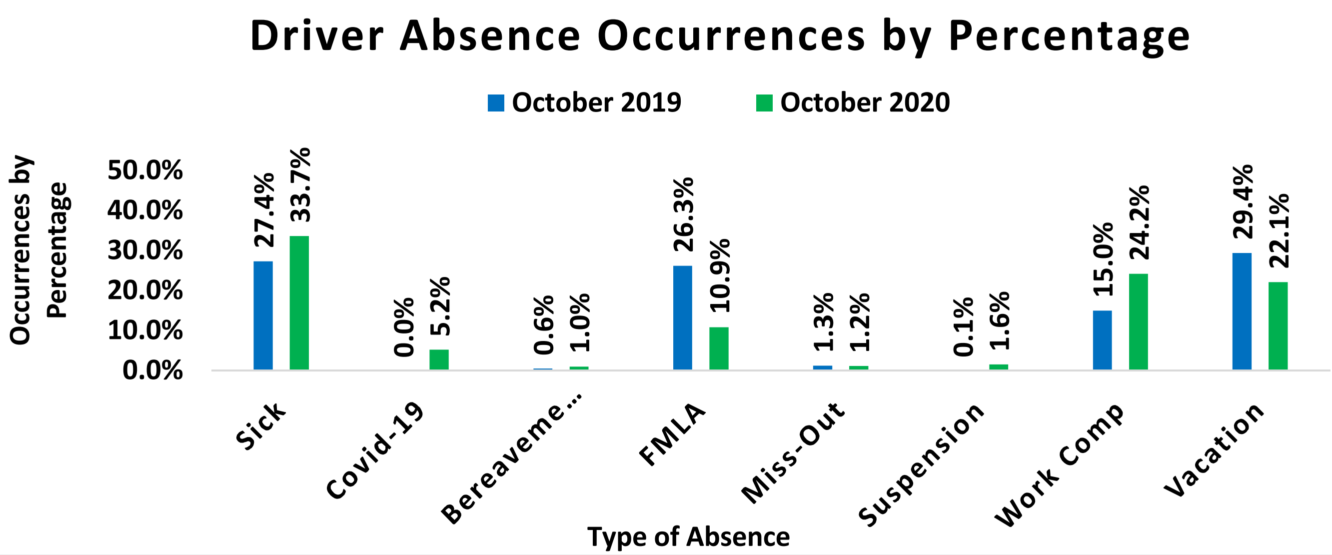


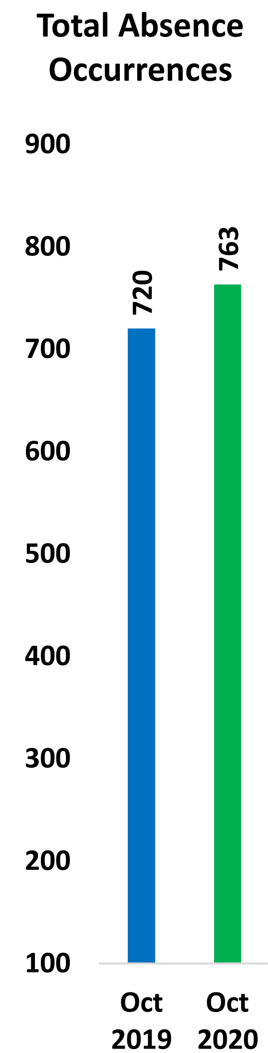


Trip: A one-way ride booked by the client. A round trip is counted as two trips.
Late cancellation: A trip for which an ADA client does not cancel within two (2) hours before the scheduled pick up time.
Goal for Late Cancellations: 3% or below.
Total Trips: Total one way trips completed.

Back to Top

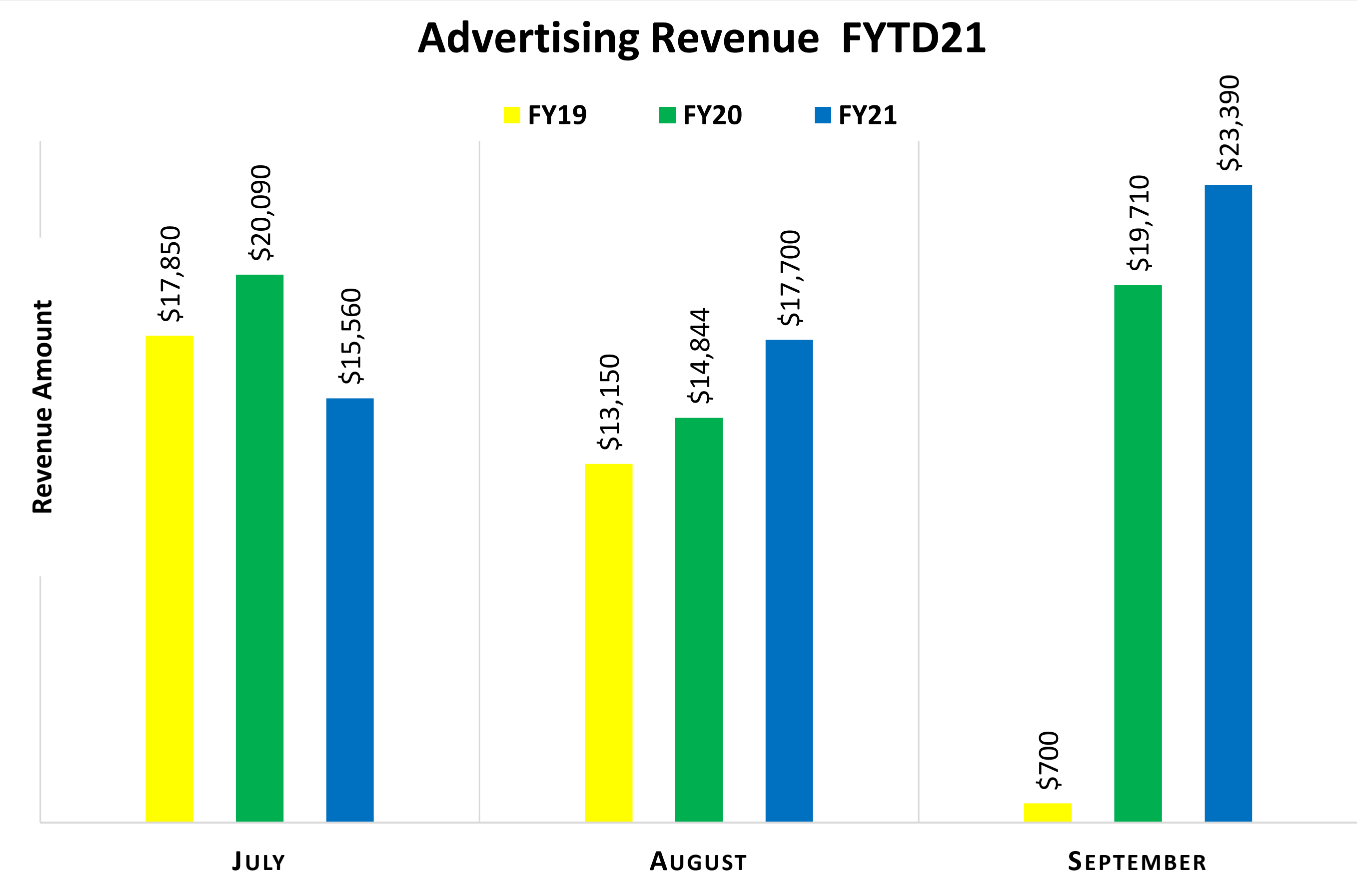


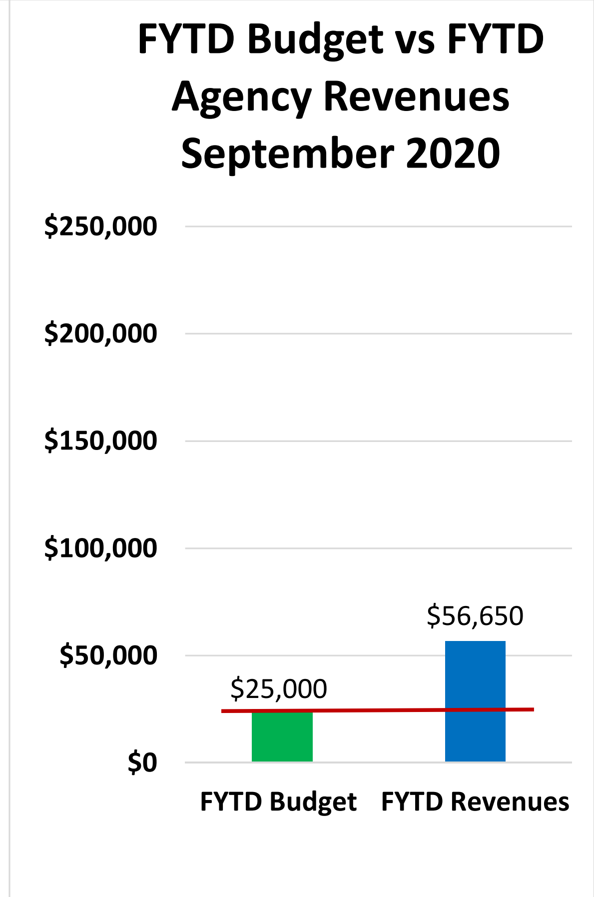




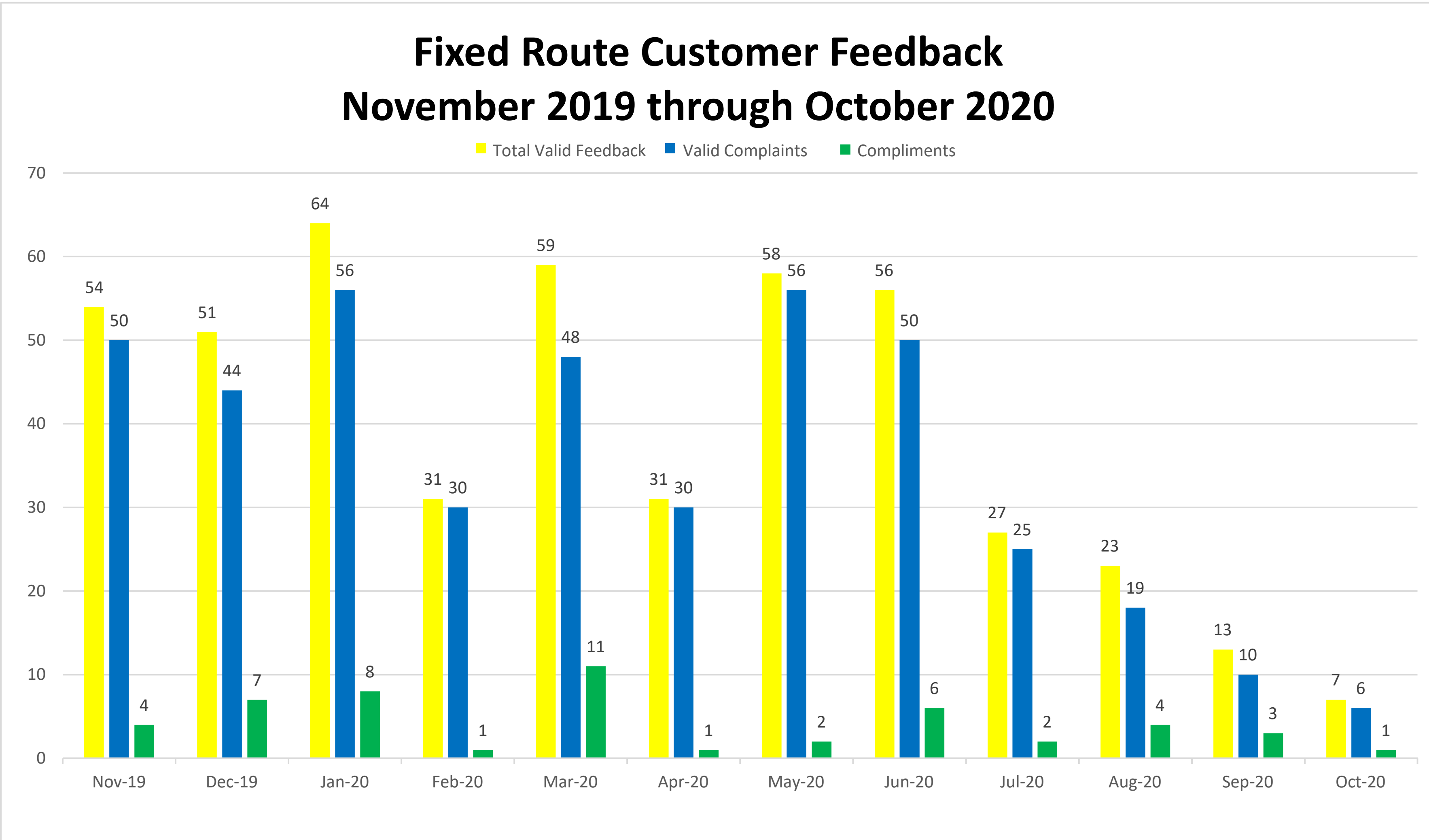
Goal: Reduce by 2% from previous year by enforcing attendance policy regularly and monitor trending.
Absences include unplanned/unscheduled for Fixed Route drivers.

Back to Top



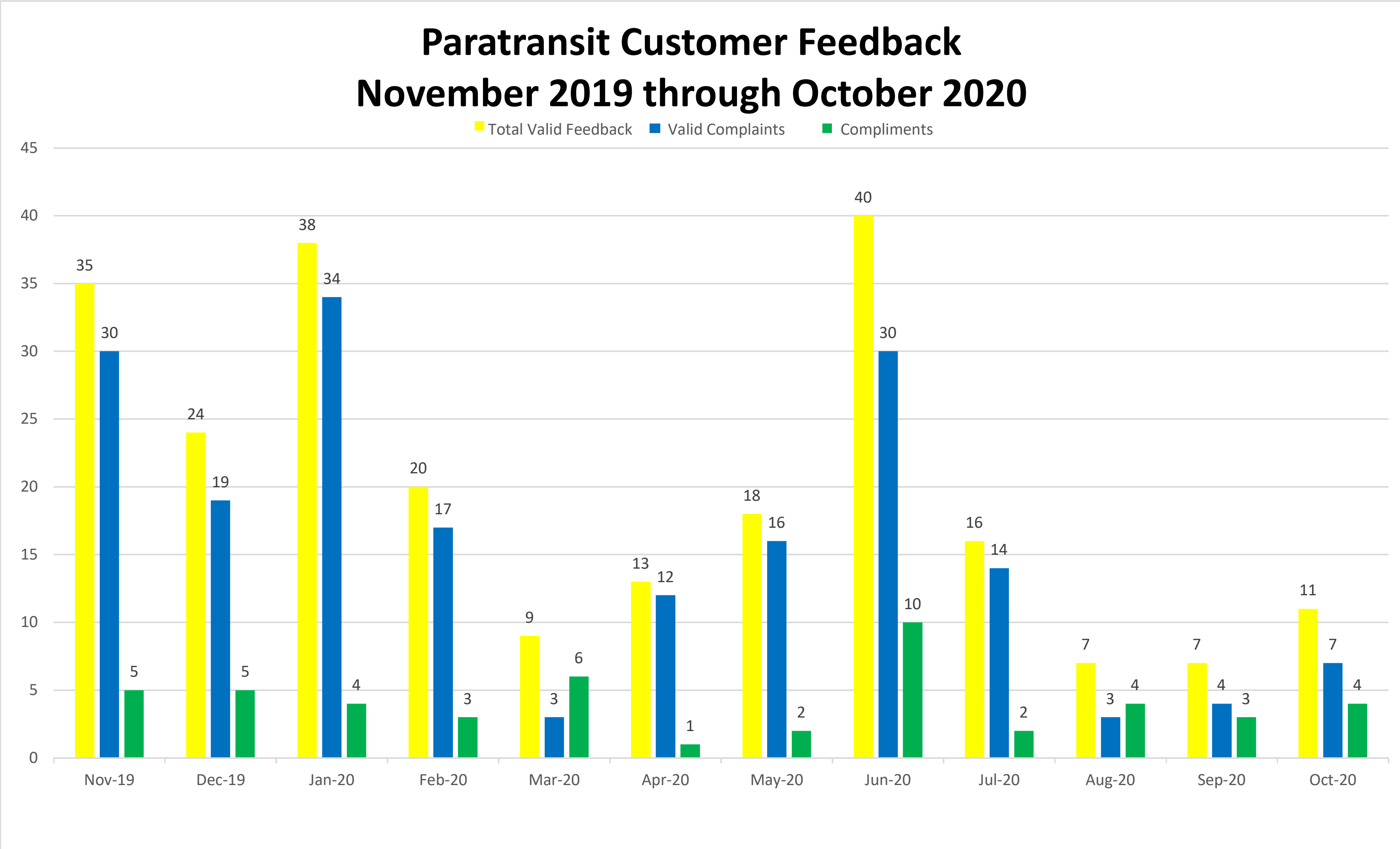


Advertising revenue tracks revenue of invoiced contracts for bus shelter and bus wrap advertising. This section of the chart compares the FYTD21 against FYTD19 and FYTD20 totals. The graph tracks FYTD revenue accrued vs the FYTD budget. The annual budget amount for FY21 is $100,000.



