



SunLine Transit Agency
December 7, 2022
9:55 a.m. – 10:35 a.m.

AGENDA

FINANCE/AUDIT COMMITTEE Regular Meeting

VIA VIDEOCONFERENCE

Pursuant to California Government Code section 54953(e), the Board of Directors regular 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/82797759481>

Meeting ID: 827 9775 9481

Teleconference Dial In
888-475-4499 (Toll Free)
Meeting ID: 827 9775 9481

One tap mobile
+16699009128,,82797759481#

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: public comment requests may be submitted via email to the Clerk of the Board at clerkoftheboard@sunline.org prior to December 6, 2022 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. Those who have submitted a request to speak by the deadline above will be recognized first, then anyone else who wishes to speak will be provided an opportunity to make public comment. If you send written comments, your comments will be made part of the official record of the proceedings and read into the record if they are received by the deadline above.

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 2022](#)

(PAGE 4-8)

[8b\) Credit Card Statement for September 2022](#)

(PAGE 9-20)

[8c\) Monthly Budget Variance Report for September 2022](#)

(PAGE 21-25)

[8d\) Contracts Signed in Excess of \\$25,000 for
October 2022](#)

(PAGE 26-27)

ITEM

RECOMMENDATION

- | | |
|--|--|
| 8e) Union & Non-Union Pension Investment Asset
Summary September 2022 | (PAGE 28-39) |
| 8f) Ridership Report for October 2022 | (PAGE 40-43) |
| 8g) SunDial Operational Notes for October 2022 | (PAGE 44-46) |
| 8h) Metrics for October 2022 | (PAGE 47-68) |
| 8i) Quarterly Performance Summary for Q3 of
Calendar Year 2022 | (PAGE 69-75) |
| 8j) Board Member Attendance for October 2022 | (PAGE 76-77) |
| 9. FISCAL YEAR 2022 AUDIT REPORTS
(Staff: Luis Garcia, Controller/Assistant Chief Financial
Officer) | RECEIVE & FILE
(PAGE 78-203) |
| 10. RATIFICATION OF LEGAL SERVICES AGREEMENT
(Staff: Luis Garcia, Controller/Assistant Chief Financial
Officer) | APPROVE
(PAGE 204) |
| 11. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)
EXEMPTION SOLAR MICROGRID
(Staff: Eric Vail, General Counsel) | APPROVE
(PAGE 205-209) |
| 12. ADJOURN | |

SunLine Transit Agency**CONSENT CALENDAR**

DATE: December 7, 2022

RECEIVE & FILETO: Finance/Audit Committee
Board of Directors

RE: Checks \$1,000 and Over Report September 2022

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.

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

Vendor	Check #	Amount
<i>Red Canary, Inc</i>	690742	\$98,962.50
<i>CDW Government, Inc.</i>	690693	\$61,092.50

Recommendation:

Receive and file.

**SunLine Transit Agency
Checks \$1,000 and Over
September 2022**

Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
CALPERS	Group Health Premiums	690688	09/22/2022	335,029.25
ANEW RNG, LLC	Utilities	690683	09/22/2022	172,828.07
U.S. BANK INSTITUTIONAL TRUST-WESTERN	Pension Deposit	690760	09/22/2022	117,330.50
U.S. BANK INSTITUTIONAL TRUST-WESTERN	Pension Deposit	690599	09/07/2022	116,059.24
RED CANARY, INC.	WIP-3 Year Cyber Security Protection Project Acct #1903	690742	09/22/2022	98,962.50
IMPERIAL IRRIGATION DIST	Utilities	690718	09/22/2022	93,653.54
SO CAL GAS CO.	Utilities	690753	09/22/2022	70,670.72
CDW GOVERNMENT, INC	WIP-3 Year Cyber Security Protection Project Acct #1903	690693	09/22/2022	61,092.50
RUSH TRUCK CENTERS OF CALIFORNIA, INC.	Outside Repair-Fixed Route	690816	09/30/2022	35,633.32
MUTUAL OF OMAHA INSURANCE COMPANY	Supplement Benefits LTD/STD/LIFE Ins Prem Oct	690805	09/30/2022	31,282.85
MUTUAL OF OMAHA INSURANCE COMPANY	Supplement Benefits LTD/STD/LIFE Ins Prem Sept	690640	09/14/2022	28,578.23
MICHELIN NORTH AMERICA, INC.	Lease Tires Services	690638	09/14/2022	26,380.22
WSP USA INC.	TDM & Vanpool Program	690767	09/22/2022	23,657.27
BURKE, WILLIAMS & SORENSEN, LLP	Legal Service	690687	09/22/2022	21,689.22
ROBERT HALF	Temporary Help	690591	09/07/2022	21,130.00
ROBERT HALF	Temporary Help	690814	09/30/2022	20,019.73
CPAC INC.COM	WIP- HP EliteDesk Project Acct #1903	690620	09/14/2022	18,961.68
IMPERIAL IRRIGATION DIST	Utilities	690633	09/14/2022	18,923.18
UNITED SECURITY SERVICES	Security Guard Services	690611	09/14/2022	18,864.74
VECTOR SOLUTIONS	Computer/Network Software Agreement	690743	09/22/2022	15,800.00
THE LEFLORE GROUP LLC	Projects Consultant	690653	09/14/2022	15,261.75
OLD GREEN HOUSE LLC	Planning Consultant	690652	09/14/2022	14,964.00
GENFARE, LLC	Printing Expense	690659	09/14/2022	13,670.78
ROBERT HALF	Temporary Help	690651	09/14/2022	12,898.10
HEPTAGON SEVEN CONSULTING, INC.	WIP- Coachella Transit Hub A&E Services Project Acct #2212	690791	09/30/2022	12,641.36
THE LEFLORE GROUP LLC	Projects Consultant	690749	09/22/2022	12,393.00
NFI PARTS	Inventory Repair Parts	690675	09/22/2022	12,208.78
UNUM	Group Dental & Vision Premiums	690660	09/14/2022	11,766.13
VERIZON WIRELESS	Wireless Telephone Service	690669	09/14/2022	11,653.37
ROBERT HALF	Temporary Help	690746	09/22/2022	10,747.50
KL2 CONNECTS LLC	Contract Services - General	690725	09/22/2022	10,625.00
NFI PARTS	Inventory Repair Parts	690564	09/07/2022	10,391.60
COMPLETE COACH WORKS	Outside Repair-Fixed Route	690784	09/30/2022	9,983.75
YELLOW CAB OF THE DESERT	SunRide Ride Share Expenses	690674	09/14/2022	9,918.53
MANERI SIGN CO INC	SunRide Ride Share Expenses	690581	09/07/2022	9,725.07
GLORIA G. SALAZAR	Consulting	690715	09/22/2022	9,450.00
DYNAMIC BUILDING MAINTENANCE INC	Janitorial Services	690572	09/07/2022	9,240.00
COACHELLA VALLEY TAXI	SunRide Ride Share Expenses	690802	09/30/2022	8,396.92
ROMAINE ELECTRIC CORP.	Inventory Repair Parts	690815	09/30/2022	8,183.61