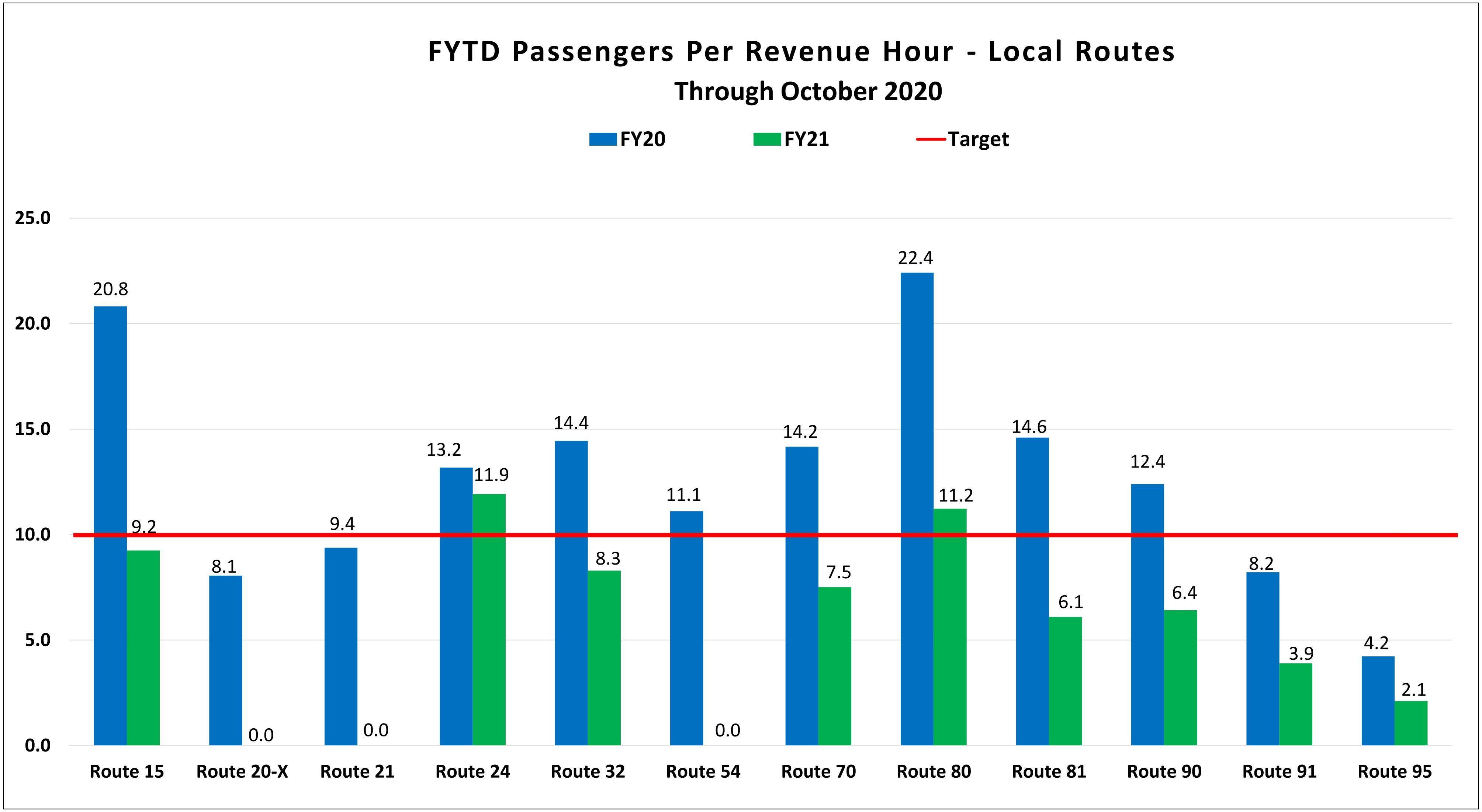
Valid fixed route feedback is comprised of compliments and complaints for Nov 2019 through Oct 2020

Back to Top



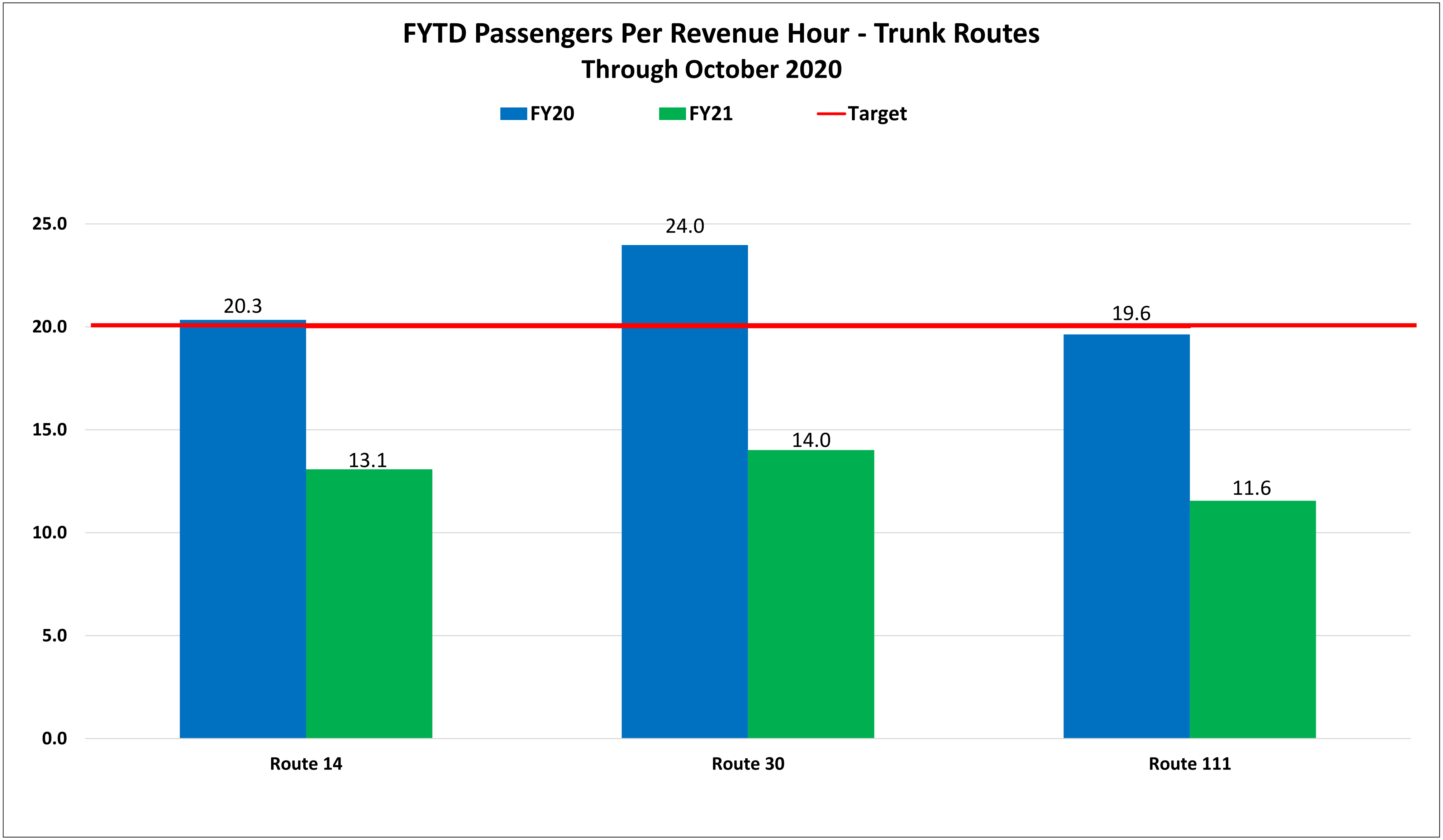
Valid paratransit feedback is comprised of compliments and complaints for Nov 2019 through Oct 2020

Back to Top



The chart above represents the system performance on local routes for Passengers Per Revenue Hour (PPRH).
The target for local fixed routes is 10 PPRH. The FY21 goal is based on Board approved Service Standards Policy (B-190613).
Local routes are secondary routes that connect to the trunk routes and supplement the SunBus network.

Back to Top



The chart above represents the system performance on trunk routes for Passengers Per Revenue Hour (PPRH).
The target for trunk fixed routes is 20 PPRH. The FY21 goal is based on Board approved Service Standards Policy (B-190613).
Trunk routes are highly traveled corridors serving a variety of trip purposes and connect a variety of regional destinations.

Back to Top

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Quarterly Performance Summary for Q3 of Calendar Year 2020

Summary:

The following quarterly reports demonstrate the performance of the bargaining and non-bargaining pension plans for the third quarter of calendar year 2020. The report shows market value, asset allocation percentage and performance compared to benchmarks.

Recommendation:

Receive and file.

Back to Top

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Fund	**32,953,620**	**100.00**	**6.08**	**6.07**	**12.10**	**7.95**	**N/A**	**8.47**	**07/01/2017**
Blended Benchmark			*5.80*	*6.65*	*12.49*	*9.50*	*N/A*	*9.76*	*07/01/2017*
PFM Blended Benchmark			*5.18*	*4.23*	*9.90*	*7.25*	*N/A*	*7.78*	*07/01/2017*
Equities	**20,112,652**	**61.03**	**9.20**	**4.18**	**13.30**	**8.74**	**N/A**	**9.69**	**07/01/2017**
Russell 3000 Index			*9.21*	*5.41*	*15.00*	*11.65*	*13.69*	*12.24*	*07/01/2017*
PFM Blended Equity Benchmark			*8.18*	*1.54*	*10.73*	*7.93*	*11.09*	*8.97*	*07/01/2017*
Vanguard Total Stock Index	37,733	0.11	9.19	5.50	15.01	11.65	13.68	12.23	07/01/2017
Russell 3000 Index			*9.21*	*5.41*	*15.00*	*11.65*	*13.69*	*12.24*	*07/01/2017*
Vanguard Total Stock Market ETF	11,333,790	34.39	9.19	5.46	14.96	11.64	13.68	33.31	04/01/2020
Russell 3000 Index			*9.21*	*5.41*	*15.00*	*11.65*	*13.69*	*33.26*	*04/01/2020*
Jensen Quality Growth Fund	1,239,271	3.76	9.59	6.45	15.25	14.99	16.07	13.10	04/01/2019
S&P 500			*8.93*	*5.57*	*15.15*	*12.28*	*14.15*	*14.27*	*04/01/2019*
Touchstone Mid Cap Fund	509,860	1.55	7.89	-1.34	3.64	11.68	13.06	7.89	07/01/2020
Russell Midcap Index			*7.46*	*-2.35*	*4.55*	*7.13*	*10.13*	*7.46*	*07/01/2020*
Vanguard Total International Stock ETF	2,791,878	8.47	6.47	-4.79	3.82	1.28	6.33	25.76	04/01/2020
MSCI AC World ex USA (Net)			*6.25*	*-5.44*	*3.00*	*1.16*	*6.23*	*23.38*	*04/01/2020*
J. O. Hambro International Select	2,137,601	6.49	9.81	14.61	23.30	9.20	10.58	10.34	07/01/2017
MSCI AC World ex USA (Net)			*6.25*	*-5.44*	*3.00*	*1.16*	*6.23*	*2.95*	*07/01/2017*
Harding Loevner International Equity	1,401,578	4.25	8.63	3.61	14.04	5.28	10.24	8.63	07/01/2020
MSCI AC World ex USA (Net)			*6.25*	*-5.44*	*3.00*	*1.16*	*6.23*	*6.25*	*07/01/2020*
Hartford Schroders Emerging Markets Equity	660,941	2.01	11.23	1.99	13.51	4.12	10.61	0.93	03/01/2018
MSCI EM (net)			*9.56*	*-1.16*	*10.54*	*2.42*	*8.97*	*-1.27*	*03/01/2018*

Returns are net of mutual fund fees.
Returns are expressed as percentages.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	**12,533,251**	**38.03**	**1.63**	**4.98**	**5.47**	**4.85**	**N/A**	**4.83**	**07/01/2017**
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*5.10*	*07/01/2017*
Baird Core Plus	3,329,888	10.10	1.37	7.25	7.82	5.71	5.01	5.60	07/01/2017
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*5.10*	*07/01/2017*
DoubleLine Core Fixed Income	1,601,780	4.86	1.84	3.82	4.15	4.04	3.90	3.80	09/01/2017
PGIM Total Return Bond Fund	3,920,949	11.90	1.78	5.59	5.97	5.65	5.30	5.37	09/01/2017
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*4.93*	*09/01/2017*
Voya Intermediate Bond	2,101,726	6.38	1.73	6.29	6.53	5.46	4.92	6.29	01/01/2020
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*6.79*	*01/01/2020*
iShares Intermediate-Term Corporate Bond ETF	814,307	2.47	1.83	7.01	8.40	6.80	5.33	8.40	10/01/2019
ICE BofAML U.S. Corporate 5-10 Year Index			*1.94*	*7.24*	*8.62*	*6.61*	*6.10*	*8.62*	*10/01/2019*
iShares JP Morgan USD Emerging Mkts Bond ETF	394,436	1.20	2.39	-0.47	1.52	3.13	5.77	2.39	07/01/2020
JPM EMBI Global Diversified			*2.32*	*-0.51*	*1.29*	*3.49*	*6.15*	*2.32*	*07/01/2020*
iShares iBoxx $ High Yield Corporate Bond ETF	370,167	1.12	2.39	-0.47	1.52	3.13	5.77	2.39	07/01/2020
Bloomberg Barclays U.S. High Yield Very Liquid Ind			*4.54*	*-0.08*	*2.65*	*3.98*	*6.48*	*4.54*	*07/01/2020*
Cash Equivalent	**307,717**	**0.93**	**0.01**	**0.37**	**0.78**	**1.46**	**N/A**	**1.42**	**07/01/2017**
First American Prime Obligation - Z	307,717	0.93	0.03	0.50	0.97	1.68	1.21	1.64	07/01/2017

Returns are net of mutual fund fees.
Returns are expressed as percentages.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Fund - Non-Bargaining	**33,161,734**	**100.00**	**6.08**	**6.06**	**12.09**	**7.93**	**N/A**	**8.46**	**07/01/2017**
Blended Benchmark			*5.80*	*6.65*	*12.49*	*9.50*	*N/A*	*9.76*	*07/01/2017*
PFM Blended Benchmark			*5.18*	*4.23*	*9.90*	*7.25*	*N/A*	*7.78*	*07/01/2017*
Equities	**20,252,632**	**61.07**	**9.20**	**4.18**	**13.30**	**8.68**	**N/A**	**9.64**	**07/01/2017**
Russell 3000 Index			*9.21*	*5.41*	*15.00*	*11.65*	*13.69*	*12.24*	*07/01/2017*
PFM Blended Equity Benchmark			*8.18*	*1.54*	*10.73*	*7.93*	*11.09*	*10.70*	*01/01/2017*
Vanguard Total Stock Index	38,047	0.11	9.19	5.50	15.01	11.65	13.68	12.23	07/01/2017
Russell 3000 Index			*9.21*	*5.41*	*15.00*	*11.65*	*13.69*	*12.24*	*07/01/2017*
Vanguard Total Stock Market ETF	11,416,220	34.43	9.19	5.46	14.96	11.64	13.68	33.31	04/01/2020
Russell 3000 Index			*9.21*	*5.41*	*15.00*	*11.65*	*13.69*	*33.26*	*04/01/2020*
Jensen Quality Growth Fund	1,249,685	3.77	9.59	6.45	15.25	14.99	16.07	13.10	04/01/2019
S&P 500			*8.93*	*5.57*	*15.15*	*12.28*	*14.15*	*14.27*	*04/01/2019*
Touchstone Mid Cap Fund	513,143	1.55	7.89	-1.34	3.64	11.68	13.06	7.89	07/01/2020
Russell Midcap Index			*7.46*	*-2.35*	*4.55*	*7.13*	*10.13*	*7.46*	*07/01/2020*
Vanguard Total International Stock ETF	2,806,798	8.46	6.47	-4.79	3.82	1.28	6.33	25.76	04/01/2020
MSCI AC World ex USA (Net)			*6.25*	*-5.44*	*3.00*	*1.16*	*6.23*	*23.38*	*04/01/2020*
J. O. Hambro International Select	2,152,207	6.49	9.81	14.61	23.30	9.20	10.58	10.34	07/01/2017
MSCI AC World ex USA (Net)			*6.25*	*-5.44*	*3.00*	*1.16*	*6.23*	*2.95*	*07/01/2017*
Harding Loevner International Equity	1,411,079	4.26	8.63	3.61	14.04	5.28	10.24	8.63	07/01/2020
MSCI AC World ex USA (Net)			*6.25*	*-5.44*	*3.00*	*1.16*	*6.23*	*6.25*	*07/01/2020*
Hartford Schroders Emerging Markets Equity	665,453	2.01	11.23	1.99	13.51	4.12	10.61	0.93	03/01/2018
MSCI EM (net)			*9.56*	*-1.16*	*10.54*	*2.42*	*8.97*	*-1.27*	*03/01/2018*

Returns are net of mutual fund fees.
Returns are expressed as percentages.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	**12,590,699**	**37.97**	**1.63**	**4.99**	**5.47**	**4.85**	**N/A**	**4.84**	**07/01/2017**
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*5.10*	*07/01/2017*
Baird Core Plus	3,349,040	10.10	1.37	7.25	7.82	5.71	5.01	5.60	07/01/2017
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*5.10*	*07/01/2017*
DoubleLine Core Fixed Income	1,611,982	4.86	1.84	3.82	4.15	4.04	3.90	3.80	09/01/2017
PGIM Total Return Bond Fund	3,943,062	11.89	1.78	5.59	5.97	5.65	5.30	5.37	09/01/2017
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*4.93*	*09/01/2017*
Voya Intermediate Bond	2,117,136	6.38	1.73	6.29	6.53	5.46	4.92	6.29	01/01/2020
Blmbg. Barc. U.S. Aggregate			*0.62*	*6.79*	*6.98*	*5.24*	*4.18*	*6.79*	*01/01/2020*
iShares Intermediate-Term Corporate Bond ETF	817,165	2.46	1.83	7.01	8.40	6.80	5.33	8.40	10/01/2019
ICE BofAML U.S. Corporate 5-10 Year Index			*1.94*	*7.24*	*8.62*	*6.61*	*6.10*	*8.62*	*10/01/2019*
iShares JP Morgan USD Emerging Mkts Bond ETF	376,693	1.14	2.39	-0.47	1.52	3.13	5.77	2.39	07/01/2020
JPM EMBI Global Diversified			*2.32*	*-0.51*	*1.29*	*3.49*	*6.15*	*2.32*	*07/01/2020*
iShares iBoxx $ High Yield Corporate Bond ETF	375,620	1.13	2.39	-0.47	1.52	3.13	5.77	2.39	07/01/2020
Bloomberg Barclays U.S. High Yield Very Liquid Ind			*4.54*	*-0.08*	*2.65*	*3.98*	*6.48*	*4.54*	*07/01/2020*
Cash & Equivalent	**318,403**	**0.96**	**0.01**	**0.37**	**0.78**	**1.46**	**N/A**	**1.42**	**07/01/2017**
First American Prime Obligation - Z	318,403	0.96	0.03	0.50	0.97	1.68	1.21	1.64	07/01/2017

Returns are net of mutual fund fees.
Returns are expressed as percentages.

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 2, 2020 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Board Member Attendance for October 2020

Summary:

The attached report summarizes the Board of Directors' attendance for Fiscal year-to-date October 2020.

Recommendation:

Receive and file.

FY 20/21	Board Member Matrix Attendance												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Meetings	**Total Attended**
Desert Hot Springs	X		X	X									10	**3**
Palm Desert	X		X	X									10	**3**
Palm Springs	X		X	X									10	**3**
Cathedral City	X		X	X									10	**3**
Rancho Mirage	X		X	X									10	**3**
Indian Wells	X		X	X									10	**3**
La Quinta	X		X	X									10	**3**
Indio	X		X	X									10	**3**
Coachella	X		X										10	**2**
County of Riverside	X		X	X									10	**3**

X - ATTENDED (Primary/Alternate)

DARK –

Back to Top

SunLine Transit Agency

DATE: **December 2, 2020** **RECEIVE & FILE**

TO: **Finance/Audit Committee**
Board of Directors

FROM: **Luis Garcia, Chief Financial Officer**

RE: **Fiscal Year 2020 Audit Reports**

Recommendation

Recommend that the Board of Directors receive and file the fiscal year 2020 audit reports. The audits were completed by Vasquez & Company, LLP and include financial audits for SunLine Transit Agency and SunLine Services Group as well as a Single Audit for SunLine Transit Agency.

Background

The Joint Powers Agreement requires that SunLine Transit Agency and SunLine Services Group have an independent audit of its finances conducted annually. In addition, state law requires that recipients of Transportation Development Act (TDA) funds undergo an annual fiscal audit. TDA funds comprise the majority of SunLine's operating revenues, which are dispersed by Riverside County Transportation Commission (RCTC), the planning agency for SunLine.

Additionally, the Code of Federal Regulations (2 CFR Part 200) requires an entity that expends more than $750,000 in federal awards during a fiscal year undergo a Single Audit. This audit requirement further ensures that federal funds are expended properly. Submission of the Single Audit is required nine (9) months following the end of the entity's fiscal year.

Audit Outcome

The auditors presented an unmodified opinion with no significant deficiencies.

Back to Top

SunLine TRANSIT AGENCY

December 2, 2020

Vasquez & Company LLP
Certifed Public Accountants and Business Consultants

An independently owned member RSM US Alliance
RSM

Introduction

Board of Directors

We are pleased to present this report related to our audit of the financial statements of SunLine Transit Agency (STA) as of and for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for STA's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to STA.

Vasquez & Company LLP

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

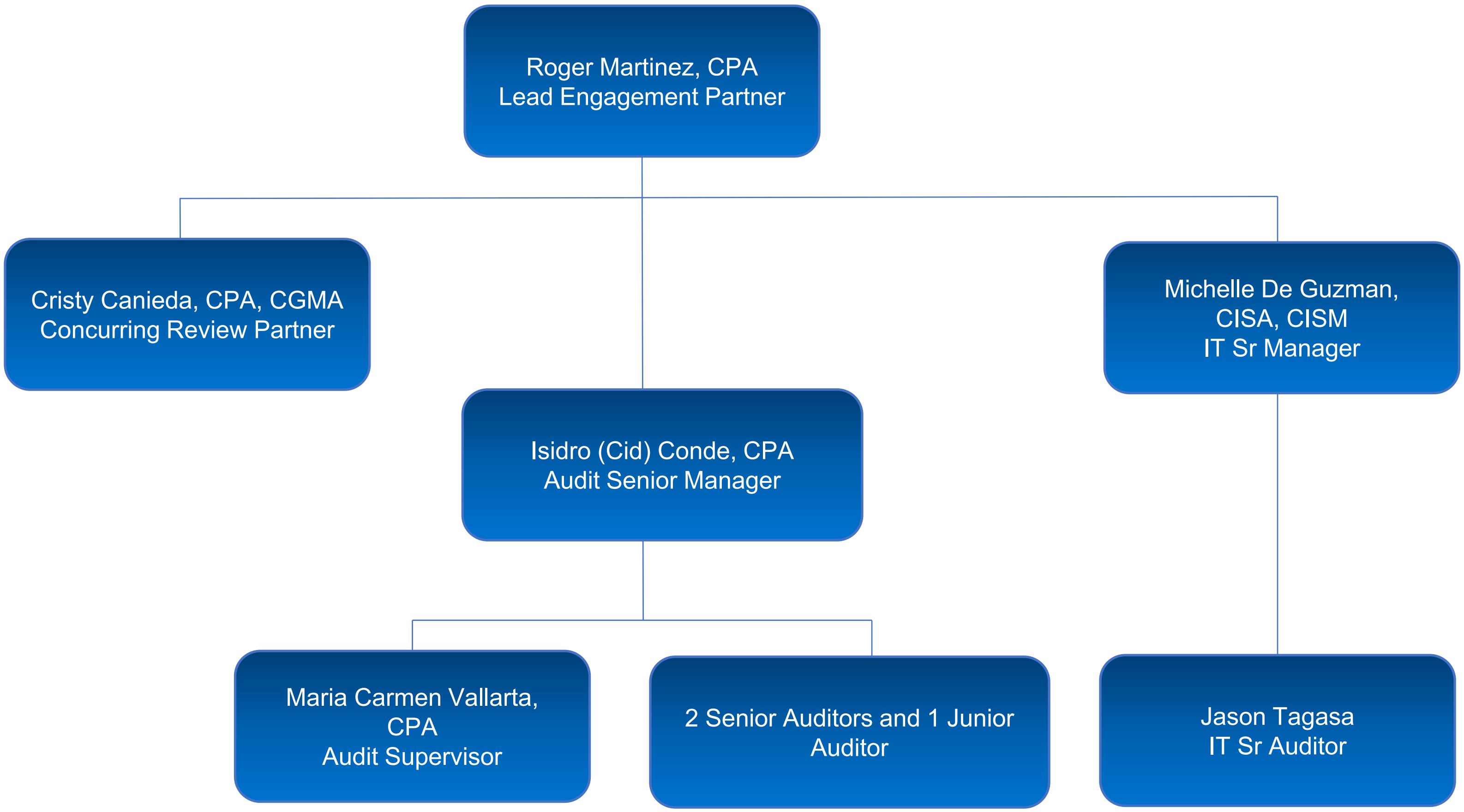
Back to Top

THE AUDIT TEAM

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance
RSM

Engagement Team



INDEPENDENCE

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

Independence

There are no relationships between any of our representatives and SunLine Transit Agency (STA) that in our professional judgment may reasonably be thought to bear on independence.

Vasquez & Company LLP meets the independence requirements of the *Government Auditing Standards* as it relates to STA.

SCOPE OF ENGAGEMENT

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance

RSM

Scope of Engagement

SunLine Transit Agency (STA)

- Financial Statement Audit
- Single Audit in accordance with the Uniform Guidance
- Agreed Upon Procedures on the National Transit Database (NTD) report

SunLine Services Group (SSG)

- Financial Statement Audit

SUMMARY OF AUDIT RESULTS

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance

RSM

Back to Top

Report of Independent Auditors

Financial Statements Audits

- **Unmodified Opinion – "Clean" Opinion**
  - Audit performed 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*
  - The financial statements fairly present, in all material respects, STA's and SSG's:
    - Financial position
    - Results of operations
    - Changes in net position
    - Cash flows

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance
RSM

Report of Independent Auditors

Single Audit

- ❑ **Report on Internal Control Over Financial Reporting and Compliance**
  - ➢ Unmodified Opinion – “Clean” Opinion
  - ➢ Material weakness – none noted
  - ➢ Significant deficiencies – none noted
  - ➢ Noncompliance material to the financial statements – none noted
- ❑ **Total Federal expenditures - $13.4 million**
- ❑ **Major program –**
  - ➢ Federal Transit Cluster (CFDA No. 20.500, 20.505, 20.526)
  - ➢ Formula Grants for Rural Areas (CFDA No. 20.509)
  - ➢ Tested 98% of total Federal expenditures

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance
RSM

Back to Top

Report of Independent Auditors

Single Audit

❑ **Period of Performance Noncompliance Finding (No. 2020-001)**

- Expenses incurred prior to the date of period of performance amounting to $44,912 were included for reimbursement under the CARES Act grant award. The grant authorized pre-award expenses only for those incurred on or after January 20, 2020.

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

Back to Top

Audit Focus Areas / Significant Accounts

Audit Area Focus	Risks/Concerns	Comments
Cash and investments	▪ Misappropriation of assets	No exceptions were noted. Balances were fairly stated and disclosed.
Accounts receivable and Due from other governmental agencies	▪ Existence, proper cut-off and valuation	Accounts receivable mostly pertain to CNG rebates and credits. The balance was either subsequent collected or properly supported by tax returns. No significant allowance for bad debts was reported. Receivables from governmental agencies were largely amounts due from RCTC and Federal Transit Administration from operating and capital grants. This also includes the \$2m claim from the CARES Act grant. No material exceptions were noted.

Audit Focus Areas / Significant Accounts

Audit Area Focus	Risks/Concerns	Comments
Capital assets	▪ Proper capitalization and valuation	Capital assets, capital expenditures and related depreciation are monitored and fairly stated in the financial statements. Construction commitments, construction in progress and contract retainages are properly disclosed and recorded in the financial statements.
Unearned revenue	▪ Existence and proper cut-off	This account represents funds received in advance and remained unspent at the end of the fiscal year end. A large part of the balance came from the TDA funds (see Note 6). No material exceptions were noted.

Audit Areas of Emphasis

Audit Focus Area	Risks/Concerns	Comments
Claims payable	▪ Reasonableness of actuarially determined uninsured general liability and workers' compensation insurance.	Balance was fairly stated based on actuarial reports prepared by a third-party consultant. No material discrepancies were noted.
Net pension liability (asset)	▪ Measurement of net pension asset/liability	Pension liability (asset) is reported based on pension plan audited financial statements and valuation report prepared by a third-party consultant. Book balances were agreed to these reports and required disclosures reported in the audit report.

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

Audit Areas of Emphasis (continued)

Audit Focus Area	Risks/Concerns	Comments
Revenue	▪ Proper revenue recognition	We reviewed the revenues recognized during the fiscal year against the Agency's revenue recognition policy and no exception was noted.
Expense	▪ Reasonableness of expense	We reviewed the significant expenses, compared with prior year balances and corresponding grant revenues that were recognized and determined that the amounts are reasonable.

COVID-19 Pandemic Impact on the Audit Plan

Below were the changes made to our audit plan as a result of the COVID-19 Pandemic:

- Our audit timeline assumed an award on Aug 31, 2020. Award was communicated on Sep 14.
- Audit timeline was compressed to still meet the December 2, 2020 Board presentation of the audit reports.
- Added one Senior Auditor to the team to catch up with the deadline.
- Review and evaluation of manual and IT internal controls, and the year-end audit fieldwork were entirely performed remotely.

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

Back to Top

New Accounting Pronouncements

Accounting Pronouncements that will effective FY20/21

GASB No. 84. In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB No. 87. In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 "Leases". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 90. In August 2018, the Governmental Accounting Standards Board issued Statement No. 90 "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

New Accounting Pronouncements

Accounting Pronouncements that will be effective after FY20/21

GASB No. 89. In June 2018, the Governmental Accounting Standards Board issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 91. In May 2019, the Governmental Accounting Standards Board issued Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92. In January 2020, the Governmental Accounting Standards Board issued Statement No. 92, "Omnibus 2020." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

New Accounting Pronouncements

Accounting Pronouncements that will be effective after FY20/21

GASB No. 93. In March 2020, the Governmental Accounting Standards Board issued Statement No. 93, "Replacement of Interbank Offered Rates." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 94. In May 2020, the Governmental Accounting Standards Board issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 96. In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

New Accounting Pronouncements

Accounting Pronouncements that will be effective after FY20/21

GASB No. 97. In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan – an amendment of GASB Statements No. 14, 84, and a suppression of GASB Statement No. 32." The requirements of this Statement are effective for reporting periods beginning after June 15, 20

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

Management Letter Comments

- **Financial Audit**
  - ➢ Our test of controls and audit of the account balances did not show significant exceptions and audit adjustments.

- **IT Audit**
  - ➢ Review of IT processes is on-going and we will issue a separate communication on our findings, recommendations and industry best practices.

- **New Accounting for Leases**
  - ➢ Implementation of GASB No. 87 "Leases" will be effective for reporting periods beginning after December 15, 2019. We suggest that the Agency start gathering all the lease information in preparation for its implementation this year (FY20/21).

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance

RSM

SAS 114 AUDITORS' REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance

RSM

Back to Top

Other Required Communication to Those Charged with Governance

- Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.

- We are not aware of any consultations by management with other accountants about accounting or auditing matters.

- We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Audit/Finance Committee and the Board.

- We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.

- STA's significant accounting policies are appropriate, and that management has applied its policies consistently with prior periods in all material respects.

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

Back to Top

Other Required Communication to Those Charged with Governance (continued)

- No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
- No significant issues were discussed, or subject to correspondence, with management prior to retention.
- No significant deficiencies or material weaknesses were identified.
- No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
- STA will provide us with a signed copy of the management representation letter prior to our issuance of the financial statements.

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance
RSM

DISCUSSION AND QUESTIONS

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance
RSM

THANK YOU FOR YOUR TIME AND ATTENTION

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member
RSM US Alliance

RSM

Contact Information

Roger A. Martinez, CPA

email address: rmartinez@vasquezcpa.com

telephone no.: (213) 873-1703

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

An independently owned member RSM US Alliance

RSM

Back to Top

SunLine Transit Agency
Single Audit Report
Year Ended June 30, 2020
with Report of Independent Auditors

An independently owned member
RSM US Alliance
RSM

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

Back to Top

Back to Top

SunLine Transit Agency
Single Audit Report
Year Ended June 30, 2020
with Report of Independent Auditors

Back to Top

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

801 South Grand Ave., Suite 400
Los Angeles, CA 90017
Ph. (213) 873-1700
Fax (213) 873-1777
www.vasquezcpa.com

OFFICE LOCATIONS:
Los Angeles
Sacramento
San Diego
Manila

Report of Independent Auditors 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*

Board of Directors
SunLine Transit Agency
Thousand Palms, California 92276

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 SunLine Transit Agency (STA), which comprise the statement of financial position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered STA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of STA's internal control. Accordingly, we do not express an opinion on the effectiveness of STA'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 STA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of STA'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.

Glendale, California
November 2020

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

801 South Grand Ave., Suite 400
Los Angeles, CA 90017
Ph. (213) 873-1700
Fax (213) 873-1777
www.vasquezcpa.com

OFFICE LOCATIONS:
Los Angeles
Sacramento
San Diego
Manila

Report of Independent Auditors on Compliance for Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
SunLine Transit Agency
Thousand Palms, California 92276

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of STA's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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 STA'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 STA's compliance.

Opinion on Each Major Federal Program

In our opinion, STA 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 program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2020-001. Our opinion on the major federal program is not modified with respect to this matter.

STA's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. STA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of STA 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 STA'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 STA's internal control over compliance.

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

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

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

Back to Top

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

We have audited the financial statements of STA as of and for the year ended June 30, 2020, and have issued our report thereon dated November 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Glendale, California
November 2020

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Pass-Through/ Grantors Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster:				
Direct Assistance:				
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Y706	$ -	$ 5,190
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Y964	-	11,321
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z036	-	29,611
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z201	-	235,292
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z225	-	1,597
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z330	-	1,298,962
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z341	-	205,216
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z374	-	905,495
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-4051	-	1,035,828
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z460	-	25,000
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-90-Z374	-	1,405,795
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-90-4051	-	3,437,436
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-90-Z460	-	2,000,000
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-95-X327	-	300,667
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.526	CA-34-0119	-	2,520
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.526	CA-34-0127	-	446,894
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.526	CA-34-4002	-	644,172
Subtotal - Federal Transit - Formula Grants (Urbanized Area Formula Program)			-	11,990,996
Federal Transit - Capital Investment Grants	20.500	CA-55-0006	-	195,402
Passed through from Center for Transportation and the Environment (CTE)				
Discretionary Grant for Operating & Planning Assistance Program for National Fuel Cell Bus Program	20.500	GA-04-7006-04	-	94,198
Total Federal Transit Cluster			-	12,280,596
Formula Grants for Rural Area				
Passed through from the State of California, Department of Transportation				
Formula Grant for Other Than Urbanized Areas (Operating)	20.509	64B019-00990	-	286,933
Formula Grant for Other Than Urbanized Areas (Operating)	20.509	64V020-01090	-	375,782
Formula Grant for Other Than Urbanized Areas (Operating)	20.509	64K020-01269	-	169,554
Formula Grant for Other Than Urbanized Areas (Operating)	20.509	64C019-00908	-	186,051
Total Formula Grants for Rural Areas			-	1,018,320
Total Major Programs			-	13,298,916
Passed through from the Southern California Association of Governments				
Formula Grant for Other Than Urbanized Areas (Capital)	20.514	M-008-016	-	80,943
Passed through from the State of California, Department of Transportation				
Formula Grant for Other Than Urbanized Areas (Operating)	20.513	64AO18-00795	-	36,874
Total Expenditures of Federal Programs			$ -	**$ 13,416,734**

See accompanying Notes to Schedule of Expenditures of Federal Awards and Report of Independent Auditors on Compliance for Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of SunLine Transit Agency (STA) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of STA, it is not intended to and does not present the financial position, changes in net position, or cash flows of STA.

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

STA has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports for the year ended June 30, 2020, which have been submitted to grantor agencies, will, in some cases, differ from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

NOTE 4 RELATIONSHIP TO ANNUAL FINANCIAL STATEMENTS

Funds received under the various grant programs have been recorded within the operating grants of the STA. Therefore, some amounts reported in the accompanying SEFA may differ from the amounts presented in, or used in, the preparation of the Annual Financial Statements.

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on the financial statements	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 its major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for its major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516 (a) of the Uniform Guidance?	Yes (Finding No. 2020-001)

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.500/20.507/20.526	Federal Transit Cluster
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee:	Yes

Section II – Financial Statement Findings

There were no financial statement findings noted during the fiscal year ended June 30, 2020.

Section III – Federal Award Findings and Questioned Costs

Finding No. 2020-001 – Period of Performance

Federal Program Information

Federal Catalog Number:	20.509
Federal Program Name:	Formula Grants for Rural Areas
Federal Agency:	Department of Transportation
Pass-Through Entity:	N/A
Federal Award Numbers:	64B019-00990; 64V020-01090; 64K020-01269; 64C019-00908

Criteria or Specific Requirement
45 CFR 75.309 allows a non-federal entity to charge to the Federal award only allowable costs incurred during the period of performance and any cost incurred before the Organization made the Federal award that were authorized by the Federal awarding agency.

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition
STA sought reimbursement for $44,912 of expenses incurred before the start of the period of performance under the CARES Act grant award. The costs were incurred from October 27 through November 23, 2019 while the grant award authorized pre-award expenses incurred on or after January 20, 2020.

Cause
Lack of proper supervisory review to ensure only expenses allowed by the grant award were requested for reimbursement.

Effect
Since the $44,912 of costs were operating expenses, they should have been reimbursed by a different grant award, such as the Local Transportation Fund, under which these expenses are allowable. This led to a recording error in the correct grant revenue account.

Questioned Cost
$44,912

Recommendation
Proper supervision and review should be performed on all expenses charged to grant awards to avoid expenses being disallowed by the granting agencies. We also recommend that STA revisit the expenses charged to the Formula Grants for Rural Areas grant for completeness and accuracy, and make the necessary adjustments, if necessary, on allowable expenses in the final report to be submitted to the granting agency.

Views of Responsible Officials
The current grant reimbursement process involves multiple people including the Senior Accountant, Accounting Manager, Grants Analyst, Deputy CFO and CFO in the review process before each drawdown is made.

Finding No.	Description	Condition (By Predecessor Auditors)	Recommendation (By Predecessor Auditors)	Status
Financial Statement Findings				
FS 2019-001	Financial Reporting of Pensions	Pension contributions paid subsequent to the measurement date were not reported as deferred outflows of resources at year-end. Further, it was noted that the financial activities of the Sunline Transit Retirement Income Plan for Bargaining Unit Personnel and Sunline Transit Retirement Income Plan for Non-Bargaining Unit Personnel (Plans) were not reported within STA's basic financial statements, although STA is financially accountable to the plans.	STA update its accounting policies and procedures related to pensions. Further, any subsequent changes in accounting methodology or changes in the application of generally accepted accounting principles should be assessed, reviewed and documented.	Finance Department has completed the Standard Operating Procedures related to pension liabilities. Pension contributions subsequent to measurement date are recorded as part of the deferred outflows of resources. Bargaining and Non-Bargaining Retirement Plans are now presented as Fiduciary Trust Plans in the audited financial statements.

Back to Top

www.vasquezcpa.com

801 South Grand Avenue, Suite 400 • Los Angeles, California 90017-4646 • Ph. (213) 873-1700 • Fax (213) 873-177

Back to Top

SunLine Transit Agency
Audited Financial Statements
As of and for the Year Ended June 30, 2020
with Report of Independent Auditors

An independently owned member
RSM US Alliance
RSM

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

Back to Top

SunLine Transit Agency
Audited Financial Statements
As of and for the Year Ended June 30, 2020
with Report of Independent Auditors

Back to Top

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

801 South Grand Ave., Suite 400
Los Angeles, CA 90017
Ph. (213) 873-1700
Fax (213) 873-1777
www.vasquezcpa.com

OFFICE LOCATIONS:
Los Angeles
Sacramento
San Diego
Manila

Report of Independent Auditors

Board of Directors
SunLine Transit Agency
Thousand Palms, California 92276

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of SunLine Transit Agency (STA), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the STA'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.

Auditors' 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.

Back to Top

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 business-type activities and the aggregate remaining fund information of SunLine Transit Agency as of June 30, 2020, the respective changes in its financial position, and, where applicable, cash flows thereof 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 4 through 13, and the schedule of changes in the net pension liability and related ratios and schedules of contributions on pages 42 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position, revenues, expenses and changes in net position, cash flows, fiduciary net position, and changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements of net position, revenues, expenses and changes in net position, cash flows, fiduciary net position, and changes in fiduciary net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of net position, revenues, expenses and changes in net position, cash flows, fiduciary net position, and changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November __, 2020 on our consideration of STA'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 STA'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 STA's internal control over financial reporting and compliance.

Glendale, California
November __, 2020

The management of SunLine Transit Agency (STA) or Agency offers readers of the STA's financial statements narrative overview and analysis of the financial activities of STA for the fiscal year (FY) ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the audited financial statements including the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The combined assets of STA exceeded its liabilities (net position) at the close of the fiscal year by $82,543,717 for 2020 and $74,384,968 for 2019. Net position at June 30, 2020 consists of $81,615,087 of net position invested in capital assets and $928,630 of unrestricted net position.