**SunLine Transit Agency
Checks \$1,000 and Over
September 2022**

Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
RUSH TRUCK CENTERS OF CALIFORNIA, INC.	Inventory Repair Parts	690750	09/22/2022	8,029.36
TRANSIT PRODUCTS & SERVICES	Inventory Repair Parts	690826	09/30/2022	7,808.00
ANDREA CARTER & ASSOCIATES	Marketing & Communication Services	690682	09/22/2022	7,760.00
ZEN AND THE ART OF CLEAN ENERGY SOLUTIONS	Consulting-General	690770	09/22/2022	7,575.00
US BANK VOYAGER FLEET SYSTEMS	Unleaded/Diesel Fuel	690666	09/14/2022	6,740.44
COACHELLA VALLEY TAXI	SunRide Ride Share Expenses	690637	09/14/2022	6,688.20
AVAIL TECHNOLOGIES	Inventory Repair Parts	690778	09/30/2022	6,673.10
COMPLETE COACH WORKS	WIP- Door Barrier for 1 of 5 New Flyer Bus Project Acct #2217	690570	09/07/2022	6,290.27
CDW GOVERNMENT, INC	WIP- ViewSonic 24" monitors Project Acct #1903	690561	09/01/2022	5,829.65
AMALGAMATED TRANSIT UNION	Union Dues	690565	09/07/2022	5,777.52
AMALGAMATED TRANSIT UNION	Union Dues	690680	09/22/2022	5,681.76
NFI PARTS	Inventory Repair Parts	690607	09/14/2022	5,502.85
ALLIED REFRIGERATION, INC	Freon & Coolant	690776	09/30/2022	5,107.81
COACHELLA VALLEY TAXI	SunRide Ride Share Expenses	690727	09/22/2022	5,079.15
SAN BERNARDINO & RIVERSIDE COUNTIES FIRE	Inventory Repair Parts	690710	09/22/2022	5,048.08
YELLOW CAB OF THE DESERT	SunRide Ride Share Expenses	690768	09/22/2022	4,964.25
YELLOW CAB OF THE DESERT	SunRide Ride Share Expenses	690833	09/30/2022	4,946.09
JOSEPH LYNN FRIEND	Contracted Services	690635	09/14/2022	4,678.75
NFI PARTS	Inventory Repair Parts	690773	09/30/2022	4,397.99
ISABELLA A. AMADEO	Consulting-General	690720	09/22/2022	4,372.50
RECARO NORTH AMERICA, INC.	Inventory Repair Parts	690589	09/07/2022	4,274.12
TPX COMMUNICATIONS	Communication Service	690759	09/22/2022	4,226.59
WESTGATE CENTER FOR LEADERSHIP	Travel Meetings/Seminars	690603	09/07/2022	4,035.00
VORWALLER & BROOKS, INC.	WIP- Facility Maintenance Door Upgrade Project Acct #2008	690763	09/22/2022	4,026.00
ELDORADO NATIONAL (CALIFORNIA), INC.	Inventory Repair Parts	690707	09/22/2022	3,956.79
SC FUELS	Lubricants- Oil	690655	09/14/2022	3,876.85
HD INDUSTRIES	Inventory Repair Parts	690790	09/30/2022	3,619.66
CHARTER COMMUNICATIONS	Utilities	690657	09/14/2022	3,564.46
JESSE FRESCAS JR.	WIP-COE Project Acct# 1808/Coachella Hub Project Acct #2212	690721	09/22/2022	3,440.00
JESSE FRESCAS JR.	WIP-COE Project Acct# 1808/Coachella Hub Project Acct #2212	690563	09/01/2022	3,280.00
RIDECO US INC	SunRide Ride Share Expenses	690650	09/14/2022	3,157.86
IMPERIAL IRRIGATION DIST	Utilities	690792	09/30/2022	2,922.61
BALLARD POWER SYSTEMS	Repair Parts - Fuel Cell	690685	09/22/2022	2,893.09
WELTYS ENTERPRISES, INC.	Printing Expense	690765	09/22/2022	2,869.05
CPAC INC.COM	Computer/Network Software Agreement	690699	09/22/2022	2,854.80
PRUDENTIAL OVERALL SUPPLY	Uniforms	690741	09/22/2022	2,817.90
KELLY SPICERS STORES	Office Supplies-General	690724	09/22/2022	2,799.35
FORENSIC DRUG TESTING SERVICES	Alcohol & Drug Testing	690628	09/14/2022	2,783.40
VALLEY OFFICE EQUIPMENT, INC.	Copier Service	690667	09/14/2022	2,767.78