- STA's combined net position increased in fiscal year 2020 by $8,158,749 which were used to fund capital asset acquisitions and other capital projects. The increase was primarily due to increase in capital funding received from various sources. In fiscal year 2020, salaries and employee benefits and other expenses (services, utilities, material and supplies) are higher than fiscal year 2019 due to increase in manned position across departments, and third party contract services for STA's various projects. Casualty and liability costs increased in 2020 due to increase in workers' compensation and general liability claims. Fiscal year 2020 depreciation expense is higher than fiscal year 2019 due to increase in capital projects closed at the end of fiscal year 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to STA's financial statements. STA's financial statements consist of two components:

- Financial statements;
- Notes to financial statements.

This report also contains other supplementary information in addition to the financial statements.

Financial Statements. The financial statements are designed to provide readers with a broad overview of STA's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of STA's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether STA's financial position is improving or deteriorating. The presentation of net position also distinguishes between those invested in capital assets, those that are restricted by external parties or legal requirements, or those that are unrestricted and can be used for any Agency purpose.

The *Statement of Revenues, Expenses, and Changes in Net Position* provide information regarding the revenues generated and earned (passenger fares and grants) and the expenses incurred related to those revenues. The difference between the revenues and expenses represents the change in net position, or profitability as reflected by the amount of change in net position generated for the fiscal year.

The *Statement of Cash Flows* presents information on STA's sources and uses of cash and the overall change in cash and cash equivalents over the fiscal year. These activities are categorized by the different activities in which STA engages: operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Since STA's primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. In addition, the financial statements include the financial statements of STA (known as primary government), and another legally separate entity, for which STA is financially accountable for: SunLine Services Group (SSG).

Notes to Financial Statements

The notes provide information on significant accounting policies, cash and investments, governmental subsidies, inventory, capital assets, long-term obligations, unearned revenues, risk management, retirement plans, and other areas for a full understanding of the data in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning STA's progress in funding its obligation to provide pension benefits to its employees.

FINANCIAL STATEMENT ANALYSIS

Net Position

As stated earlier, increases or decreases in net position over time may serve as a useful indicator of STA's financial position. At June 30, 2020, STA's assets exceeded liabilities by $82,543,717, a $8,158,749 increase from June 30, 2019. A condensed summary of the Statements of Net Position as of June 30, 2020 and 2019 is shown below:

	2020	2019	Changes
Current and other assets	**$ 20,436,638**	$ 17,179,481	$ 3,257,157
Net pension asset	**834,199**	-	834,199
Capital assets, net of depreciation	**81,615,087**	73,423,646	8,191,441
Deferred outflows of resources	**7,167,857**	4,402,261	2,765,596
Total assets and deferred outlfows of resources	**110,053,781**	95,005,388	15,048,393
Current liabilities	**16,408,057**	12,838,965	3,569,092
Long-term liabilities	**2,380,886**	6,081,569	(3,700,683)
Deferred inflows of resources	**8,721,121**	1,699,886	7,021,235
Total liabilities and deferred inflows of resources	**27,510,064**	20,620,420	6,889,644
Net position			
Net investment in capital assets	**81,615,087**	73,423,646	8,191,441
Unrestricted	**928,630**	961,322	(32,692)
Total net position	**$ 82,543,717**	$ 74,384,968	$ 8,158,749

STA's net investment in capital assets (e.g. buses, support vehicles, passenger facilities/structures, and peripheral equipment for operations, maintenance, and administrative support) reflects the largest portion of STA's net position. STA uses these capital assets to provide transportation services to the surrounding communities, as well as maintain the necessary service infrastructure. Because of this, these assets are not available for future spending. The increase of $8,191,441 in net investment in capital assets at June 30, 2020 resulted primarily from additions to capital assets related to purchases of fixed route buses, facility improvements, refurbishing fuel station, and other small projects in STA's capital program.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position decreased by $32,692, from $961,322 at June 30, 2019 to $928,630 at June 30, 2020. The decrease in net position is due to decline in STA's revenues during fiscal year 2020.

Changes in Net Position

For the fiscal years ended June 30, 2020 and 2019, STA's combined revenues were $53,575,397 and $54,219,804, respectively, while the total controllable expenses, excluding depreciation, were $36,138,141 and $33,958,230, respectively. Grants finance a significant portion of the transit operations. The table below represents condensed financial data related to the changes in net position of $8,158,749 and $12,240,008 during the fiscal years ended June 30, 2020 and 2019, respectively. The significant decrease in change in net position in 2020 was due to decrease in capital contributions that funded STA's capital projects.

	2020	2019	Changes
REVENUES			
Passenger fares	**$ 2,032,866**	$ 2,866,072	$ (833,206)
CNG and hydrogen fuel sales	**3,955,754**	1,815,127	2,140,627
Operating grants	**29,203,359**	28,099,471	1,103,888
Capital grants	**17,470,031**	20,651,506	(3,181,475)
Interest and other revenues	**913,387**	787,628	125,759
Total revenues	**53,575,397**	54,219,804	(644,407)
CONTROLLABLE OPERATING EXPENSES			
Salaries and employee benefits	**25,239,220**	24,566,627	672,593
Services	**3,828,718**	3,655,202	173,516
Bad debts	**17,423**	663	16,760
Casualty and liability costs	**1,852,786**	1,134,511	718,275
Materials and supplies	**2,209,776**	1,769,851	439,925
Utilities	**1,941,946**	1,578,722	363,224
Tires and tubes	**189,917**	245,768	(55,851)
Taxes	**98,008**	78,089	19,919
Administrative	**131,349**	158,638	(27,289)
Fuel and lubricants	**241,656**	326,226	(84,570)
Miscellaneous	**387,342**	443,933	(56,591)
Total controllable operating expenses	**36,138,141**	33,958,230	2,179,911
Depreciation	**9,278,507**	8,021,566	1,256,941
Total expenses	**45,416,648**	41,979,796	3,436,852
CHANGES IN NET POSITION	**8,158,749**	12,240,008	(4,081,259)
NET POSITION			
Beginning of year	**74,384,968**	62,144,960	12,240,008
End of year	**$ 82,543,717**	$ 74,384,968	$ 8,158,749

Revenues

The national trends in fixed route ridership have shown decreasing ridership. As such, passenger fare revenues decreased in fiscal year 2020 by $833,206 due to continuing decline in ridership.

CNG and hydrogen fuel revenues which reflect outside fuel revenues, state emission credits and CNG rebates increased in fiscal year 2020 by $2,140,627 compared to fiscal year 2019 due to extended Federal excise tax rebates for calendar year 2019.

Operating grants in fiscal year 2020 increased by $1,103,888 mainly due to increase in FTA funding.

Capital grants in fiscal year 2020 decreased by $3,181,475 due to decrease in FTA, State Transit Assistance, and Prop 1B funding.

Interest and other revenues in fiscal year 2020 increased by $125,759 due to State Transit haul pass program reimbursements.

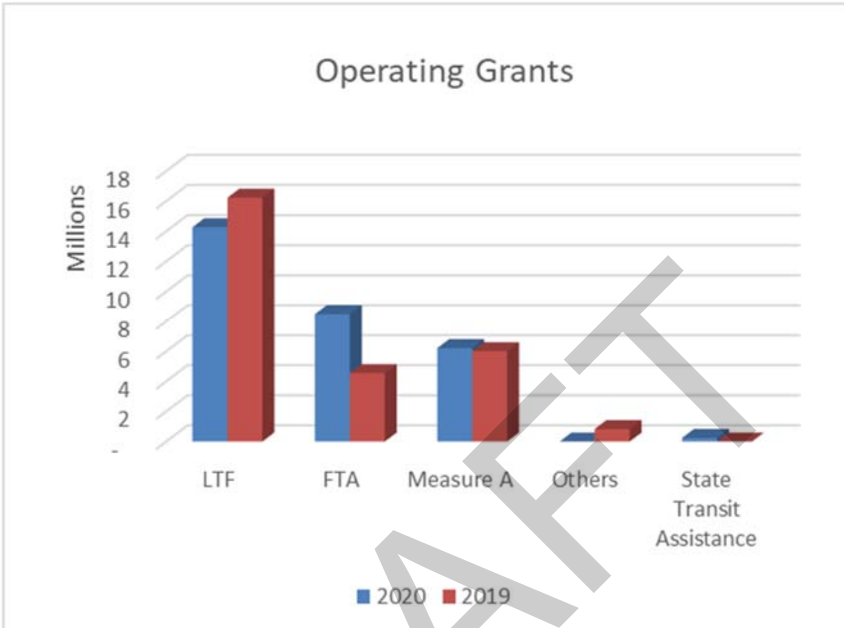
The combined amount of operating and capital grants in fiscal year 2020 and 2019 reflects 87% and 90% of STA's total revenues, respectively. These funds come from a variety of specific funding sources. Each funding source is guided by government regulations regarding the type and use of funds.

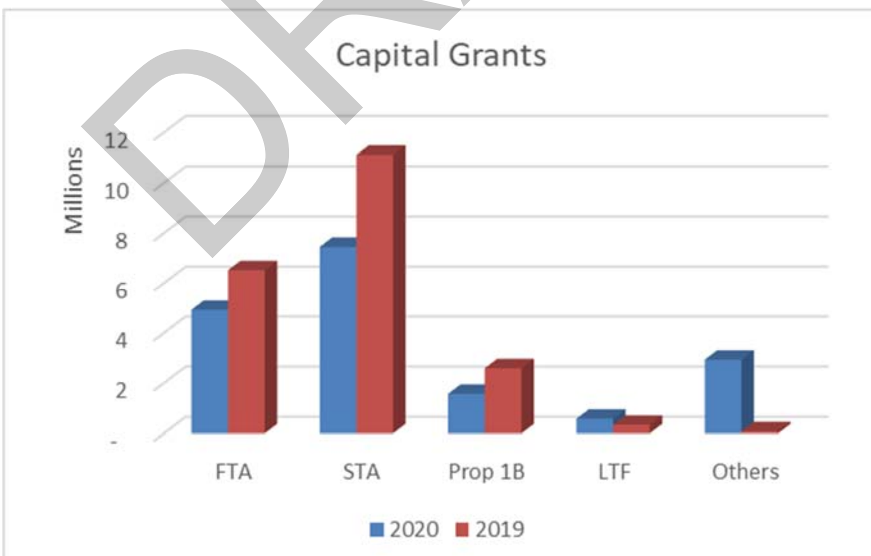
Annually, STA submits its short-range transit plan to the Riverside County Transportation Commission (RCTC), which is the basis for annual operating and capital grant allocations. Local Transportation Funds (LTF) comprise the significant component of STA's operating grants; other operating grants generally include funding from Measure A, Riverside County's one-half cent sales tax for transportation purposes, Low-Carbon Transit Operations Program (LCTOP) and Federal Transit Administration (FTA).

Capital assets are funded primarily by capital grants from Federal Transit Administration (FTA) with matching funds from State Transit Assistance and Proposition 1B, LTF and other sources.

Operating and Capital Grants by Funding Sources

Below shows the bar chart comparison of the operating and capital grants received by STA by funding sources for the years ended June 30, 2020 and 2019.





Back to Top

Expenses

Adopted Agency policies, procedures, and business processes are used as management tools to control expenses and attain goals and objectives. These combined controllable operating expenses consist of cost elements that exclude depreciation. For purposes of this analysis, operating expenses before depreciation will be discussed. These expenses totaled $36,138,141 during fiscal year 2020, an increase of $2,179,911 from fiscal year 2019 of $33,958,230. The increase attributed mainly to increase in salaries and employee benefits, casualty and liability costs, services, utilities, and materials and supplies.

Salaries and employee benefits increased in fiscal year 2020 by $672,593. Fringe benefits increased mainly due to increase in health insurance premiums and pension contribution.

Services increased in fiscal year 2020 by $173,516 mainly due to increase in third party contract services for SunLine's vanpool program, center of excellence, advertising, repairs, computer software licenses, audit, security, and temporary help.

Casualty and liability costs increased in fiscal year 2020 by $718,275 due to increase in insurance premiums and claims on worker's compensation and general liability.

Materials and supplies increased in fiscal year 2020 by $439,925 due to increase in repair parts of aging vehicles and maintenance of old facilities.

Utilities expense increased in fiscal year 2020 by $363,224 mainly due to increase in cost of natural gas and transmission charge.

A breakdown of operating expenses is reflected on page 7.

Back to Top

CAPITAL ASSETS

STA's capital assets (net of accumulated depreciation), as of June 30, 2020 and 2019, amounted to $81,615,087 and $73,423,646 respectively. Capital assets include land, buildings, fleet, communication/fare box systems, machinery/equipment, support vehicles, facilities improvement and passenger facilities.

Significant capital asset projects during FY 2020 included the following:

- Miscellaneous Maintenance Equipment Projects
- Facility improvements
- Bus rehabilitation and equipment
- CNG and Hydrogen Fueling Station (continued)
- Information Technology Projects
- Purchase of Hydrogen Fuel Cell Buses (continued)
- Hydrogen Electric Hybrid FCB & Hydrogen Station
- Purchase of Four (4) Electric Buses (continued)

Significant capital asset projects during FY 2019 included the following:

- Purchase of Five (5) Hydrogen Fuel Cell Buses (continued)
- CNG and Hydrogen Fueling Station (continued)
- Purchase of Four (4) Electric Buses
- Replacement of 14 Paratransit Vehicles
- Utility Infrastructure Upgrade
- Land Improvements
- Purchase of various equipment

A summary of the capital assets balances as of June 30, 2020 and related activity for the fiscal year then ended is presented in Note 5 of the financial statements.

ECONOMIC AND OTHER FACTORS

The transportation industry is undergoing massive transformation, and SunLine is studying ways to improve and change its service model in order to remain competitive and continue to provide valued service to the community. The national decreasing ridership trend for fixed route continues to impact Agency's financial stability. The proposed operating and capital budgets for FY2021 are $40,840,150 and $6,298,206, respectively, which represents the same operating budget and a 50% decrease in capital budget over the previous fiscal year's budget. The operating budget encompasses such costs as salaries and benefits, fuel, insurance premiums, and other overhead costs required to run day to day operations. The capital budget incorporates key projects to help further the Agency's Capital Improvement Program (CIP).

SunLine continues to identify ways to strengthen its overall financial position in order to continue to serve a diverse community of transit users.

The Capital Improvement Program for FY 2020/2021 focuses on continuing SunLine's investment in an alternative fuel technology fleet, facilities and construction of a new operations building. The three-year plan assumes a $29,581,320 capital program dependent on internal and external funding from federal, state, regional, and local sources. Key components of the capital plan, beyond ongoing maintenance needs, include:

- Vehicle replacement
- Vehicle expansion
- Facility and systems improvements
- Operational improvements and enhancements
- Information technology upgrades

SunLine relies on operating and capital grants for approximately 87% of its total revenue. These funds come from a variety of specific funding sources. Each funding source is guided by government regulations regarding type and use of funds. The economic expansion in Riverside County has contributed to an increase in the operating and capital grant funds available

A component of the Agency's operating grants is local operating assistance. These funds are governed by various provisions of the Transportation Development Act and Public Utilities Code. One such provision is adherence to a predetermined farebox recovery ratio (fare revenue/net operating expenses excluding depreciation, vehicle lease and SSG's operating revenues and expenses) approved by RCTC and the California Department of Transportation. The fiscal year 2020 required farebox recovery ratio was 19.74%; the Agency's actual ratio was 23.74% which exceeded the requirement.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of STA's finances for all those with an interest in STA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Finance Officer, SunLine Transit Agency, 32-505 Harry Oliver Trail, Thousand Palms, CA 92276.

ASSETS	
Current assets	
Cash and investments	$ **5,923,065**
Accounts receivable, net	**2,963,422**
Due from other governmental agencies	**7,658,884**
Inventory	**997,219**
Prepaid items	**705,108**
Total current assets	**18,247,698**
Noncurrent assets	
Deposits	**2,188,940**
Net pension asset	**834,199**
Capital assets, not depreciated	**23,546,089**
Capital assets, depreciated	**58,068,998**
Total noncurrent assets	**84,638,226**
Total assets	**102,885,924**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pension	**7,167,857**
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	**2,483,249**
Accrued payroll and related liabilities	**321,337**
Retention Payable	**391,523**
Compensated absences	**1,840,140**
Claims payable - current portion	**659,958**
Unearned revenue	**10,711,850**
Total current liabilities	**16,408,057**
Noncurrent liabilities	
Net pension liability	**242,040**
Claims payable - noncurrent portion	**2,138,846**
Total noncurrent liabilities	**2,380,886**
Total liabilities	**18,788,943**
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pension	**8,721,121**
NET POSITION	
Net investment in capital assets	**81,615,087**
Unrestricted	**928,630**
Total net position	$ **82,543,717**

See notes to financial statements.

OPERATING REVENUES		
Passenger fares	$	**2,032,866**
CNG and hydrogen fuel sales		**3,955,754**
Taxi license fees		**184,847**
Other		**682,207**
Total operating revenues		**6,855,674**
OPERATING EXPENSES		
Salaries and employee benefits		**25,239,220**
Depreciation		**9,278,507**
Services		**3,828,718**
Bad debts		**17,423**
Casualty and liability costs		**1,852,786**
Materials and supplies		**2,209,776**
Utilities		**1,941,946**
Tires and tubes		**189,917**
Taxes		**98,008**
Administrative		**131,349**
Fuel and lubricants		**241,656**
Miscellaneous		**387,342**
Total operating expenses		**45,416,648**
OPERATING LOSS		**(38,560,974)**
NONOPERATING REVENUES		
Operating grants:		
Local Transportation Fund		**14,268,455**
Measure A		**6,206,363**
Federal Transit Administration - Section 5307		**6,843,231**
Federal Transit Administration - Section 5309		**289,600**
Federal Transit Administration - Section 5310		**36,874**
Federal Transit Administration - Section 5311		**662,715**
Federal Transit Administration - Section 5311(f)		**355,605**
Federal Transit Administration - Others		**300,667**
Local reimbursement		**193,104**
Low-Carbon Transit Operations Program (LCTOP) Grant		**46,745**
Total operating grants		**29,203,359**
Interest income		**13,851**
Gain on sale of capital assets, net		**32,482**
Total nonoperating revenues		**29,249,692**
LOSS BEFORE CAPITAL CONTRIBUTIONS		**(9,311,282)**
CAPITAL CONTRIBUTIONS		
Capital grants:		
Federal Transit Administration		**4,928,041**
State Transit Assistance		**7,453,735**
Proposition 1B		**1,569,689**
Local Transportation Fund		**578,921**
Other		**2,939,645**
Total capital contributions		**17,470,031**
CHANGE IN NET POSITION		**8,158,749**
NET POSITION		
Beginning of year		**74,384,968**
End of year	$	**82,543,717**

See notes to financial statements.

Back to Top

Cash flows from operating activities	
Cash received from customers	$ 4,243,323
Cash payments to suppliers for goods and services	(10,111,216)
Cash payments to employees for services	(25,457,470)
Net cash used in operating activities	(31,325,363)
Cash flows from noncapital financing activities	
Cash received from operating grants	21,439,544
Net cash provided by noncapital financing activities	21,439,544
Cash flows from capital and related financing activities	
Cash received from capital grants	24,245,243
Acquisition and construction of capital assets	(17,469,948)
Proceeds from sale of capital assets	32,482
Net cash provided by capital and related financing activities	6,807,777
Cash flows from investing activity	
Interest income received	13,851
Net cash provided by investing activity	13,851
Change in cash and cash equivalents	(3,064,191)
Cash and cash equivalents, beginning of year	8,987,256
Cash and cash equivalents, end of year	$ 5,923,065
Reconciliation of operating loss to net cash provided by (used in) operating activities:	
Operating loss	$ (38,560,974)
Provision for doubtful accounts	17,423
Depreciation	9,278,507
Changes in operating assets, liabilities and deferred outflows and inflows of resources:	
Accounts receivable	(2,612,351)
Inventory	(60,937)
Prepaid items	(213,355)
Deposits	(667,668)
Deferred outflows of resources related to pension	(3,599,795)
Accounts payable and accrued liabilities	1,379,062
Accrued payroll and related liabilities	60,692
Retention payable	391,523
Net pension asset/liability	(3,791,455)
Compensated absences	222,422
Claims payable	(189,692)
Deferred inflows of resources related to pension	7,021,235
Net cash used in operating activities	$ (31,325,363)

See notes to financial statements.

Back to Top

		December 31, 2019*
ASSETS		
Cash and cash equivalents	$	541,150
Receivables:		
Contributions		102,665
Interest		829
Dividends		37,246
Investments, at fair value:		
Mutual funds		61,291,413
Total assets		61,973,303
NET POSITION		
Fiduciary net position restricted for pension benefits	$	61,973,303

**Measurement date used in this report was as of December 31, 2019*

See notes to financial statements.

		Year ended December 31, 2019*
ADDITIONS		
Contributions:		
Employer	$	2,326,486
Participants		315,790
Iinvestment income:		
Interest		6,578
Dividend		1,414,676
Net appreciation (depreciation) in fair value of investments		8,860,098
Total additions		12,923,628
DEDUCTIONS		
Benefits paid to participants and beneficiaries		1,789,869
Administrative expenses		146,729
Total deductions		1,936,598
CHANGE IN NET POSITION		10,987,030
NET POSITION RESTRICTED FOR PENSION BENEFITS		
Beginning of year		50,986,273
End of year	$	61,973,303

**Measurement date used in this report was for the year ended December 31, 2019.*

Back to Top

NOTE 1 REPORTING ENTITY

SunLine Joint Powers Transportation Agency (doing business as SunLine Transit Agency) ("STA") ("Agency"), was originally formed by the County of Riverside, California, and the cities in the Coachella Valley to provide transportation services in the Coachella Valley. STA is a special purpose government and is eligible for funding under Section 99200 et. seq. of the California Public Utilities Code.

Accounting principles generally accepted in the United States of America require that these financial statements represent STA and its component units. A component unit is included in the primary government's financial statements, if STA appoints a majority of the component unit's board of directors or if the governing body is substantively the same as STA, if the component unit provides services or other benefits almost entirely to the primary government, and if STA is financially accountable for the component unit.

The component units discussed below are legally separate component units, however, it is included in STA's reporting entity because STA appoints majority of its board of directors and STA is considered financially accountable for its operations.

Included within the reporting entity as blended component unit:

SunLine Services Group ("SSG") was formed in 1993 in order to enhance public/private partnerships in the Coachella Valley. SSG operations include regulation, licensing, and franchising the taxicabs and alternative transportation in the Coachella Valley. Effective July 1, 1996, SSG adopted ordinances to give it the authority to regulate taxicab.

Included as Fiduciary Funds:

SunLine Transit Retirement Income Plan for Bargaining Unit Personnel and SunLine Transit Retirement Income Plan for Non-Bargaining Unit Personnel (Plans) are single employer defined benefit pension plans that were established on February 1, 1980. SunLine Transit Retirement Income Plan for Bargaining Unit Personnel covers all collective bargaining employees of STA, regardless of hours worked. SunLine Transit Retirement Income Plan for Non-Bargaining Unit Personnel covers all employees who are considered to be full time and are not covered by the collective bargaining agreement of STA, provided they agree to make the mandatory employee contributions. STA is financially accountable for the Plans.

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Financial statement presentation follows the standards promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, the statement of fiduciary net position and the statement of changes in fiduciary net position) report information on all of the activities of the primary government, its component unit, and pension trust funds.

Basis of Accounting and Measurement Focus
The financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues are those revenues that are generated from the primary operations of STA. STA reports a measure of operations by presenting the change in net position from operations as "operating income" in the statement of revenues, expenses, and changes in net position. Operating activities are defined by STA as all activities other than financing and investing activities (interest expense and investment income), and other infrequently occurring transaction of a nonoperating nature. Operating expenses are those expenses that are essential to the primary operations of STA. All other expenses are reported as nonoperating expenses.

Fiduciary Fund – Pension Trust Funds
The Pension Trust Funds account for the accumulated resources to be used to provide for retirement benefits to all members of the Plans. The Plans' financial statements are reported as of and for the year ended December 31, 2019 consistent with the Plan's year end.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

Investments
Investments are stated at fair value, which is based on quoted market price. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables
Receivables are shown net of allowances for doubtful accounts, if any. Federal and State grants accrued as revenue when all eligibility requirements have been met. Amount earned but outstanding at year-end are reported as accounts receivable.

Inventory
Inventory consists of vehicle parts held for consumption, fuel and bus passes. Inventory is stated at the lower of weighted average cost or market.

Prepaid Items
Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items.

Deposits
Deposits represent amounts held by the Public Entity Risk Management Authority (PERMA) on behalf of STA to pay workers' compensation claims and other expenses that do not involve a transfer of risk to PERMA.

Capital Assets
Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date of donation. STA policy has set the capitalization threshold for reporting capital assets at $1,000, all of which must have an estimated useful life of more than one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Land improvements	10 – 20 years
Building	10 – 30 years
Office furniture and equipment	3 – 7 years
Vehicles	4 – 12 years
Equipment	5 – 10 years

Major outlays for capital assets are capitalized as projects, and once constructed, the related repairs and maintenance costs are expensed. Interest incurred during capital assets construction, if any, is capitalized as part of the asset cost, net of interest income earned on construction bond proceeds.

Compensated Absences
It is STA's policy to permit employees to accumulate earned but unused vacation leaves up to 500 hours and unlimited hours for unused sick leave. Management, non-exempt, and union employees begin to accrue vested vacation and sick hours upon being hired, except for part-time employees who begin to accrue such hours after the first year. Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned.

Back to Top

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Claims Payable

STA's uninsured claims are accrued and charged to expense when the claims are reasonably determinable and the existence of a liability is probable. Liabilities include amount for claims that have been incurred but not reported (IBNR).

Deferred Inflows and Outflows of Resources

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and therefore, not recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and therefore, are not recognized as revenue until that time.

Net Position

Net Position is classified as follows:

<u>Net investment in capital assets</u> – This is component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

<u>Restricted</u> - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

<u>Unrestricted</u> - This component of net position are the amounts of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

Use of Restricted/Unrestricted Resources

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

Federal, State, and Local Subventions

Federal, state and local governments have made various grants and subventions available to STA for operating assistance and acquisition of capital assets. Grants for operating assistance, the acquisition of equipment or other capital outlay are not formally recognized in the accounts until the grant becomes a valid receivable as a result of STA's complying with appropriate grant requirements. Operating assistance grants are included in nonoperating revenues in the year in which the related expenses are incurred. Revenues earned under capital grants are recorded as capital contributions.

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fuel and Lubricants Expense
STA allocates operating expenses to the fuel and lubricants expense on the statement of revenues, expenses and change in net position including salaries and benefits, and supplies, representing the costs incurred for the generation of CNG fuel by STA.

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

Pension Reporting
For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of STA's pension plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported in the Plan. 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.

New Accounting Pronouncements, Not Yet Effective
The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of STA.

GASB No. 84
In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB No. 87
In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 "Leases". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 89
In June 2018, the Governmental Accounting Standards Board issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements, Not Yet Effective (Continued)

GASB No. 90
In August 2018, the Governmental Accounting Standards Board issued Statement No. 90 "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 91
In May 2019, the Governmental Accounting Standards Board issued Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92
In January 2020, the Governmental Accounting Standards Board issued Statement No. 92, "Omnibus 2020." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93
In March 2020, the Governmental Accounting Standards Board issued Statement No. 93, "Replacement of Interbank Offered Rates." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 94
In May 2020, the Governmental Accounting Standards Board issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 95
In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The Statement postponed the effective dates of certain Statements to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of the affected Statements listed above have been updated to reflect the impact of this Statement.

GASB No. 96
In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97
In June 2020, the Governmental Accounting Standards Board issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan – an amendment of GASB Statements No. 14, 84, and a suppression of GASB Statement No. 32." The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTE 3 CASH AND INVESTMENTS

Cash and investments consisted of the following:

Reported in Enterprise Funds:

	STA	SSG	Total
Cash on hand	$ 1,100	$ 100	$ 1,200
Deposits with financial institutions	5,003,358	317,107	5,320,465
Investments - LAIF	601,400	-	601,400
Total cash and investments	$ 5,605,858	$ 317,207	$ 5,923,065

Reported in Pension Trust Funds (December 31, 2019):

	Bargaining Plan	Non-Bargaining Plan	Total
Cash and cash equivalents	$ 282,518	$ 258,632	$ 541,150
Investments, at fair value	30,485,503	30,805,910	61,291,413
Total cash and investments	$ 30,768,021	$ 31,064,542	$ 61,832,563

Demand Deposits

At fiscal year-end of 2020, the carrying amount of demand deposits was $5,320,465 and the bank balance was $8,140,987 of which the total amount was collateralized or insured with securities held by the pledging financial institutions in STA's name discussed as follows:

The California Government Code requires California banks and savings and loan associations to secure STA's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in STA's name.

The market value of pledged securities must equal at least 110% of STA's cash deposits. California law also allows institutions to secure Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of STA's total cash deposits. STA may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). STA, however, has not waived the collateralization requirements.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Authorized Investments

The table below identifies the investment types that are authorized for STA by the California Government Code (or STA's investment policy where more restrictive), and certain provisions that address interest rate risk and concentration of risk.

Investment Type	Authorized by Investment Policy	Maturity	Maximum Percentage of Portfolio	Maximum Investments in One Issurer
Local Agency Bonds	No	N/A	N/A	N/A
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	25%	None
Banker's Acceptances	Yes	180 days	40%	None
Commercial Paper-Pooled Funds	Yes	270 days	40%	A-1
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements and Securities	No	N/A	N/A	None
Medium-Term Notes	Yes	5 years	30%	"A" Rating
Mutual Funds and Money Market Funds	No	N/A	20%	Multiple
Mortgage Pass-Through Securities	Yes	5 years	20%	"A" "A" Rating
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	$50 million

Interest Rate Risk

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

The Agency’s investment in LAIF has a maturity of less than one year.

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 nationally recognized statistical rating organization. STA's investment in LAIF at June 30, 2020 was not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of STA's investment in a single issuer. The investment policy of STA contains no limitations on the amount that can be invested in one issuer beyond that stipulated by the California Government Code. As of June 30, 2020, STA did not have any investments in any one issuer (other than external investment pools) that represented 5% or more of its total investment portfolio.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, STA 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. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and STA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the provision for deposits as disclosed previously.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool
The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based on the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. As of June 30, 2020, the Agency's investment in LAIF had a contractual withdrawal value of $601,400.

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

STA's investments in LAIF as of June 30, 2020 is reported at the Agency's pro-rata share of the amortized cost provided by LAIF for the entire LAIF portfolio. This amount approximates fair value.

NOTE 4 DUE FROM OTHER GOVERNMENTAL AGENCIES

At June 30, 2020, due from other governmental agencies consisted of the following:

Federal Transportation Administration (FTA)	$	3,996,913
State Transit Assistance		2,523,004
Measure A		58,864
Local Transportation Fund (LTF)		477,496
CalStart		16,624
CalTrans		560,671
Others		25,312
Total	$	7,658,884

Federal Transportation Administration (FTA)
Under the provisions of the FTA, funds are available to the Agency for maintenance costs, acquisition, construction, improvement and maintenance of transit facilities, transit vehicles and equipment.

State Transit Assistance and Local Transportation Fund (LTF)
Local Transportation Fund (LTF) and the State Transit Assistance programs are created under the Transportation Development Act (TDA) by the State of California (State). Funds are available to the Agency for maintenance costs, acquisition, construction, improvement and maintenance of transit facilities, transit vehicles and equipment. Funds are administered by the Riverside County Transportation Commission.

NOTE 4 DUE FROM OTHER GOVERNMENTAL AGENCIES (CONTINUED)

Measure A
Measure A is a voter-approved one-half of one percent sales tax for the purpose of improving the transportation system of the Riverside County.

CalStart and State of California Air Resource Board (CARB)
Funds represents cost reimbursements in accordance with the Cooperative Agreements with CalStart and State of California Air Resource Board.

NOTE 5 CAPITAL ASSETS

Summary of changes in capital assets is as follows:

June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2020
Non-depreciable assets					
Land	$ 3,141,003	$ -	$ -	$ -	$ 3,141,003
Construction in progress	18,501,999	17,368,423	-	(15,465,336)	20,405,086
Total nondepreciable assets	21,643,002	17,368,423	-	(15,465,336)	23,546,089
Depreciable assets					
Buildings	29,092,022	17,963	-	-	29,109,985
Land improvements	3,502,718	-	-	1,056,208	4,558,926
Facility improvements	3,281,697	62,538	-	23,129	3,367,364
Office furniture and equipment	7,379,845	487	(25,303)	309,578	7,664,607
Vehicles	75,674,122	-	(9,777,557)	13,990,061	79,886,626
Equipment	6,700,351	20,537	(87,159)	86,360	6,720,089
Total depreciable assets	125,630,755	101,525	(9,890,019)	15,465,336	131,307,597
Less accumulated depreciation	(73,850,111)	(9,278,507)	9,890,019		(73,238,599)
Total depreciable assets, net	51,780,644	(9,176,982)	-	15,465,336	58,068,998
Total capital assets, net	$ 73,423,646	$ 8,191,441	$ -	$ -	$ 81,615,087

Depreciation expense for the year ended June 30, 2020 comprised of:

SunLine Transit Agency	$	9,277,951
SunLine Services Group		556
Total	$	9,278,507

NOTE 5 CAPITAL ASSETS (CONTINUED)

Changes in capital assets by funding source for the year ended June 30, 2020 were as follows:

	Federal Funds	State Transit / Prop 1B Funds	TDA Funds	Measure A	Operator/ Other	Total
Balance at July 1, 2019	$ 59,919,557	$ 55,303,207	$ 15,548,849	$ 10,000	$ 16,492,144	$ 147,273,757
Additions	4,928,041	11,933,069	578,921	-	30,000	17,470,031
Deletions	(4,249,569)	(1,187,876)	(223,914)	-	(4,228,743)	(9,890,102)
Balance at June 30, 2020	$ 60,598,029	$ 66,048,400	$ 15,903,856	$ 10,000	$ 12,293,401	$ 154,853,686

NOTE 6 UNEARNED REVENUE

Unearned revenue represents excess capital and operating assistance. The following represent the amounts at June 30, 2020:

Capital Assistance	
State Transit Assistance	$ 1,271,272
Proposition 1B	141,379
Low Carbon Transit Operations Program	1,022,832
Transportation Development Act	87,241
Operators/Others	850,279
Total capital assistance	3,373,003
Operating Assistance	
Low Carbon Transit Operations Program	518,878
Transportation Development Act	6,803,645
Operator/Others	16,324
Total operating assistance	7,338,847
Total	$ 10,711,850

Capital Assistance

Changes in unearned revenue by funding source for the year ended June 30, 2020 were as follows:

	Federal Funds	State Transit Funds	Prop 1 B Funds	LCTOP Funds	TDA Funds	Operator/ Other Funds	Total
Excess capital funds at July 1, 2019	$ 5,190	$ 1,512,435	$ 1,709,264	$ -	$ 87,241	$ 31,660	$ 3,345,790
Interest earned	-	-	1,804	-	-	-	1,804
Allocation received/deferred	-	-	-	1,022,832	-	984,037	2,006,869
Funds available	5,190	1,512,435	1,711,068	1,022,832	87,241	1,015,697	5,354,463
Less: eligible costs - capitalized	(5,190)	(241,163)	(1,569,689)	-	-	(165,418)	(1,981,460)
Excess capital funds at June 30, 2020	$ -	$ 1,271,272	$ 141,379	$ 1,022,832	$ 87,241	$ 850,279	$ 3,373,003

Back to Top

NOTE 6 UNEARNED REVENUE (CONTINUED)

Operating Assistance

Changes in unearned revenue by funding source for the year ended June 30, 2020 was as follows:

	TDA Funds	LCTOP Funds	Operator/ Other Funds	Total
Excess operating funds at July 1, 2019	$ 4,998,606	$ 555,273	$ 16,324	$ 5,570,203
Allocation received/deferred	1,997,614	10,350	-	2,007,964
Funds available	6,996,220	565,623	16,324	7,578,167
Eligible costs	(192,575)	(46,745)	-	(239,320)
Excess operating funds at June 30, 2020	$ 6,803,645	$ 518,878	$ 16,324	$ 7,338,847

NOTE 7 LONG-TERM OBLIGATIONS

Summary of changes in long-term obligations for the years ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year	Due In More Than One Year
Claims payable	$ 2,988,496	$ 603,867	$ (793,559)	$ 2,798,804	$ 659,958	$ 2,138,846
Compensated absences	1,617,718	2,547,945	(2,325,523)	1,840,140	1,840,140	-
Net pension liability (asset) - non-bargaining	2,342,079	-	(3,176,278)	(834,199)	-	(834,199)
Net pension liability (asset) - bargaining	1,691,416	-	(1,449,376)	242,040	-	242,040
Total	$ 8,639,709	$ 3,151,812	$ (7,744,736)	$ 4,046,785	$ 2,500,098	$ 1,546,687

Claims Payable

Claims payable at June 30, 2020, amounted to $2,798,804. There is no fixed payment schedule for claims payable. See Note 8 for more detail.

Net Pension Liability (Asset)

Refer to Note 9 for information.

NOTE 8 RISK MANAGEMENT

STA is a participant in the Public Entity Risk Management Authority (PERMA) formed under a joint powers agreement between local governments and special districts for the purpose of jointly funding (pooling risks) general liability and workers' compensation insurance for the member agencies. STA's general liability self-insured retention is $125,000 per claim. The total general liability coverage limit is $50,000,000 per occurrence. Workers' compensation insurance costs are based on annual deposit premiums. STA's workers' compensation self-insured retention is $250,000 per claim and coverage limits are statutory limits. Settlements have not exceeded insurance coverage for each of the past three years.

NOTE 8 RISK MANAGEMENT (CONTINUED)

If PERMA experiences an unusually large number of losses during a policy year, the funds for a given program may become exhausted. In such case, the Board of Directors of PERMA may impose premium surcharges on all members who were in the program at the time such loss or losses occurred in order to pay the necessary costs. Annual surcharges shall not exceed an amount equal to three times the member's annual premium for the policy year in which such loss occurred. STA's surcharge would be based upon its pro rata share of premiums paid in said year.

STA's self-insured retention for general and workers' compensation liabilities is based on an annual actuarial study discounted at 2%.

Separate financial statements for PERMA are available at 36-951 Cook Street, Suite 101, Palm Desert, California 92211.

NOTE 9 EMPLOYEE RETIREMENT PLANS

Plan Description
STA contributes to the SunLine Transit Retirement Income Plans for Bargaining and Non-Bargaining Personnel (Plans), single-employer defined benefit pension plans. STA administers the Plans through a Retirement Committee appointed by STA's Board of Directors.

Bargaining and non-bargaining participants are 100 percent vested in their accrued benefit after completion of five years of credited service. Normal retirement age is 62; however, an employee may retire prior to age 62, provided he/she has attained age 55 or has completed 25 years of credited service. Employees who retire early are subject to a reduced benefit. An employee may remain employed after his/her normal retirement age and receive an increased benefit. Non-bargaining employees shall at all times be 100 percent vested in their contributions.