**SunLine Transit Agency
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September 2022**

Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
FRANKLIN TRUCK PARTS, INC	Inventory Repair Parts	690577	09/07/2022	2,675.12
LIVECHAT, INC.	Contracted Services	690728	09/22/2022	2,500.00
CALIFORNIA STATE DISBURSEMENT UNIT	Garnishment	690568	09/07/2022	2,478.79
CALIFORNIA STATE DISBURSEMENT UNIT	Garnishment	690689	09/22/2022	2,478.79
SPECTRAPURE, INC.	Inventory Repair Parts	690782	09/30/2022	2,341.65
WEST COAST ENERGY SYSTEMS LLC	WIP-Generator Monitoring Project Acct #1305	690713	09/22/2022	2,250.00
PRUDENTIAL OVERALL SUPPLY	Uniforms	690647	09/14/2022	2,234.46
FORENSIC DRUG TESTING SERVICES	Alcohol & Drug Testing	690574	09/07/2022	2,136.25
KELLY SPICERS STORES	Office Supplies-General	690580	09/07/2022	2,089.81
SONSRAY FLEET SERVICES	Inventory Repair Parts	690825	09/30/2022	2,087.68
ROBERTSON AIR SYSTEMS	Facility Maintenance	690796	09/30/2022	2,080.00
ALPHA MEDIA LLC	Advertising	690610	09/14/2022	2,000.00
SOPHIE GIVIYAN-KERMANI	Recruiting Employees	690824	09/30/2022	1,887.50
PLAZA TOWING, INC.	Towing Service	690812	09/30/2022	1,868.75
TOTAL CARE WORK INJURY CLINIC	Alcohol & Drug Testing	690766	09/22/2022	1,845.00
PALM SPRINGS MOTORS, INC.	Inventory Repair Parts	690585	09/07/2022	1,807.45
AIR & LUBE SYSTEMS INC	Contract Service-General	690679	09/22/2022	1,801.53
HOME DEPOT CREDIT SERVICES	Facility Maintenance	690717	09/22/2022	1,784.46
GRAINGER	Small Tools & Equipment	690789	09/30/2022	1,771.27
GRAINGER	Inventory Repair Parts	690631	09/14/2022	1,751.15
BURRTEC WASTE & RECYCLING SERVICES	Trash Service	690615	09/14/2022	1,676.71
CMD CORPORATION	Inventory Repair Parts SunFuels	690695	09/22/2022	1,622.99
YELLOW CAB OF THE DESERT	Taxi Voucher Program	690604	09/07/2022	1,591.44
CREATIVE BUS SALES, INC,	Inventory Repair Parts	690700	09/22/2022	1,580.29
DEAN HOLM	Consulting-General	690701	09/22/2022	1,573.00
FRONTIER COMMUNICATIONS	Utilities- OPS Bldg	690629	09/14/2022	1,525.00
ZEN AND THE ART OF CLEAN ENERGY SOLUTIONS	WIP- Liquid H2 Station Project Acct#2211	690772	09/22/2022	1,524.23
MILE3 WEB DEVELOPMENT	Website Maintenance	690732	09/22/2022	1,470.00
BURRTEC WASTE & RECYCLING SERVICES	Trash Service	690614	09/14/2022	1,458.22
ODP BUSINESS SOLUTIONS LLC	Office Supplies	690808	09/30/2022	1,430.09
SERVEXO	Security Services	690822	09/30/2022	1,423.50
ALEJANDRO URESTE	Reimbursement Expense	690609	09/14/2022	1,380.60
OMNITRACS, LLC	General Services	690584	09/07/2022	1,380.00
SPORTWORKS NORTHWEST, INC.	Inventory Repair Parts	690658	09/14/2022	1,243.90
PLAZA TOWING, INC.	Towing Service	690587	09/07/2022	1,225.00
LEADERSHIP COACHELLA VALLEY	Travel Meetings/Seminars	690736	09/22/2022	1,200.00
KORE CONTROLS, LLC	Electrical Expenses	690801	09/30/2022	1,200.00
FPS SPECIALISTS IN FIRE SYSTEMS	Security Services	690795	09/30/2022	1,092.62
C V WATER DISTRICT	Utilities	690783	09/30/2022	1,082.50

**SunLine Transit Agency
Checks \$1,000 and Over
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Vendor Filed As Name	Description	Check #	Payment Date	Payment Amount
GRAINGER	Facility Maintenance	690716	09/22/2022	1,076.35
MAGALDI & MAGALDI, INC.	Inventory Repair Parts	690729	09/22/2022	1,073.11
TRANSIT RESOURCES, INC.	Inventory Repair Parts	690664	09/14/2022	1,063.63
AIRWAVE COMMUNICATIONS	WIP-Radio installs buses FC25 - FC29 Project Acct #2217	690775	09/30/2022	1,039.85
TEAMSTERS LOCAL 1932	Union Dues	690758	09/22/2022	1,026.62
TEAMSTERS LOCAL 1932	Union Dues	690598	09/07/2022	1,026.60
R.S. HUGHES COMPANY	Emergency Preparedness Supplies	690588	09/07/2022	1,004.98
ROBERTO VALADEZ	Reimbursement Expense	690747	09/22/2022	1,000.00
JORGE GARCIA	Reimbursement Expense	690798	09/30/2022	1,000.00
QUADIENT FINANCE USA, INC.	Postage	690648	09/14/2022	1,000.00
GEORGE HERNANDEZ	Reimbursement Expense	690578	09/07/2022	1,000.00
BOBBY BRAZIL	Reimbursement Expense	690779	09/30/2022	1,000.00
ISAAC RODRIGUEZ	Reimbursement Expense	690579	09/07/2022	1,000.00
CARLOS SOSA	Reimbursement Expense	690690	09/22/2022	1,000.00
JOSE LOAIZA	Reimbursement Expense	690723	09/22/2022	1,000.00
Total Checks Over \$1,000	\$1,827,642.98			
Total Checks Under \$1,000	\$10,820.89			
Total Checks	\$1,838,463.87			

SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022

RECEIVE & FILE

TO: Finance/Audit Committee
Board of Directors

RE: Credit Card Statements for September 2022

Summary:

The attached report summarizes the Agency's credit card expenses for August 2022. Credit card transactions through the CEO/General Manager credit card align with the statement closing date of October 3, 2022. The report also summarizes transactions for the credit card utilized for Procurement which aligns with the statement closing date of September 30, 2022, for the reporting period.

Recommendation:

Receive and file.

SunLine Transit Agency Visa Credit Card Statement

Closing Date: 10/3/2022

Name on Card: Lauren Skiver

Trans. Date	Post Date	Reference	Detail - Description	Credits	Charges
1 9/6/2022	9/7/2022	Aspen Mills	Aspen Mills Catering Order; All-day panel interview		\$179.54
2 9/6/2022	9/7/2022	Expedia	Expedia Booking Fee for Flight from Palm Springs, CA to Jacksonville, FL for Travel to UITP North America Forum 2022 in Jacksonville, FL; Lauren Skiver, CEO/General Manager <i>*Trip canceled; future credits provided</i>		\$4.75
3 9/6/2022	9/8/2022	APTA	2022 TRANSform Conference October 9-12, 2022 - Registration; Isabel Acosta, Chief Transportation Officer <i>*Trip canceled; reimbursement shown in future statement*</i>		\$1,100.00
4 9/6/2022	9/8/2022	United Airlines	United Airlines Flight from Jacksonville, FL to Palm Springs, CA for Travel from UITP North America Forum 2022 in Jacksonville, FL; Lauren Skiver, CEO/General Manager <i>*Trip canceled; future credits provided</i>		\$234.60
5 9/6/2022	9/8/2022	American Airlines	American Airlines Flight from Palm Springs, CA to Jacksonville, FL for Travel to UITP North America Forum 2022 in Jacksonville, FL; Lauren Skiver, CEO/General Manager <i>*Trip canceled; future credits provided</i>		\$323.60
6 9/8/2022	9/8/2022	Panera	Panera Catering Order; All-day panel interview		\$175.56
7 9/7/2022	9/9/2022	Foodja	Firehouse Subs Catering Order; Youth Sustainability Advisory Committee Orientation		\$159.38
8 9/9/2022	9/9/2022	Expedia	Expedia Booking Fee for Flight from Palm Springs, CA to Seattle, WA for Travel to 2022 TRANSform Conference in Seattle, WA; Isabel Acosta, Chief Transportation Officer <i>*Trip canceled; future credits provided</i>		\$58.10
9 9/8/2022	9/11/2022	Alaska Airlines	Alaska Airlines Roundtrip Flight from Palm Springs, CA to Seattle, WA for Travel to 2022 TRANSform Conference in Seattle, WA; Lauren Skiver, CEO/General Manager		\$457.20
10 9/8/2022	9/11/2022	United Airlines	United Airlines Roundtrip Flight from Palm Springs, CA to Seattle, WA for Travel to 2022 TRANSform Conference in Seattle, WA; Isabel Acosta, Chief Transportation Officer <i>*Trip canceled; future credits provided</i>		\$657.20
11 9/13/2022	9/15/2022	Marriott	TBM and TBA Seminars in Salt Lake City, UT - Lodging for 5 Nights; Edith Hernandez, Clerk of the Board/Special Assistant to the CEO		\$944.75

	Trans. Date	Post Date	Reference	Detail - Description	Credits	Charges
12	9/15/2022	9/18/2022	Sheraton	Hydrogen Hubs Summit in Arlington, VA - Lodging for 2 Nights; Lauren Skiver, CEO/General Manager		\$591.82
13	9/16/2022	9/18/2022	Alaska Airlines	Alaska Airlines Roundtrip Flight from Palm Springs, CA to Seattle, WA for Travel to 2022 TRANSform Conference in Seattle, WA; Brittney Sowell, Chief of Staff		\$507.20
14	9/21/2022	9/23/2022	Hilton	CTE 2022 ZEB Conference in Anaheim, CA - Lodging for 2 Nights; Lauren Skiver, CEO/General Manager		\$753.74
15	9/30/2022	10/2/2022	Staples	Staples office supplies; Binders for Ops Reference Books		\$127.72
Credits and Charges:					\$0.00	\$6,275.16



SUB ACCOUNT MEMO STATEMENT

Prepared For	SUNLINE TRANSIT LAURA SKIVER
Sub Account Number	[REDACTED]
Statement Closing Date	10/03/22
Next Statement Date	11/03/22

For Customer Service Call:
800-231-5511

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

Monthly Spending Limit*	\$40,000
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*Available funds are subject to the monthly spending limit and the available credit on the control account.

Sub Account Summary

Purchases and Other Charges	+	\$6,275.16
Cash Advances	+	\$0.00
Credits	-	\$0.00
Statement Total		\$6,275.16

The transactions detailed reflect activity on this card number only. The company control account has been billed for all transactions. Please refer payment inquiries to your company card administrator or owner.