Bargaining Personnel Plan - Prior to June 30, 2007, the amount of the monthly retirement benefit at the normal retirement date shall be equal to 1/90 of the first $400 of Final Average Monthly Earnings (FAME) plus 1/60 of the excess of FAME over $400, times years and completed quarters of credited service. The calculation was amended effective July 1, 2007, whereas benefit payments at the normal retirement date shall be equal to 1/60 of FAME, multiplied by years and completed quarters of service. FAME is the average of the 36 highest consecutive months of earnings as a participant. If the employee has attained age 62 at termination and completed ten years of service, the minimum monthly benefit is $400. Earnings mean compensation paid during a plan year as an eligible employee, excluding any compensation paid as bonuses, overtime, or other extra pay. A year of credited service for each plan year is earned during which an employee is employed full time for STA. The basic form of benefit payment is a life annuity; however, various joint and survivor annuity forms are available, provided certain requirements are met.

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Plan Description (Continued)

Non-Bargaining Personnel Plan - The amount of the monthly retirement benefit at the normal retirement date shall be equal to the greater of a) 2.5 percent times FAME times years of credited service (FAME is the average of the 36 highest consecutive months of earnings as a participant) or b) if the employee has attained age 62 at termination and completed ten years of service, the minimum monthly benefit is $400. Earnings mean compensation paid during a plan year as an eligible employee, excluding any compensation paid as bonuses, overtime, or other extra pay. The maximum benefit is 90% of FAME. A year of credited service for each plan year is earned during which an employee is employed full time for STA. The basic form of benefit payment is a life annuity; however, various joint and survivor annuity forms are available, provided certain requirements are met.

Death, Disability and Termination Benefits Under the Plans - If an active employee (participant) dies, a death benefit may be paid to the participant's spouse, (or dependent under age 21) provided the participant has completed five years of credited service. The benefit is the participant's accrued benefit assuming that the participant retired on the day prior to their death. If an employee becomes totally and permanently disabled after completing ten years of services he/she shall be entitled to receive an unreduced pension equal to 2.5 percent of FAME times years of service. This benefit cannot exceed the projected benefit at age 62 based on current FAME and total service assuming continued employment until age 62. If a participant who has completed five years of vesting service is terminated for any reason other than death, he/she will be entitled to receive his/her normal benefit upon attainment of age 55.

Separate financial statements for the Plans may be obtained from STA.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Bargaining	Non-Bargaining
Benefit formula at normal retirement age	1.6% @ 62	2.5% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55 - 62	55 - 62
Monthly benefits, as a % of eligible	1.6%	2.0% to 2.5%
Required employee contribution rates	none	3%
Required employer contribution rates	10.89%	22.44%

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Employees Covered – At December 31, 2019, valuation date, the following employees were covered by the benefit terms of each Plan:

	Bargaining	Non-Bargaining
Inactive employees or beneficiaries currently receiving benefits	107	57
Inactive employees entitled to but not yet receiving benefits	91	109
Active employees	291	116
	489	282

Investment Policy – The financial goal for the Plans is to provide funding for the benefits on the most cost efficient basis to STA. The objectives of the Retirement Committee is the preservation of principal, assurance of liquidity to meet the cash needs of the plan, and obtaining the maximum investment yield consistent with those objectives. Assets shall be invested in accordance with federal and state regulations, although the Retirement Committee has determined that investment of the Plans' assets will not be permitted in warrants, commodities or options, other than U.S. treasury bonds, notes and futures, margin purchases or short sales, and such other assets as may be specified by the Retirement Committee from time to time.

The Plans' target asset allocation is summarized below:

	Target
Cash and cash equivalent	0%
Fixed income	40%
Equities	60%
	100%

Plans' Investments – US Bank was the custodian for all of the Plans' investments at December 31, 2019. The Plans do not have any funds or deposits that are not covered by depository insurance, nor does the Plans have any investments that are not registered in the name of the Plans. The Plans assets are invested in mutual funds and therefore the Plans' assets are not exposed to interest rate risk or credit risk. The Plans' investments were also not exposed to foreign currency risk, which is the risk that any deposit or investment denominated in foreign currency bear a potential risk of loss arising from changes in currency exchange rates. The Plans' assets, which consisted of mutual funds, were measured using level 1 inputs as defined in Note 3. The Plans had the following non-participant directed investments that were greater than five percent of the Plans' fiduciary net position as of December 31. 2019:

Back to Top

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Plans' Investments (Continued)

			Bargaining		Non-Bargaining		Total
JOHCM International Select Fund	Mutual Fund	$	1,750,216	$	1,772,529	$	3,522,745
Vanguard Total International Stock Index Admiral Fund	Mutual Fund		3,712,034		3,746,443		7,458,477
Vanguard Total Stock Market Index Admiral Fund	Mutual Fund		11,370,169		11,501,420		22,871,589
Baird Core Plus Bond Institutional Fund	Mutual Fund		3,028,747		3,055,058		6,083,805
DoubleLine Core Fixed Income I Fund	Mutual Fund		2,810,008		2,834,310		5,644,318
PGIM Total Return Bond CL R6	Mutual Fund		3,021,817		3,049,548		6,071,365
			25,692,991		25,959,308		51,652,299
Aggregate of non-participant directed investments less than five percent of the Plan's fiduciary net position:			4,792,512		4,846,602		9,639,114
		$	30,485,503	$	30,805,910	$	61,291,413

The annual money-weighted rate of return on pension plan investments, net of investment expense, for the Bargaining and Non-Bargaining Plans for the plan year ended December 31, 2019 were 20.06% and 20.08%, respectively. Money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

Detailed information about each pension plan's investments is available in the separately issued audited financial reports.

Contributions – Funding contributions for both Plans are determined annually on an actuarial basis as of January 1 by an actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability (Asset)
The Agency's net pension liability (asset) for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is measured as of December 31, 2019, using an actuarial valuation as of the same date. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions – The total pension liabilities in the December 31, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Bargaining	Non-Bargaining
Valuation Date	January 1, 2020	January 1, 2020
Measurement Date	December 31, 2019	December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Discount Rate	6.0%	6.0%
Cost-of-living Increases	None	3% per year, compounded annually
Inflation	2.75%	2.75%
Projected Salary	3.0% (1)	4.0% (1)
Investment Rate of Return	6.0% (2)	6.0% (2)
Mortality	RP-2006[1] Blue Collar Mortality Tables with generational improvements beginning in 2006 based on the Social Security Administration's assumption scale. After disablement, the RP-2006[2] Disabled Retiree Table with generational improvements beginning in 2006 based on the Social Security Administration's assumption scale.	RP-2006[1] Blue Collar Mortality Tables with generational improvements beginning in 2006 based on the Social Security Administration's assumption scale. After disablement, the RP-2006[2] Disabled Retiree Table with generational improvements beginning in 2006 based on the Social Security Administration's assumption scale.

(1) Compounded annually. Compensation for the year beginning on the valuation date is based on the hourly rate on the valuation date multiplied by 2,080. Future compensation is limited to $275,000 per year. For participants subject to PEPRA, future compensation is limited to $149,016. This limit is assumed to increase by 3% per year.

(2) Net of investment expenses, compounded annually

[1] These are the RP-2014 Blue Collar Mortality Tables with the MP-2014 generational projection scale removed from the central year of the study (2006) to 2014.

[2] These are the RP-2006 Disabled Retiree Mortality Tables with the MP-2014 generational projection scale removed from the central year of the study (2006) to 2014.

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Given the size of the plan, there is not enough data available to conduct credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviation from the actuarial assumptions.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method where expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of the December 31, 2019 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income equities securities	40%	1.25%
Domestic equities	50%	4.00%
International equities	10%	4.75%
Cash	0%	0%
	100%	

Discount Rate – The discount rate used to measure the total pension liability was 6.00% for both Plans. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. An explicit cost for Plan expenses was not included in the valuation. The 6.00% investment return used in this accounting valuation is assumed to be net of administrative expenses. An investment return excluding administrative expenses would have been higher than 6.00%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. STA believes the difference in calculation will not lead to a material difference.

Back to Top

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Changes in the Net Pension Liability

The following tables show the changes in net pension liability (asset) over the measurement period:

	Bargaining Plan		
	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Balance at 12/31/2018	$ 27,572,135	$ 25,230,056	$ 2,342,079
Changes recognized for the measurement period:			
Service cost	1,123,520	-	1,123,520
Interest	1,699,200	-	1,699,200
Differences between expected and actual experiences	297,167	-	297,167
Changes of assumptions	1,088,323	-	1,088,323
Contributions from the employer	-	1,137,127	(1,137,127)
Contributions from the employee	-	143,440	(143,440)
Net Investment Income	-	5,105,422	(5,105,422)
Administrative expenses	-	(77,740)	77,740
Benefit payments, including refunds of employee contributions	(751,313)	(751,313)	-
Net changes during 2019	3,456,897	5,556,936	(2,100,039)
Balance at 12/31/2019	$ 31,029,032	$ 30,786,992	$ 242,040

	Non-Bargaining Plan		
	Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
Balance at 12/31/2018	$ 27,345,478	$ 25,654,062	$ 1,691,416
Changes recognized for the measurement period:			
Service cost	1,056,964	-	1,056,964
Interest	1,672,990	-	1,672,990
Differences between expected and		-	
actual experiences	(185,002)	-	(185,002)
Changes of assumptions	1,397,572	-	1,397,572
Contributions from the employer	-	1,202,250	(1,202,250)
Contributions from the employee	-	158,948	(158,948)
Net Investment Income	-	5,175,930	(5,175,930)
Administrative expenses	-	(68,989)	68,989
Benefit payments, including refunds of employee contributions	(1,038,556)	(1,038,556)	-
Net changes during 2019	2,903,968	5,429,583	(2,525,615)
Balance at 12/31/2019	$ 30,249,446	$ 31,083,645	$ (834,199)

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of STA for each Plan, calculated using the discount rate for each Plan, as well as what STA's 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:

	Bargaining	Non-Bargaining
1% Decrease	5.00%	5.00%
Net Pension Liability	$ 4,582,635	$ 3,615,477
Current Discount Rate	6.00%	6.00%
Net Pension Liability (Asset)	$ 242,040	$ (834,199)
1% Increase	7.00%	7.00%
Net Pension Liability (Asset)	$ (3,346,875)	$ (4,461,868)

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

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, STA recognized total pension expense of $1,789,128. At June 30, 2020, STA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Pension contribution subsequent to measurement date	$ 1,233,932	$ -
Differences between expected and actual experience	301,566	(1,015,971)
Changes in assumptions	1,955,115	(319,982)
Net differences between projected and actual earnings on pension plan investments	3,677,244	(7,385,168)
Total	$ 7,167,857	$ (8,721,121)

Pension contribution made subsequent to measurement date amounting to $1,233,932 was reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Back to Top

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

December 31		Amount
2020	$	(1,037,321)
2021		(736,542)
2022		161,449
2023		(1,353,520)
2024		178,738
Therafter		-

Payable to the Pension Plan

At June 30, 2020, the Agency has no outstanding amount of contributions to the pension plan.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Lawsuits

STA and SSG were named in certain legal actions pending at June 30, 2020. While the outcome of these lawsuits is not presently determinable, in the opinion of management of STA and SSG, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of STA and SSG, or is adequately covered by insurance.

Federal and State Grant Programs

STA participates in Federal and State grant programs. These programs were audited in accordance with the provisions of the Single Audit Act Amendments of 1996 and Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and applicable state requirements. No cost disallowance is expected as a result of these audits; however, these programs may be subject to further examination by the grantors. Awards which may be disallowed by the granting agencies, if any, cannot be determined at this time. Management expects such amounts, if any, to be immaterial.

Commitments

Commitments consist primarily of additions to operations equipment and building improvements. Significant commitments as of June 30, 2020 are as follows:

Project		Amount Authorized		Cumulative Expenses June 30, 2020		Unexpended Commitments
Bus and van purchases	$	4,409,887	$	1,663,472	$	2,746,415
Facility improvements		9,565,000		1,903,577		7,661,423
Administrative building		732,261		531,753		200,508
Hydrogen fueling infrastructure		25,372,050		16,210,146		9,161,904
Equipment and others		56,600		650		55,950
	$	40,135,798	$	20,309,598	$	19,826,200

NOTE 11 TRANSPORTATION DEVELOPMENT ACT (TDA) COMPLIANCE

STA is subject to the provisions of the Public Utilities Code ("PUC") Section 99270.1 and must maintain a minimum fare ratio of 19.74% in 2020 of operating revenues to operating expenses.

After allocation of indirect costs to each type of service and taking into consideration certain cost exemption provisions of the TDA, STA's fare ratio for the year ended June 30, 2020 was 23.74%, as calculated below. STA is in compliance with the provisions of PUC Section 99270.1.

Farebox and other revenues	$	6,709,178
FTA CARES Act		2,000,000
Interest		13,851
Total revenues		8,723,029
Net revenues	$	8,723,029
Operating expenses	$	45,198,560
Less:		
Depreciation		9,277,951
Pension expense (GASB 68 adjustment)		(828,929)
Net operating expenses	$	36,749,538
Fare ratio		23.74%
Target ratio		19.74%

NOTE 12 PROPOSITION 1B

On November 7, 2006, the voters of the State of California approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, known as Proposition 1B. Proposition 1B included in a State program of funding in the amount of $4 billion and $1 billion to be deposited in the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) and Transit System Safety, Security and Disaster Response Account (TSSSDRA), respectively. PTMISEA funds can be used for rehabilitation, safety or modernization improvements, or for rolling stock procurement, rehabilitation or replacement. TSSSDRA funds can be used for transportation related security and safety projects.

Proposition 1B activity during the year ended June 30, 2020 was as follows:

	PTMISEA	TSSSDRA	Total
Unspent Prop 1B funds at July 1, 2019	$ 1,710,450	$ 14	$ 1,710,464
Prop 1 B transferred to Operating Account	23,748	-	23,748
Prop 1 B funds spent	(1,567,975)	(14)	(1,567,989)
Interest revenue earned on unspent Prop 1B funds	1,804	-	1,804
Unspent Prop 1B funds at June 30, 2020	$ 168,027	$ -	$ 168,027

Back to Top

NOTE 13 SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to the Agency.

The Agency has evaluated events subsequent to June 30, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November __, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

Back to Top

REQUIRED SUPPLEMENTARY INFORMATION

Back to Top

Sunline Transit Agency
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, 2020
Last Ten Years*

	Reporting Period 2020		Reporting Period 2019	
	Bargaining	**Non-Bargaining**	Bargaining	Non-Bargaining
Total Pension Liability				
Service cost	$ 1,123,520	$ 1,056,964	$ 1,067,330	$ 1,023,221
Interest	1,699,200	1,672,990	1,595,457	1,569,141
Differences between expected and actual experience	297,167	(185,002)	(252,563)	64,249
Changes of assumptions	1,088,323	1,397,572	-	-
Benefits payments, including refunds of employee contributions	(751,313)	(1,038,556)	(723,427)	(880,536)
Net change in total pension liability	3,456,897	2,903,968	1,686,797	1,776,075
Total pension liability - beginning	27,572,135	27,345,478	25,885,338	25,569,403
Total pension liability - ending [(a)]	$ 31,029,032	$ 30,249,446	$ 27,572,135	$ 27,345,478
Plan fiduciary net pension				
Contributions from the employer	$ 1,137,127	$ 1,202,250	$ 1,332,751	$ 1,163,831
Contributions from the employee	143,440	158,948	-	154,443
Net investment income	5,105,422	5,175,930	(1,445,368)	(1,480,804)
Benefits payments, including refunds of employee contributions	(751,313)	(1,038,556)	(723,427)	(880,536)
Administrative expenses	(77,740)	(68,989)	(89,608)	(89,087)
Net change in plan fiduciary net position	$ 5,556,936	$ 5,429,583	$ (925,652)	$ (1,132,153)
Plan fiduciary net position - beginning	25,230,056	25,654,062	26,155,708	26,786,215
Plan fiduciary net position - ending [(b)]	$ 30,786,992	$ 31,083,645	$ 25,230,056	$ 25,654,062
Net pension liability - ending [(a) - (b)]	$ 242,040	$ (834,199)	$ 2,342,079	$ 1,691,416
Plan fiduciary net position as a percentage of the total pension liability	99.22%	102.76%	91.51%	93.81%
Covered - employee payroll	$ 11,077,510	$ 5,204,655	$ 10,495,187	$ 4,842,573
Net pension liability as a percentage of covered - employee payroll	2.18%	-16.03%	22.32%	34.93%

Note to Schedule

* Fiscal Year 2015 was the 1st year of implementation

	Reporting Period 2018		Reporting Period 2017	
	Bargaining	**Non-Bargaining**	Bargaining	Non-Bargaining
Total Pension Liability				
Service cost	$ 1,014,181	$ 1,072,153	$ 963,077	$ 987,864
Interest	1,501,976	1,494,609	1,396,512	1,443,007
Differences between expected and actual experience	(341,121)	(417,693)	(97,435)	(866,759)
Benefits payments, including refunds of employee contributions	(616,895)	(835,332)	(494,152)	(741,407)
Net change in total pension liability	1,558,141	1,313,737	1,768,002	822,705
Total pension liability - beginning	24,327,197	24,255,666	22,559,195	23,432,961
Total pension liability - ending [(a)]	$ 25,885,338	$ 25,569,403	$ 24,327,197	$ 24,255,666
Plan fiduciary net pension				
Contributions from the employer	$ 1,240,460	$ 1,056,891	$ 1,171,779	$ 1,043,297
Contributions from the employee	-	139,280	-	131,637
Net investment income	3,196,447	3,301,003	1,553,438	1,619,088
Benefits payments, including refunds of employee contributions	(616,895)	(835,332)	(494,152)	(741,407)
Administrative expenses	(164,498)	(176,739)	(181,447)	(186,344)
Net change in plan fiduciary net position	$ 3,655,514	$ 3,485,103	$ 2,049,618	$ 1,866,271
Plan fiduciary net position - beginning	22,500,194	23,301,112	20,450,576	21,434,841
Plan fiduciary net position - ending [(b)]	$ 26,155,708	$ 26,786,215	$ 22,500,194	$ 23,301,112
Net pension liability - ending [(a) - (b)]	$ (270,370)	$ (1,216,812)	$ 1,827,003	$ 954,554
Plan fiduciary net position as a percentage of the total pension liability	101.04%	104.76%	92.49%	96.06%
Covered - employee payroll	$ 9,937,276	$ 4,939,705	$ 9,306,674	$ 4,429,828
Net pension liability as a percentage of covered - employee payroll	-2.72%	-24.63%	19.63%	21.55%

Note to Schedule

* Fiscal Year 2015 was the 1st year of implementation

Sunline Transit Agency
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
As of June 30, 2020
Last Ten Years*

	Reporting Period 2016		Reporting Period 2015	
	Bargaining	Non-Bargaining	Bargaining	Non-Bargaining
Total Pension Liability				
Service cost	$ 786,230	$ 838,631	$ 722,633	$ 832,999
Interest	1,319,280	1,380,214	1,168,813	1,248,085
Differences between expected and actual experience	43,602	(461,064)	38,118	(491,252)
Benefits payments, including refunds of employee contributions	(452,533)	(718,599)	(415,646)	(603,943)
Net change in total pension liability	1,131,153	908,726	2,462,633	2,253,842
Total pension liability - beginning	21,428,042	22,524,235	18,965,409	20,270,393
Total pension liability - ending [(a)]	$ 22,559,195	$ 23,432,961	$ 21,428,042	$ 22,524,235
Plan fiduciary net pension				
Contributions from the employer	$ 1,017,569	$ 972,058	$ 838,727	$ 850,854
Contributions from the employee	-	124,295	-	119,857
Net investment income	(134,851)	(140,493)	827,017	878,786
Benefits payments, including refunds of employee contributions	(452,533)	(718,599)	(415,646)	(603,943)
Administrative expenses	(162,245)	(172,502)	(16,569)	(16,079)
Net change in plan fiduciary net position	$ 267,940	$ 64,759	$ 1,233,529	$ 1,229,475
Plan fiduciary net position - beginning	20,182,636	21,370,082	18,949,107	20,140,607
Plan fiduciary net position - ending [(b)]	$ 20,450,576	$ 21,434,841	$ 20,182,636	$ 21,370,082
Net pension liability - ending [(a) - (b)]	$ 2,108,619	$ 1,998,120	$ 1,245,406	$ 1,154,153
Plan fiduciary net position as a percentage of the total pension liability	90.65%	91.47%	94.19%	94.88%
Covered - employee payroll	$ 7,395,958	$ 3,608,769	$ 7,171,287	$ 3,626,818
Net pension liability as a percentage of covered - employee payroll	28.51%	55.37%	17.37%	31.82%

Note to Schedule

* Fiscal Year 2015 was the 1st year of implementation

Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2010	$ 1,021,656	$ 1,118,615	$ (96,959)	$ 6,688,432	17.17%
2011	959,580	1,028,823	(69,243)	6,514,916	15.60%
2012	1,011,840	1,045,458	(33,618)	6,593,082	15.23%
2013	916,788	999,727	(82,939)	6,862,649	13.94%
2014	693,586	838,727	(145,141)	7,171,287	11.34%
2015	891,288	1,017,569	(126,281)	7,395,958	10.93%
2016	1,175,179	1,171,779	3,400	9,306,674	11.79%
2017	1,276,570	1,240,460	36,110	9,937,276	11.82%
2018	1,271,919	1,332,751	(60,832)	10,495,187	12.70%
2019	1,332,533	1,137,127	195,406	11,077,510	10.27%

Notes to Schedule
Actuarially determined contributions are calculated annually, at the beginning of each Plan year in which contributions are reported. Methods and assumptions used to determine contributions are as follows:

Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	Remaining working lifetime
Asset valuation method	Actuarial value of assets is the market value of funds held by custodian with accrued contributions and accrued interest and dividends.
Inflation	2.75%
Salary increases	3.00%, including merit, seniority, and inflation.
Investment rate of return	6.00% per annum, net of investment expenses, compounded annually.
Retirement age	Retirement age varies based on employees' age and year of service
Mortality	RP-2006 Blue Collar Mortality Tables with generational improvements beginning in 2006 based on the Social Security Administration's assumption scale. After disablement, the RP-2006 Disabled Retiree Table with generational improvements beginning in 2006 based on the Social Security Administation's assumption scale. The RP-2006 Mortality Tables are the RP-2014 Mortality tables with the MP-2014 generational projection scale removed from the central year of the study (2006) to 2014.