Sub Account Transactions

Trans	Post	Reference Number	Description	Credits	Charges
09/06	09/07	2449215L9LRTYGPXN	EZCATERASPEN MILLS BA 8004881803 MA		179.54
09/06	09/07	2469216L936936S5A	EXPEDIA 72383625719091 EXPEDIA.COM WA		4.75
09/06	09/08	2463923LAS66KLEQ8	APTA 202-4954800 DC		1,100.00
09/06	09/08	2469216LA2XF5AAS5	UNITED 0167833549815800-932-2732 TX		234.60
		09/30/22	SKIVER/LAURA LEE		
		1 UA T	JACKSONVILLE DENVER		
		2 UA T	DENVER PALM SPRINGS		
		11617270	EXPEDIA.COM TRAVEL		
09/06	09/08	2494300LAA16SGF3V	AMERICAN AIR0017849505823FORT WQTH TX		323.60
		09/27/22	SKIVER/LAURA LEE		
		1 AA N	PALM SPRINGS FORT WORTH		
		2 AA N	FORT WORTH JACKSONVILLE		
		11617270	EXPEDIA.COM TRAVEL		
09/08	09/08	2469216LB2XP9P6ZD	PANERA BREAD #601771 O 750-895-6948 CA		175.56
09/07	09/09	2475542LB50M9VL95	FOODJA 800-3675402 CA		159.38
09/09	09/09	2469216LQ2YBVE46P	EXPEDIA 72385107516203 EXPEDIA.COM WA		58.10
09/08	09/11	2443106LQ9M3DR0MF	ALASKA AIR 0277833846169SEATTLE WA		457.20
		10/07/22	SKIVER/LAURA LEE		
		1 AS Q	PALM SPRINGS SEATTLE		
		2 AS M	SEATTLE PALM SPRINGS		
		11617270	EXPEDIA.COM TRAVEL		
09/08	09/11	2469216LQ2YSKK8AH	UNITED 0167833901361800-932-2732 TX		657.20
		10/09/22	ACOSTA/ISABEL		
		1 UA Q	PALM SPRINGS SAN FRANCISCO		
		2 UA Q	SAN FRANCISCO SEATTLE		
		3 AS M	SEATTLE PALM SPRINGS		
		11617270	EXPEDIA.COM TRAVEL		
09/13	09/15	2469216LH32640ZHY	MARRIOTT SALT LAKE CIT SALT LAKE CITUT		944.75
09/15	09/18	2475542LK4PDP1KYR	SHERATON PENTAGON CITY ARLINGTON VA		591.82
09/16	09/18	2443106LL9M3D3ATQ	ALASKA AIR 0277835044892SEATTLE WA		507.20

See reverse side for important information.

The transactions detailed on this statement are for informational use only.

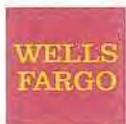
Sub Account Number	[REDACTED]
No Payment is due on this Sub Account	

Print address or phone changes: _____

Work () _____

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

SUNLINE TRANSIT
LAURA SKIVER 71169
32505 HARRY OLIVER TRL S309
THOUSAND PALMS CA 92276-3501



Sub Account Transactions

<i>Trans</i>	<i>Post</i>	<i>Reference Number</i>	<i>Description</i>	<i>Credits</i>	<i>Charges</i>
		10/07/22	SOWELL/BRITTNEY		
		1 AS Q	PALM SPRINGS SEATTLE		
		2 AS K	SEATTLE PALM SPRINGS		
		11617270	EXPEDIA.COM TRAVEL		
09/21	09/23	2475542LT7LKLHMK9	HILTON HOTELS ANAHEIM CA		753.74
09/30	10/02	2416407M1326BTJ44	STAPLES DIRECT 800-3333330 MA		127.72
10/03	10/03	000000000000COMPC	TOTAL PURCHASES		\$6,275.16
			TOTAL		\$6,275.16

• All transactions detailed above have been billed to the company control account.

Wells Fargo News

Take advantage of the features that come with Online Banking:

Messages and alerts: Stay informed about your account with updates sent to your email or mobile phone.

Wells Fargo Card Design Studio® service: Make your card as unique as your business. Customize your card design with this free service.

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SunLine Transit Agency Visa Credit Card Statement

Closing Date: 9/30/2022

Name on Card: Walter Watcher (Procurement Card)

	Trans. Date	Post. Date	Name	Detail-Description	Credits	Charges
1	09/01/22	9/2/2022	ShadePro	Vinyl for awning repair		\$ 553.43
2	09/02/22	9/5/2022	BechTech Global	Replacement office phones (28)		\$ 4,223.80
3	9/2/222	9/5/1955	Sam's Club	Bottled water for employees		\$ 299.52
4	09/07/22	9/8/2022	TSI	Training registration		\$ 90.00
5	09/07/22	9/8/2022	Amazon	Computer supplies		\$ 129.25
6	09/07/22	9/8/2022	CRF Designs	Door handle cover mitt		\$ 44.00
7	09/09/22	9/12/2022	Amazon	Alexa for Business Subscription		\$ 6.40
8	09/18/22	9/19/2022	Amazon	Wave ID employee clock in readers		\$ 336.18
9	09/19/22	9/20/2022	Amazon	Electric striker		\$ 126.06
10	09/19/22	9/20/2022	Amazon	Electric striker		\$ 126.06
11	09/20/22	9/21/2022	Amazon	Door handle cover mitt		\$ 120.20
12	09/20/22	9/21/2022	Amazon	Gate motor capacitors		\$ 107.64
13	09/20/22	9/21/2022	Amazon	Report covers		\$ 80.60
14	09/21/22	9/22/2022	Gatehouse Supplies	Motor for front gate		\$ 666.29
15	09/22/22	9/22/2022	Dropbox	File hosting serviccce		\$ 2,419.20
16	09/22/22	9/26/2022	Battery Mart	Battery emergency (exit sign)		\$ 93.11

17	09/23/22	9/23/2022	Classmarker	ClassMarker Renewal for SunLine University		\$	198.00
18	09/23/22	9/23/2022	Classmarker	Currency conversion fee		\$	1.98
19	09/23/22	9/26/2022	SP Specialistid	ID badge reel		\$	165.94
20	09/24/22	9/26/2022	Amazon	Keyboard case for iPad		\$	28.38
21	09/26/22	9/27/2022	Amazon	Vacuum hose		\$	35.98
22	09/27/22	9/28/2022	Amazon	iPhone case		\$	21.52
23	09/28/22	9/29/2022	AED Superstore	Adult defibrillation pads		\$	414.84
24	09/29/22	9/29/2022	Amazon	Standing desk converter		\$	193.94
25	09/29/22	9/30/2022	Amazon	Threaded foot valve		\$	108.91
						\$	-
						\$	10,591.23



Reporting Period : 9/1/2022 - 9/30/2022

Statement Summary

Name	Walter Watcher	Company	Sunline Transit Agency
Account #		Currency	US Dollar
Reporting Period	9/1/2022 - 9/30/2022		

Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Personal	Receipt	Amount
1 9/1/2022	9/2/2022	Shadepro					553.43
		Purchase Shadepro	General Ledger Code: 5049900022 Fund: 00				
		Maintenance - Shadepro - Repair shade awning on Outreach Vehicle					
2 9/2/2022	9/5/2022	Bectech Global					4,223.80
		Purchase Bectech Global	General Ledger Code: 5030300011 Fund: 00				
		IT Department - Bectech - Purchase of Mitel IP485g phones (28)					
3 9/2/2022	9/5/2022	Samsclub #6609					299.52
		Purchase Samsclub #6609	General Ledger Code: 5099900002 Fund: 00				
		Maintenance - Sam's Club - Pallet of Bottled Water for Shop use					
4 9/7/2022	9/8/2022	Tsi					90.00
		Purchase Tsi	General Ledger Code: 5099900002 Fund: 00				
		Safety - USDOT - Transportation Safety Institute - Training - Gilbert Lopez - Fundamentals of Bus Collision Investigation					
5 9/7/2022	9/8/2022	Amazon.Com*1f3271gg1 Amzn					129.25
		Purchase Amazon.Com*1f3271gg1 Amzn	General Ledger Code: 5099900002 Fund: 00				
		IT Department - Amazon - Headsets (5)					

Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Personal	Receipt	Amount
6 9/7/2022	9/8/2022	Crfdesigns					44.00
		Purchase Crfdesigns	General Ledger Code: 5099900002 Fund: 00				
		Facilities - CRF Designs - Door Handle Covers (4)					
7 9/9/2022	9/12/2022	Amazon Web Services					6.40
		Purchase Amazon Web Services	General Ledger Code: 5039903800 Fund: 00				
		Executive - AWS - Alexa for Business Subscription					
8 9/18/2022	9/19/2022	Amzn Mktp Us					336.18
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
		IT Dept - Amazon - Wave ID Badge Readers (3)					
9 9/19/2022	9/20/2022	Amzn Mktp Us					126.06
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
		Facilities - Amazon - Electric Door Strike					
10 9/19/2022	9/20/2022	Amzn Mktp Us					126.06
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
		Facilities - Amazon - Electric Door Strike					
11 9/20/2022	9/21/2022	Amzn Mktp Us					120.20
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
		Facilities - Amazon - Door Pull Covers Round 3.25" (4)					

Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Personal	Receipt	Amount
12 9/20/2022	9/21/2022	Amzn Mktp Us					107.64
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
Facilities - Amazon - Electric Gate Motor Capacitors (2)							
13 9/20/2022	9/21/2022	Amzn Mktp Us					80.60
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
Finance - Amazon - Pressboard Report Covers 25 box (2)							
14 9/21/2022	9/22/2022	Gatehouse Supplies					666.29
		Purchase Gatehouse Supplies	General Ledger Code: 5049900010 Fund: 00				
Facilities - Gatehouse Supplies - Motor Swing gate (2)							
15 9/22/2022	9/22/2022	Dropbox V6fqfsspyxj1					2,419.20
		Purchase Dropbox V6fqfsspyxj1	General Ledger Code: 5030300011 Fund: 00				
Performance - Agency's annual Dropbox software renewal							
16 9/22/2022	9/26/2022	Battery Mart					93.11
		Purchase Battery Mart	General Ledger Code: 5099900002 Fund: 00				
Facilities - Batterymart - Exit Light Sign batteries (3)							
17 9/23/2022	9/23/2022	Classmarker.Com					198.00
		Purchase Classmarker.Com	General Ledger Code: 5030300011 Fund: 00				
Safety - Classmarker Software annual renewal							
18 9/23/2022	9/23/2022						1.98
		Other Debits Currency Conversion Fee	Fund: 00				
Safety - Classmarker currency conversion fee							

Trans Date	Post Date	Merchant Name	Charge Codes	Approved	Personal	Receipt	Amount
19 9/23/2022	9/26/2022	Sp Specialistid.Com					165.94
		Purchase Sp Specialistid.Com	General Ledger Code: 5049900001 Fund: 00				
		Safety - Specialist ID - Lanyards (100) & Badge Reels (100)					
20 9/24/2022	9/26/2022	Amzn Mktp Us					28.38
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
		IT Dept - Amazon - Protective iPad case w/keyboard					
21 9/26/2022	9/27/2022	Amazon.Com*1u1fu97q1 Amzn					35.98
		Purchase Amazon.Com*1u1fu97q1 Amzn	General Ledger Code: 5099900002 Fund: 00				
		Maintenance - Amazon - Vacuum Hose 1/4" Roll (50')					
22 9/27/2022	9/28/2022	Amzn Mktp Us					21.52
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
		IT Dept - Amazon - Protective iPhone case					
23 9/28/2022	9/29/2022	Aed Superstore					414.84
		Purchase Aed Superstore	General Ledger Code: 5020300000 Fund: 00				
		Safety - AED Superstore - Replacement Defibrillator Pads (7)					
24 9/29/2022	9/29/2022	Amzn Mktp Us					193.94
		Purchase Amzn Mktp Us	General Ledger Code: 5099900002 Fund: 00				
		Safety - Amazon - Ergonomic Stand Up Desk (1)					

SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Monthly Budget Variance Report for September 2022

Summary:

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. The budgetary figures are represented as a straight line budget. Accordingly, the current monthly budget values are calculated by taking 1/12th of the annual budget. The FYTD budget values for the month of September 2022 are equal to 3/12^{ths} of the yearly budget.

Year to Date Summary

- As of September 30, 2022, the Agency's FYTD revenues are \$430,822 or 10.01% above the FYTD budget due to an increase of 22.1% in ridership over FY22.
- As of September 30, 2022, the Agency's FYTD expenditures are \$10,658,191 or 7.49% below the FYTD budget.

Monthly Spotlight:

- The negative variance in Compressed Natural Gas (CNG) is primarily attributed to increased usage of CNG fixed route vehicles over budgeted estimates for FY23.

Recommendation:

Receive and file.

SunLine Transit Agency
Budget Variance Report
September 2022

Description	FY23 Total Budget	Current Month			Fiscal Year to Date			
		Actual	Budget	Positive (Negative)	FYTD Actual	FY23 FYTD Budget	Positive (Negative)	Percentage Remaining
Operating Revenues:								
Passenger Revenue	1,529,001	\$ 149,351	127,417	21,934	420,997	382,250	38,747	72.5%
Other Revenue	37,500	\$ 2,872	3,125	(253)	9,825	9,375	450	73.8%
Total Operating Revenue	1,566,501	152,223	130,542	21,681	430,822	391,625	39,197	72.5%
Operating Expenses:								
Operator & Mechanic Salaries & Wages	10,601,638	730,341	883,470	153,128	2,129,103	2,650,409	521,307	79.9%
Operator & Mechanic Overtime	1,067,000	150,866	88,917	(61,949)	431,244	266,750	(164,494)	59.6%
Administration Salaries & Wages	6,986,398	507,819	582,200	74,381	1,543,098	1,746,600	203,502	77.9%
Administration Overtime	105,449	8,066	8,787	721	30,786	26,362	(4,424)	70.8%
Fringe Benefits	11,124,750	887,677	927,063	39,386	2,420,332	2,781,188	360,855	78.2%
Communications	277,879	20,772	23,157	2,384	62,084	69,470	7,386	77.7%
Legal Services	398,485	91,028	33,207	(57,821)	157,711	99,621	(58,089)	60.4%
Computer/Network Software Agreement	750,000	52,231	62,500	10,269	154,437	187,500	33,063	79.4%
Uniforms	132,610	1,603	11,051	9,448	9,217	33,153	23,936	93.0%
Contracted Services	704,809	47,411	58,734	11,323	149,745	176,202	26,457	78.8%
Equipment Repairs	34,000	604	2,833	2,229	1,158	8,500	7,342	96.6%
Security Services	200,000	18,856	16,667	(2,189)	56,160	50,000	(6,160)	71.9%
Fuel - CNG	1,599,327	253,077	133,277	(119,800)	609,300	399,832	(209,469)	61.9%
Fuel - Hydrogen	1,250,000	101,497	104,167	2,670	305,724	312,500	6,776	75.5%
Tires	237,165	17,046	19,764	2,718	52,067	59,291	7,224	78.0%
Office Supplies	71,085	5,303	5,924	621	17,440	17,771	332	75.5%
Travel/Training	136,980	7,350	11,415	4,065	21,230	34,245	13,015	84.5%
Repair Parts	1,627,700	137,764	135,642	(2,122)	338,250	406,925	68,675	79.2%
Facility Maintenance	49,300	8,684	4,108	(4,575)	16,407	12,325	(4,082)	66.7%
Electricity - CNG & Hydrogen	1,345,000	122,730	112,083	(10,646)	350,719	336,250	(14,469)	73.9%
Natural Gas	1,325,000	290,276	110,417	(179,859)	675,195	331,250	(343,945)	49.0%
Water and Gas	13,500	920	1,125	205	2,852	3,375	523	78.9%
Insurance Losses	1,650,000	223,427	137,500	(85,927)	363,563	412,500	48,937	78.0%
Insurance Premium - Property	79,394	11,113	6,616	(4,496)	33,338	19,849	(13,489)	58.0%
Repair Claims	200,000	16,533	16,667	134	26,673	50,000	23,327	86.7%
Fuel Taxes	70,998	9,038	5,916	(3,121)	30,471	17,749	(12,722)	57.1%
Other Expenses	7,014,340	557,356	584,528	27,173	1,588,558	1,753,585	165,027	77.4%
Self Consumed Fuel	(2,967,162)	(356,508)	(247,264)	109,245	(918,672)	(741,791)	176,881	69.0%
Total Operating Expenses (Before Depreciation)	46,085,646	3,922,880	3,840,471	(82,409)	10,658,191	11,521,412	863,220	76.9%
Operating Expenses in Excess of Operating Revenue		\$ (3,770,657)			\$ (10,227,369)			
Subsidies:								
Local - Measure A, Commuter 10, Haul Pass	11,231,000	951,237	935,917	(15,320)	2,580,094	2,807,750	227,656	77.0%
State - LTF, LCTOP	24,349,683	2,062,355	2,029,140	(33,215)	5,593,845	6,087,421	493,576	77.0%
Federal	8,938,462	757,065	744,872	(12,193)	2,053,430	2,234,616	181,185	77.0%
Total Subsidies	44,519,145	3,770,657	3,709,929	(60,728)	10,227,369	11,129,786	902,417	77.0%
Net Operating Gain (Loss) After Subsidies	\$ -	\$ -			\$ -			