SunLine Transit Agency
Schedule of Contributions – Non-Bargaining Plan
Last Ten Years*

Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2010	$ 1,162,812	$ 1,192,577	$ (29,765)	$ 3,512,416	33.95%
2011	1,013,700	1,072,780	(59,080)	3,295,632	32.55%
2012	1,063,500	1,120,580	(57,080)	3,288,878	34.07%
2013	960,708	1,168,010	(207,302)	3,626,818	32.20%
2014	709,392	970,711	(261,319)	3,608,769	26.90%
2015	838,188	972,058	(133,870)	4,429,828	21.94%
2016	1,053,887	1,043,297	10,590	4,939,705	21.12%
2017	1,088,228	1,056,891	31,337	4,842,573	21.82%
2018	979,399	1,163,831	(184,432)	4,842,573	24.03%
2019	1,043,456	1,202,250	(158,794)	5,204,655	23.10%

Notes to Schedule

Actuarially determined contributions are calculated annually, at the beginning of each Plan year in which contributions are reported. Methods and assumptions used to determine contributions are as follows:

Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	Remaining working lifetime
Asset valuation method	Actuarial value of assets is the market value of funds held by custodian with accrued contributions and accrued interest and dividends.
Inflation	2.75%
Salary increases	4.00%
Investment rate of return	6.00% per annum, net of investment expenses, compounded annually.
Retirement age	Retirement age varies based on employees' age and year of service
Mortality	RP-2006 Blue Collar Mortality Tables with generational improvements beginning in 2006 based on the Social Security Administration's assumption scale. After disablement, the RP-2006 Disabled Retiree Table with generational improvements beginning in 2006 based on the Social Security Administation's assumption scale. The RP-2006 Mortality Tables are the RP-2014 Mortality tables with the MP-2014 generational projection scale removed from the central year of the study (2006) to 2014.

Back to Top

SUPPLEMENTARY INFORMATION

Back to Top

	STA	SSG	Total
ASSETS			
Current assets:			
Cash and investments	$ 5,605,858	$ 317,207	$ 5,923,065
Accounts receivable, net	2,927,256	36,166	2,963,422
Due from other governmental agencies	7,658,884	-	7,658,884
Inventory	997,219	-	997,219
Prepaid items	705,108	-	705,108
Total current assets	17,894,325	353,373	18,247,698
Noncurrent assets:			
Deposits	2,188,940	-	2,188,940
Net pension asset	834,199	-	834,199
Capital assets, not depreciated	23,546,089	-	23,546,089
Capital assets, depreciated	58,067,584	1,414	58,068,998
Total noncurrent assets	84,636,812	1,414	84,638,226
Total assets	102,531,137	354,787	102,885,924
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pension	7,167,857	-	7,167,857
LIABILITES			
Current liabilities:			
Accounts payable and accrued liabilities	2,477,397	5,852	2,483,249
Accrued payroll and related liabilities	315,057	6,280	321,337
Retention payable	391,523	-	391,523
Compensated absences	1,831,009	9,131	1,840,140
Claims payable - current portion	659,958	-	659,958
Unearned revenue	10,711,850	-	10,711,850
Total current liabilities	16,386,794	21,263	16,408,057
Noncurrent liabilities:			
Net pension liability - noncurrent portion	242,040	-	242,040
Claims payable - noncurrent portion	2,138,846	-	2,138,846
Total noncurrent liabilities	2,380,886	-	2,380,886
Total liabilities	18,767,680	21,263	18,788,943
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	8,721,121	-	8,721,121
NET POSITION			
Net investment in capital assets	81,613,673	1,414	81,615,087
Unrestricted	596,520	332,110	928,630
Total net position	$ 82,210,193	$ 333,524	$ 82,543,717

See report of independent auditors.

Back to Top

SunLine Transit Agency
Combining Statements of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2020

	STA	SSG	Total
OPERATING REVENUES			
Passenger fares	$ 2,032,866	$ -	$ 2,032,866
CNG and hydrogen fuel sales	3,955,754	-	3,955,754
Taxi license fees	-	184,847	184,847
Other	682,207	-	682,207
Total operating revenues	6,670,827	184,847	6,855,674
Operating expenses			
Salaries and employee benefits	25,239,220	-	25,239,220
Depreciation	9,277,951	556	9,278,507
Services	3,779,143	49,575	3,828,718
Bad debts	-	17,423	17,423
Casualty and liability costs	1,844,813	7,973	1,852,786
Materials and supplies	2,207,172	2,604	2,209,776
Utilities	1,937,706	4,240	1,941,946
Tires and tubes	189,917	-	189,917
Taxes	98,004	4	98,008
Administrative	-	131,349	131,349
Fuel and lubricants	241,656	-	241,656
Miscellaneous	382,888	4,454	387,342
Total operating expenses	45,198,470	218,178	45,416,648
OPERATING LOSS	(38,527,643)	(33,331)	(38,560,974)
NONOPERATING REVENUES			
Operating grants:			
Local Transportation Fund	14,268,455	-	14,268,455
Measure A	6,206,363	-	6,206,363
Federal Transit Administration -Section 5307	6,843,231	-	6,843,231
Federal Transit Administration -Section 5309	289,600	-	289,600
Federal Transit Administration -Section 5310	36,874	-	36,874
Federal Transit Administration -Section 5311	662,715	-	662,715
Federal Transit Administration -Section 5311(f)	355,605	-	355,605
Federal Transit Administration - Others	300,667	-	300,667
Local Reimbursement	193,104	-	193,104
Low-Carbon Transit Operations Program (LCTOP) Gran	46,745	-	46,745
Total operating grants	29,203,359	-	29,203,359
Interest income	13,851	-	13,851
Gain on sale of capital assets, net	32,482	-	32,482
Total nonoperating revenues	29,249,692	-	29,249,692
LOSS BEFORE CAPITAL CONTRIBUTIONS	(9,277,951)	(33,331)	(9,311,282)
CAPITAL CONTRIBUTIONS			
Capital grants:			
Federal Transit Administration	4,928,041	-	4,928,041
State Transit Assistance	7,453,735	-	7,453,735
Proposition 1B	1,569,689	-	1,569,689
Local Transportation Fund	578,921	-	578,921
Other	2,939,645	-	2,939,645
Total capital contributions	17,470,031	-	17,470,031
CHANGE IN NET POSITION	8,192,080	(33,331)	8,158,749
NET POSITION			
Beginning of year	74,018,113	366,855	74,384,968
End of year	$ 82,210,193	$ 333,524	$ 82,543,717

See report of independent auditors.

Back to Top

	STA	SSG	Total
Cash flows from operating activities			
Cash received from customers	$ 4,079,306	$ 164,017	$ 4,243,323
Cash payments to suppliers for goods and services	(10,035,149)	(76,067)	(10,111,216)
Cash payments to employees for services	(25,332,564)	(124,906)	(25,457,470)
Net cash used in operating activities	(31,288,407)	(36,956)	(31,325,363)
Cash flows from noncapital financing activities			
Cash received from operating grants	21,439,544	-	21,439,544
Net cash provided by noncapital financing activities	21,439,544	-	21,439,544
Cash flows from capital and related financing activities			
Cash received from capital grants	24,245,243	-	24,245,243
Acquisition and construction of capital assets	(17,469,948)	-	(17,469,948)
Proceeds from sale of capital assets	32,482	-	32,482
Net cash provided by capital and related financing activitie	6,807,777	-	6,807,777
Cash flows from investing activity			
Interest income received	13,851	-	13,851
Cash provided by investing activity	13,851	-	13,851
Change in cash and cash equivalents	(3,027,235)	(36,956)	(3,064,191)
Cash and cash equivalents, beginning of year	8,633,093	354,163	8,987,256
Cash and cash equivalents, end of year	$ 5,605,858	$ 317,207	$ 5,923,065
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (38,527,643)	$ (33,331)	$ (38,560,974)
Write off of bad debts	-	17,423	17,423
Depreciation	9,277,951	556	9,278,507
Changes in operating assets, liabilities and deferred outflows and inflows of resources:			
Accounts receivable	(2,591,521)	(20,830)	(2,612,351)
Inventory	(60,937)	-	(60,937)
Prepaid items	(213,355)	-	(213,355)
Deposits	(667,668)	-	(667,668)
Deferred outflows of resources related to pension	(3,599,795)	-	(3,599,795)
Accounts payable and accrued liabilities	1,386,279	(7,217)	1,379,062
Accrued payroll and related liabilities	59,628	1,064	60,692
Retention payable	391,523	-	391,523
Net pension asset/liability	(3,791,455)	-	(3,791,455)
Compensated absences	217,043	5,379	222,422
Claims payable	(189,692)	-	(189,692)
Deferred inflows of resources related to pension	7,021,235	-	7,021,235
Net cash used in operating activities	$ (31,288,407)	$ (36,956)	$ (31,325,363)

See report of independent auditors.

Back to Top

	As of December 31, 2019*		
	Bargaining	Non-Bargaining	Total
ASSETS			
Cash and cash equivalents	$ 282,518	$ 258,632	$ 541,150
Receivables:			
Contributions	51,341	51,324	102,665
Interest	430	399	829
Dividends	18,540	18,706	37,246
Investments, at fair value:			
Mutual funds	30,485,503	30,805,910	61,291,413
Total assets	30,838,332	31,134,971	61,973,303
NET POSITION			
Fiduciary net position restricted for pension benefits	$ 30,838,332	$ 31,134,971	$ 61,973,303

**Measurement date used in this report was as of December 31, 2019.*

Back to Top

	Year ended December 31, 2019*		
	Bargaining	Non-Bargaining	Total
ADDITIONS			
Contributions:			
Employer	$ 1,124,838	$ 1,201,648	$ 2,326,486
Participants	156,248	159,542	315,790
Iinvestment income:			
Interest	3,497	3,081	6,578
Dividend	702,829	711,847	1,414,676
Net appreciation (depreciation)			
in fair value of investments	4,399,096	4,461,002	8,860,098
Total additions	6,386,508	6,537,120	12,923,628
DEDUCTIONS			
Benefits paid to participants and beneficiaries	751,313	1,038,556	1,789,869
Administrative expenses	77,740	68,989	146,729
Total deductions	829,053	1,107,545	1,936,598
CHANGES IN NET POSITION	5,557,455	5,429,575	10,987,030
NET POSITION RESTRICTED FOR PENSION BENEFITS			
Beginning of year	25,280,877	25,705,396	50,986,273
End of year	$ 30,838,332	$ 31,134,971	$ 61,973,303

**Measurement date used in this report was for the year ended December 31, 2019.*

Back to Top

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

801 South Grand Ave., Suite 400
Los Angeles, CA 90017
Ph. (213) 873-1700
Fax (213) 873-1777
www.vasquezcpa.com

OFFICE LOCATIONS:
Los Angeles
Sacramento
San Diego
Manila

Report of Independent Auditors 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*

Board of Directors
SunLine Transit Agency

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 the SunLine Transit Agency (STA), which comprise the statement of net position as of June 30, 2020, the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November __, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered STA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of STA's internal control. Accordingly, we do not express an opinion on the effectiveness of STA'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 STA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, contained in the State of California Department of Transportation, Article 4 of the *Transportation Development Act*, the *Public Transportation Modernization, Improvement and Service Enhancement Account* (PTMISEA) described in California Government Code §8879.55, the *Transit System Safety, Security and Disaster Response Account* (TSSSDRA) described in California Government Code §8879.23, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of STA'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.

Glendale, California
November __, 2020

Back to Top

www.vasquezcpa.com

Back to Top

801 South Grand Avenue, Suite 400 • Los Angeles, California 90017-4646 • Ph. (213) 873-1700 • Fax (213) 873-1777

SunLine Services Group
SERVICES GROUP

SunLine Services Group
Audited Financial Statements
For the Year Ended June 30, 2020
with Report of Independent Auditors

An independently owned member
RSM US Alliance
RSM

V&C Vasquez & Company LLP
Certified Public Accountants and Business Consultants

Back to Top

SunLine Services Group
Audited Financial Statements
For the Year Ended June 30, 2020
with Report of Independent Auditors

DRAFT

Back to Top

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

655 N Central Avenue, Suite 1550
Glendale, CA 91203
Ph. (213) 873-1700
Fax (213) 873-1777
www.vasquezcpa.com

OFFICE LOCATIONS:
Los Angeles
Sacramento
San Diego
Manila

Report of Independent Auditors

Board of Directors
SunLine Services Group
Thousand Palms, California 92276

Report on the Financial Statements

We have audited the accompanying financial statements of the SunLine Services Group (SSG), a component unit of SunLine Transit Agency (STA), which comprise the statement of net position as of June 30, 2020 and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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.

Back to Top

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SunLine Services Group as of June 30, 2020, and the changes in its financial position, and its 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 6 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 November __, 2020 on our consideration of SSG'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 SSG'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 SSG's internal control over financial reporting and compliance.

Glendale, California
November __, 2020

The management of SunLine Services Group (SSG) offers readers of the SSG's financial statements narrative overview and analysis of the financial activities of SSG for the fiscal year (FY) ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the audited financial statements including the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- Total assets of SSG exceeded its liabilities at the close of the fiscal year by $333,524 in 2020 and $366,855 in 2019. At June 30, 2020, net position consisted of $1,414 net investment in capital assets and $332,110 of unrestricted net position. Accordingly, operating revenue and operating expenses decreased during the year.

- SSG's net position decreased in FY 2020 by $33,331. The decrease in net position in FY 2020 when compared to FY 2019 was due to the decrease in passenger surcharge fees in FY 2020 due to decline in demand for public transportation caused by the COVID-19 pandemic.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to SSG's financial statements. SSG's financial statements consist of two components:

- Financial statements; and
- Notes to financial statements.

Financial Statements

The financial statements are designed to provide readers with a broad overview of SSG's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of SSG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether SSG's financial position is improving or deteriorating. The presentation of net position also distinguishes between those invested in capital assets, those that are restricted by external parties or legal requirements, or those that are unrestricted and can be used for any purpose.

The *Statement of Revenues, Expenses and Changes in Net Position* provide information regarding the revenues generated and earned and the expenses incurred related to those revenues. The difference between the revenues and expenses represents the change in net position, or profitability as reflected by the amount of change in net position generated for the fiscal year.

The *Statement of Cash Flows* presents information on SSG's sources and uses of cash and the overall change in cash and cash equivalents over the fiscal year. These activities are categorized by the different activities in which SSG engages: operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Notes to Financial Statements

The notes provide information on significant accounting policies, cash and investments, accounts receivable, capital assets, compensated absences, and other areas for a full understanding of the data in the financial statements.

Back to Top

FINANCIAL STATEMENT ANALYSIS

Net Position

As stated earlier, increases or decreases in net position over time may serve as a useful indicator of SSG's financial position. At June 30, 2020, SSG's assets exceeded liabilities by $333,524, a $33,331 decrease from June 30, 2019. A condensed summary of the Statements of Net Position as of June 30, 2020 and 2019 is shown below:

	2020	2019	Changes
Current assets	**$ 353,373**	$ 386,922	$ (33,549)
Capital assets	**1,414**	1,970	(556)
Total assets	**354,787**	388,892	(34,105)
Current liabilities	**21,263**	22,037	(774)
Total liabilities	**21,263**	22,037	(774)
Net position:			
Net investment in capital assets	**1,414**	1,970	(556)
Unrestricted	**332,110**	364,885	(32,775)
Total net position	**$ 333,524**	$ 366,855	$ (33,331)

SSG's investment in capital assets represents acquisition of service vehicles, facilities/structures, and peripheral equipment for operations, and administrative support. SSG uses these capital assets to provide services to regulate, license, and franchise taxicabs and alternative transportation in the Coachella Valley. Because of this, these assets are not available for future spending. The decrease of $556 in net investment in capital assets at June 30, 2020, resulted primarily from the depreciation of capital assets.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position decreased by $32,775 due to lower revenues generated from passenger surcharge fees caused by the COVID-19 pandemic. The pandemic has reduced passenger traffic and drove lower demand for public travel.

Changes in Net Position

For the fiscal years ended June 30, 2020 and 2019, SSG's revenues were $184,847 and $192,602, respectively, while the total expenses, excluding depreciation, were $217,622 and $282,392, respectively. The table below presents financial data related to the decrease in net position of $33,331 and $93,526 during the fiscal years ended June 30, 2020 and 2019, respectively. The change in net position in 2020 was primarily due to lower revenues from passenger surcharge fees because of the COVID-19 pandemic. The sudden drop in public transportation and the containment measures implemented in response such as government recommendations to avoid travel led to a reduction in revenues.

Back to Top

	Years ended June 30		
	2020	2019	Changes
OPERATING REVENUES			
Operating vehicle permit fees	**$ 57,538**	$ 74,090	$ (16,552)
Taxi business permit fees	**120,762**	63,202	57,560
Passenger surcharge fees	**-**	46,511	(46,511)
Driving permits and inspection fees	**5,120**	8,789	(3,669)
Other	**1,427**	10	1,417
Total operating revenues	**184,847**	192,602	(7,755)
CONTROLLABLE OPERATING EXPENSES			
Administrative	**131,349**	158,638	(27,289)
Services	**49,575**	94,833	(45,258)
Bad debts	**17,423**	663	16,760
Casualty and liability	**7,973**	17,774	(9,801)
Utilities	**4,240**	4,240	-
Materials and supplies	**2,604**	3,083	(479)
Taxes	**4**	25	(21)
Miscellaneous	**4,454**	3,136	1,318
Total controllable operating expenses	**217,622**	282,392	(64,770)
Depreciation	**556**	3,736	(3,180)
Total expenses	**218,178**	286,128	(67,950)
CHANGE IN NET POSITION	**(33,331)**	(93,526)	60,195
NET POSITION			
Beginning of year	**366,855**	460,381	(93,526)
End of year	**$ 333,524**	$ 366,855	$ (33,331)

Revenues

Operating revenues decreased by $7,755 from FY 2019 due to the decrease in passenger surcharge fees as a result of the COVID-19 pandemic.

Expenses

Adopted SSG policies, procedures, and business processes are used as management tools to control expenses and attain goals and objectives. These controllable operating expenses consist of cost elements that exclude depreciation. For purposes of this analysis, operating expenses before depreciation will be discussed. These expenses totaled $217,622 and $282,392 during the fiscal years ended June 30, 2020 and 2019, respectively. Operating expenses before depreciation decreased by $64,770 from FY 2019. The decrease is primarily due to decreases in services, administrative, and casualty and liability insurance expenses as a result of the COVID-19 pandemic travel restriction and corresponding expense reduction measures.

Capital assets

SSG's investment in capital assets amounted to $1,414 and $1,970 (net of accumulated depreciation), as of June 30, 2020 and 2019, respectively. This investment in capital assets includes service vehicles, facilities/structures, and peripheral equipment for operations, and administrative support. These capital assets were acquired using internally generated funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The following significant factors were considered as budget assumptions when preparing SSG's budget for FY 2021:

- Uber has continued to increase its market share and the effect has had a negative impact on taxi revenues.
- Increase in revenue from the annual vehicle permits due to the increase in the vehicle permit fees.
- Increase in operating expenses largely from the increase in salaries and related employee benefits.
- SSG will use contingency funds to cover the deficit in FY 2019/20.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of SSG's finances for all those with an interest in SSG's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, SunLine Services Group, 32-505 Harry Oliver Trail, Thousand Palms, CA 92276.

Back to Top

ASSETS		
Current assets		
Cash and cash equivalents	$	**317,207**
Accounts receivable		**36,166**
Total current assets		**353,373**
Noncurrent assets		
Capital assets, net of accumulated depreciation		**1,414**
Total assets		**354,787**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		**5,852**
Accrued payroll and related liabilities		**6,280**
Compensated absences		**9,131**
Total current liabilities		**21,263**
NET POSITION		
Net investment in capital assets		**1,414**
Unrestricted		**332,110**
Total net position	$	**333,524**

See notes to financial statements.

Back to Top

OPERATING REVENUES		
Operating vehicle permit fees	$	**57,538**
Taxi business permit fees		**120,762**
Driving permits and inspection fees		**5,120**
Other		**1,427**
Total operating revenues		**184,847**
CONTROLLABLE OPERATING EXPENSES		
Administrative		**131,349**
Services		**49,575**
Bad debts		**17,423**
Casualty and liability		**7,973**
Utilities		**4,240**
Materials and supplies		**2,604**
Taxes		**4**
Miscellaneous		**4,454**
Total controllable operating expenses		**217,622**
Depreciation		**556**
Total expenses		**218,178**
CHANGE IN NET POSITION		**(33,331)**
NET POSITION		
Beginning of year		**366,855**
End of year	$	**333,524**

See notes to financial statements.

Cash flows from operating activities:		
Cash received from customers	$	164,017
Cash payments to suppliers for goods and services		(76,067)
Cash payments to employees for services		(124,906)
Net cash used in operating activities		(36,956)
Change in cash and cash equivalents		(36,956)
Cash and cash equivalents, beginning of year		354,163
Cash and cash equivalents, end of year	$	317,207
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	$	(33,331)
Write off of bad debts		17,423
Depreciation		556
Change in operating assets and liabilities:		
Accounts receivable		(20,830)
Accounts payable and accrued liabilities		(7,217)
Accrued payroll and related liabilities		1,064
Compensated absences		5,379
Net cash used in operating activities	$	(36,956)

See notes to financial statements.

NOTE 1 REPORTING ENTITY

SunLine Services Group (SSG) was formed in 1993 in order to enhance public/private partnerships in the Coachella Valley. SSG operations include regulating, licensing, and franchising of the taxicabs and alternative transportation in the Coachella Valley. Effective July 1, 1996, SSG adopted ordinances to give it the authority to regulate taxicabs.

SSG is accounted for as a blended component unit of SunLine Transit Agency (STA). STA was formed by the County of Riverside, California, and the cities in the Coachella Valley to provide transportation services in the Coachella Valley. The accompanying financial statements present only the SSG and are not intended to present fairly the financial position, change in financial position, or cash flows of STA as a whole, in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of SSG.

Basis of Accounting and Measurement Focus

The financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues are those revenues that are generated from the primary operations of SSG. The principal operating revenues of SSG are operating vehicle permit fees, passenger surcharge fees, and driving permits and inspection fees. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred inflows and outflows of resources
In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

Investments
Investments are stated at fair value, which is based on quoted market price. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Accounts Receivable
Accounts receivable are shown net of allowances for doubtful accounts, if any. Federal and State grants are reported as revenue when all eligibility requirements have been met. Amount earned but outstanding at year-end are reported as accounts receivable.

Capital Assets
Capital assets which consist of service vehicles, facilities/structures, and peripheral equipment for operations and administrative support are stated at cost or, for donated assets, at fair value at the date of donation. SSG capitalizes all assets with acquisition cost of at least $1,000 and useful life of at least one year. The cost of normal maintenance and repairs that do not add to the value of the assets and do not materially extend asset lives are charged to operations as incurred. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets ranging from three to seven years.

Compensated Absences
It is SSG's policy to permit employees to accumulate earned but unused vacation leave up to 500 hours and unlimited hours for unused sick leave. Management, non-exempt, and union employees begin to accrue vested vacation and sick hours upon being hired, except for part-time employees who begin to accrue such hours after the first year. Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned.

NOTE 2 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position
Net Position is classified as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted - This component of net position is the amounts of the assets, deferred outflows of resources, reduced by liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

Use of Restricted/Unrestricted Resources
When both restricted and unrestricted resources are available for use, it is SSG's policy to use restricted resources first, then unrestricted resources as they are needed.

Regulatory Administration Fees
Regulatory administration fees consist of permit fees, inspection fees, and passenger surcharge fees. Inspection fees and passenger surcharge fees are recognized as revenue when such services are rendered. Permit fees are recognized when permits are issued.

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

NOTE 3 CASH AND CASH EQUIVALENTS

The carrying amounts of SSG's cash deposits was $317,207 at June 30, 2020. Bank balance at June 30, 2020 was $317,131, which were fully insured and/or collateralized with securities held by the pledging financial institution in SSG's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure SSG’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in SSG’s name.

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

The market value of pledged securities must equal at least 110% of SSG's cash deposits. California law also allows institutions to secure SSG's deposits by pledging first trust deed mortgage notes having a value of 150% of SSG's total cash deposits. SSG may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). SSG, however, has not waived the collateralization requirements.

NOTE 4 CAPITAL ASSETS

Summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Depreciable assets:				
Vehicles	$ 344,750	$ -	$ (54,144)	$ 290,606
Equipment	50,087	-	-	50,087
Total depreciable assets	394,837	-	(54,144)	340,693
Accumulated depreciation	(392,867)	(556)	54,144	(339,279)
Net capital assets	$ 1,970	$ (556)	$ -	$ 1,414

Depreciation expense was $556 for the year ended June 30, 2020.

NOTE 5 RELATED PARTY TRANSACTIONS

STA's staff and resources are used in the performance of its responsibilities relating to the activities of SSG. Accordingly, STA allocates salaries and benefits to SSG on the basis of actual hours spent by activity. Other indirect overhead is allocated based on management's estimates. The fees to reimburse STA are billed to SSG monthly. For the year ended June 30, 2020, STA charged SSG $131,349, for administrative services.

NOTE 6 COMPENSATED ABSENCES

Compensated absences at June 30, 2020, amounted to $9,131. There is no fixed payment schedule for compensated absences.

NOTE 7 RISK MANAGEMENT

SSG is insured through STA for its general liability and worker's compensation insurance. Claims liabilities and the related claims expenses are not included in the accompanying financial statements because claims are not identifiable between STA and SSG. Claim liabilities at June 30, 2020 are displayed in the financial statements of STA in the amount of $2,798,804. Refer to the audited financial statements of STA for additional information.

NOTE 8 COMMITMENT AND CONTINGENCIES

SSG may become involved in various legal actions, administrative proceedings, or claims in the ordinary course of operations. Although it is not possible to predict with certainty the outcome of these actions or the range of possible loss or recovery, it is the opinion of SSG's legal counsel and SSG's management that the resolution of these matters will not have a material adverse effect on the financial condition of SSG.

NOTE 9 SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to the SSG.

SSG has evaluated events subsequent to June 30, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November __, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

655 N Central Avenue, Suite 1550
Glendale, CA 91203
Ph. (213) 873-1700
Fax (213) 873-1777
www.vasquezcpa.com

OFFICE LOCATIONS:
Los Angeles
Sacramento
San Diego
Manila

Report of Independent Auditors 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*

Board of Directors
SunLine Services Group
Thousand Palms, California 92276

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 the SunLine Services Group (SSG), a component unit of SunLine Transit Agency (STA), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November __, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SSG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SSG's internal control. Accordingly, we do not express an opinion on the effectiveness of SSG'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 SSG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 SSG'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.

Glendale, California
November __, 2020

Back to Top

SunLine Transit Agency

DATE:	**December 2, 2020**	**ACTION**
TO:	**Finance/Audit Committee** **Board of Directors**	
FROM:	**Luis Garcia, Chief Financial Officer**	
RE:	**Ratification of Coronavirus Aid, Relief, and Economic Security (CARES) Act Claim**	

Recommendation

Recommend that the Board of Directors ratify the claim of CARES Act funding in the amount of $1,975,487 for operating assistance.

Background

On April 22, 2020, the Board approved Resolution No. 0778 regarding federal emergency funding. The resolution granted the Agency the ability to spend federal emergency funding made available from the Federal Emergency Management Agency (FEMA) and the CARES Act. The resolution requires that the Board ratify the expenditures of CARES Act or FEMA funds at the next regular SunLine Board meeting following the submission of a claim against those funds. On October 21, 2020, the Agency made a claim of CARES Act funding in the amount of $1,975,487 to cover eligible operating costs. The reimbursement of CARES Act operating funds aligns with the financial plan presented to the Board of Directors. The Agency will leverage the CARES Act funding in order to minimize the usage of Local Transportation Funds (LTF) and build reserves in state funding for FY22 and beyond.

Total Claims on CARES Act or FEMA Funding

Date	Amount	Funding Type
8/3/2020	$ 2,024,513.00	CARES Act
10/21/2020	$ 1,975,487.00	CARES Act
Total	**$ 4,000,000.00**	

Financial Impact

The $1,975,487 in operating assistance allows the Agency to leverage emergency assistance and build its operating reserves in LTF.

Back to Top

SunLine Transit Agency

DATE:	**December 2, 2020**	**ACTION**
TO:	**Finance/Audit Committee** **Board of Directors**	
FROM:	**Luis Garcia, Chief Financial Officer**	
RE:	**Approval for Appropriation and Resolution No. 0784 to Obtain Federal Financial Assistance**	

Recommendation

Recommend that the Board of Directors approve:

1. The appropriation of Federal Emergency Management Agency (FEMA) funds for the following projects:

    a. Cubicle extensions – $56,730.38
    b. Personal protective equipment (PPE) and cleaning supplies – $92,117.09
    c. Vehicle barriers – $421,325.67

2. The attached Resolution No. 0784 providing authorization to the CEO/General Manager and/or designees to execute the required documents to obtain federal financial assistance through the California Governor's Office of Emergency Services (CalOES) and FEMA.

Background

In May, SunLine applied for emergency financial assistance in the amount of $570,173.14 for COVID-19 related costs including bus shields, office cubicle extensions, PPE and emergency cleaning supplies. Subsequently, staff was made aware of our grant award in September. Since September, the Finance Department has been working with CalOES in order to obligate the funding and allow SunLine to be reimbursed for allowable costs. CalOES is currently working with FEMA for the obligation, however, a resolution from the Board of Directors is also necessary once FEMA obligates funding to CalOES.

Financial Impact

This grant will provide the Agency with federal funding assistance in the amount of $570,173.14.

SUNLINE TRANSIT AGENCY

RESOLUTION NO. 0784

DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES

WHEREAS, SunLine Transit Agency is a Joint Powers Authority located at 32-505 Harry Oliver Trail, Thousand Palms, CA, 92276 and its Board of Directors is comprised of one elected official from each member agency, which includes Desert Hot Springs, Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella and the County of Riverside; and

WHEREAS, on March 4, 2020, Governor Newsom of the State of California declared a State of Emergency in response to the COVID-19 (Corona Virus Disease 19); and,

WHEREAS, on March 13, 2020, the President of the United States declared a National Emergency due to the continued spread and the effects of COVID-19; and,

WHEREAS, SunLine applied for emergency financial assistance in the amount of $570,173.14 for COVID-19 related costs for bus shields, office cubicle extensions, personal protective equipment (PPE) and emergency cleaning supplies.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of SunLine Transit Agency that the CEO/General Manager, Chief Financial Officer or Deputy Chief Financial Officer is hereby authorized to execute for and on behalf of SunLine Transit Agency, a public entity established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Assistance Act.

NOW THEREFORE, BE IT FURTHER RESOLVED THAT SunLine Transit Agency, a public entity established under the laws of the State of California, hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

This is a disaster specific resolution and is effective for only disaster number DR-4482.

ADOPTED this 2nd day of December, 2020

Back to Top

ATTEST:

Brittney B. Sowell
Clerk of the Board
SunLine Transit Agency

Robert Radi
Chairperson of the Board
SunLine Transit Agency

APPROVED AS TO FORM:

General Counsel
Eric Vail

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, BRITTNEY B. SOWELL, Clerk of the Board of Directors of the SunLine Transit Agency, do hereby certify that Resolution No. _________ was adopted at a regular meeting of the Board of Directors held on the _______ day of ________________, 20__, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _______________, 20__.

____
Brittney B. Sowell
Clerk of the Board
SunLine Transit Agency

Back to Top

SunLine Transit Agency

DATE: **December 2, 2020** **ACTION**

TO: **Finance/Audit Committee**
Board of Directors

FROM: **Rudy Le Flore, Chief Project Consultant**

RE: **Zero Emission Technical Support Agreement**

Recommendation

Recommend that the Board of Directors authorize the CEO/General Manager to negotiate and execute a technical support agreement with Zen and the Art of Clean Energy Solutions Inc. (Zen) in an amount not to exceed $200,000 for a term of approximately two (2) years subject to review and approval by SunLine's General Counsel.

Background

On June 24, 2020 the Board of Directors approved SunLine's rollout plan required by the Innovative Clean Transit Regulation (ICT) from the California Air Resources Board. This regulation requires that SunLine transfers its bus fleet and fueling equipment to meet zero emissions requirements by 2040. SunLine has committed to meet this goal by 2035.

In order to improve the quality and effectiveness of its zero emissions equipment investments, SunLine is in need of technical support in this area. Technical support is needed in the areas of grant writing, technical project oversight, performance modeling, and technical evaluations. Zen's principal, Jeff Grant, has worked with SunLine in its hydrogen fueling program over the past 11 years. Jeff Grant has been involved with SunLine's purchase of fuel cell vehicles and the implementation of the hydrogen electrolyzer. Sabina Russell, another principal with Zen, is an engineer with experience in hydrogen and hydrogen fuel systems. Zen's understanding of SunLine's products and processes make them uniquely qualified to provide technical support to the Agency.

Financial Impact

The $200,000 for this contract will be funded from a combination of Board approved capital and operating funds.

Back to Top

SunLine Transit Agency

DATE: **December 2, 2020** **ACTION**

TO: **Finance/Audit Committee**
Board of Directors

FROM: **Rudy Le Flore, Chief Project Consultant**

RE: **SoCalGas Hydrogen Demonstration Project**

Recommendation

Recommend that the Board of Directors authorize the CEO/General Manager to negotiate and execute an agreement for a Hydrogen Fueling Demonstration Project, with Southern California Gas Company (SoCalGas) a Public Utilities Commission regulated division of Sempra Energy, subject to review and approval by SunLine's General Counsel.

Background

SoCalGas has approached SunLine with a proposed hydrogen fueling project. This project provides for a steam methane reformer hydrogen generation system. It will demonstrate distributed hydrogen production using STARS-165. The STARS-165 system is planned to demonstrate a solar to hydrogen option for fueling. Combined, these systems are projected to produce an additional 900 kg or hydrogen per day for SunLine's use. The target for this project is to provide hydrogen at an extremely attractive $3.00 per kilogram. This would set a new industry standard for efficiency.

This is a three-year demonstration project. SunLine will have the option to purchase this equipment at the end of this term. It is estimated that SunLine's contributory costs for this demonstration project is $600,000. SoCalGas will commit an estimated amount not to exceed $1,000,000 for implementation of this project. SunLine is still in preliminary contract negotiations and staff commits to bringing forward an updated project cost at a future meeting.

Financial Impact

The estimated $600,000 for this project will be funded from Board approved capital and operating funds.

Back to Top

SunLine Transit Agency

DATE: **December 2, 2020** **INFORMATION**

TO: **Finance/Audit Committee**

FROM: **Luis Garcia, Chief Financial Officer**

RE: **Revisions to Investment Policy Statements – Policy No. B-090298(a) and B-090298(b)**

Background

SunLine Transit Agency oversees two (2) independent pension plans for its non-bargaining and bargaining employees. Policy No. B-090298(a) and B-090298(b) provide guidance on investments for the non-bargaining and bargaining plans, respectively. The two (2) policies have identical requirements, but require two separate policies to ensure the pension plans remain independent of one another.

The current investment policies have not been revised since Board approval on January 25, 2006. Given the timeframe for the last revisions, it is prudent that the Agency review and update the policies. The economy and pension assets have changed in the past sixteen years and need to be taken into consideration when guiding the Agency's investments. Additionally, the current policies provide few details and language that give broad guidance.

The Agency awarded a contract with PFM Asset Management, LLC in May 2017 to replace US Bank as the investment manager for the pension assets. Shortly thereafter, staff worked with its new investment manager to revise the investment policies. The revisions were taken to the Board Operations Committee for approval in May and June of 2017. However, the policies were not approved and staff was given direction to seek additional validation of the new policies.

As a result of the guidance from the Board Operations Committee, the Agency entered into an agreement with a law firm with specific experience in public pension plans. The Agency has continued to operate with the current policies but has reinitiated the topic of revising the investment policies. The goal is to provide a comprehensive revision to the current polices while taking into consideration the Finance/Audit Committee's comments regarding the reduction of risk to plan assets. Additionally, staff has taken into consideration the Board Operations Committee's comments to include more subject matter experts in the revision of the policies.

Accordingly, staff has been discussing revisions to the investment policy statements with the Agency's actuaries, investment manager, pension attorney and the bargaining

Back to Top

and non-bargaining pension committees. Staff intends to meet again with these groups in December and January to review and finalize the revisions before bringing forward a recommendation to approve the new policies at the Board of Directors meeting on February 24, 2021.