SunLine Transit Agency
Budget Variance Report
September 2022

Description	FY22 Total Budget	Current Month			Fiscal Year to Date			
		Actual	Budget	Positive (Negative)	FYTD Actual	FY22 FYTD Budget	Positive (Negative)	Percentage Remaining
Operating Expenses:								
Wages & Benefits	29,885,236	\$ 2,284,769	2,490,436	205,667	6,554,564	7,471,309	916,745	78.1%
Services	5,283,460	\$ 483,157	440,288	(42,869)	1,221,271	1,320,865	99,594	76.9%
Fuels & Lubricants	3,064,617	\$ 372,749	255,385	(117,365)	975,286	766,154	(209,131)	68.2%
Tires	237,165	\$ 17,046	19,764	2,718	52,067	59,291	7,224	78.0%
Materials and Supplies	2,265,936	\$ 176,913	188,828	11,915	459,327	566,484	107,157	79.7%
Utilities	3,029,280	\$ 441,047	252,440	(188,607)	1,110,426	757,320	(353,106)	63.3%
Casualty & Liability	3,561,934	\$ 389,013	296,828	(92,185)	889,915	890,484	569	75.0%
Taxes and Fees	70,998	\$ 9,038	5,916	(3,121)	30,471	17,749	(12,722)	57.1%
Miscellaneous Expenses	1,654,182	\$ 105,655	137,849	32,193	283,537	413,546	130,009	82.9%
Self Consumed Fuel	(2,967,162)	\$ (356,508)	(247,264)	109,245	(918,672)	(741,791)	176,881	69.0%
Total Operating Expenses (Before Depreciation)	46,085,646	3,922,880	3,840,471	(82,409)	10,658,191	11,521,412	863,220	76.9%
Revenues:								
Passenger Revenue	1,529,001	149,351	127,417	21,934	420,997	382,250	38,747	72.5%
Other Revenue	37,500	2,872	3,125	(253)	9,825	9,375	450	73.8%
Total Operating Revenue	1,566,501	152,223	130,542	21,681	430,822	391,625	39,197	72.5%
Net Operating Gain (Loss)		\$ (3,770,657)			\$ (10,227,369)			
Subsidies:								
Local - Measure A, Commuter 10, Haul Pass	11,231,000	951,237	935,917	(15,320)	2,580,094	2,807,750	227,656	77.0%
State - LTF, LCTOP	24,349,683	2,062,355	2,029,140	(33,215)	5,593,845	6,087,421	493,576	77.0%
Federal - CMAQ,5307,5309,5310,5311,5311(f),5312	8,938,462	757,065	744,872	(12,193)	2,053,430	2,234,616	181,185	77.0%
Total Subsidies	44,519,145	3,770,657	3,709,929	(60,728)	10,227,369	11,129,786	902,417	77.0%
Net Operating Gain (Loss) After Subsidies	\$ -	\$ -			\$ -			

Budget Variance Analysis - SunLine Transit Agency

Passenger Revenue

- The positive variance in passenger revenue is due to an 22.1% increase in ridership over FY22.
- As of September, ridership was at 22.1% above FY22 FYTD totals.
- Total system ridership was 113,569 trips above FY22 FYTD amounts.

Ridership

	FY22-September	FY23-September	Variance	%Δ
Fixed Route	175,075	215,388	40,313	23.0%
Paratransit	8,262	8,937	675	8.2%
SolVan	1,492	1,676	184	12.3%
SunRide	412	661	249	60.4%
System Total	185,241	226,662	41,421	22.4%

Ridership

	FYTD-FY22	FYTD-FY23	Variance	%Δ
Fixed Route	484,867	595,445	110,578	22.8%
Paratransit	23,888	26,124	2,236	9.4%
SolVan	4,373	4,926	553	12.6%
SunRide	1,274	1,476	202	15.9%
System Total	514,402	627,971	113,569	22.1%

Other Revenue

- The other revenue is within an accepted range of the budget amount.

Operator & Mechanic Salaries & Wages

- The positive variance in operator and mechanic wage expenditures is attributed to absences and vacant positions.

Operator & Mechanic Overtime

- The negative variance is primarily attributed to required overtime for operators to cover absences.

Administration Salaries & Wages

- The positive variance in administrative salaries and wages is attributed to vacant positions across the Agency.

Administration Overtime

- The negative variance is primarily attributed to required overtime for staff to cover absences.

Fringe Benefits

- Savings in fringe benefit expenditures are associated with vacancies across the Agency.

Communications

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

Legal Services

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

Computer/Network Software Agreement

- Software agreement expenditures are dependent on annual renewals of software agreements.

Uniforms

- Savings in uniform expenditures are related to fewer employees utilizing the entire uniform allowance.

Contracted Services

- The positive variance in contracted services is attributed to multiple expense line items which have not yet been incurred.

Equipment Repairs

- The positive variance in equipment repair is attributed to a lower level of repairs than budgeted.

Security Services

- Security service costs have increased exceeding the budgeted amount.

Fuel - CNG

- The negative variance is primarily attributed to increased usage of CNG fixed route vehicles over budgeted estimates for FY23.

Fuel - Hydrogen

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

Tires

- The lower tire expenditures are attributed to fewer miles than budgeted for.

Office Supplies

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

Travel/Training

- The favorable variance for travel & training savings can be attributed to different times at which training sessions are attended.

Repair Parts

- The positive variance is primarily attributed to lower FYTD expenses than budgeted for.

Facility Maintenance

- The negative variance primarily due to timing of an annual expense.

Electricity - CNG & Hydrogen

- The unfavorable variance is due to the increased kilowatt usage in production of hydrogen.

Natural Gas

- The negative variance is attributed to increased natural gas usage due to an increase in outside fuel sales.

Water and Gas

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

Insurance Losses

- Insurance loss experience has not exceeded budgeted expectations as of September.

Insurance Premium - Property

- Insurance premiums for property increased exceeding budgeted amount.

Repair Claims

- Repair claim expenses are lower than budgeted for.

Fuel Taxes

- The negative variance in fuel taxes is due to larger fleet fuel sales.

Other Expenses

- Costs vary from month to month depending on the needs of the Agency or when programs are active.

Self-Consumed Fuel

- The positive variance in self-consumed fuel is due to higher fuel cost.

SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Contracts Signed between \$25,000 and \$250,000 for October 2022

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 \$250,000. This ensures the Board is aware of the obligations entered into under the CEO/General Manager's authority.

- For the month of October 2022, there was one (1) purchase order and two (2) amendments executed between \$25,000 and \$250,000:

Vendor	Purpose	Amount
Trapeze Software Group	Increase in the number of profiles in software	\$45,613.00
Cirque Analytics	Special legal analytics	\$38,000.00
Isabella Amadeo	Temporary finance assistance	\$25,000.00

Recommendation:

Receive and file.

Contracts Signed Between \$25,000 and \$250,000

October 2022

Vendor	Product/Service	Need	Budgeted	Budgeted Amount	Cost	Type
Trapeze Software Group	OPS System Access	Increase in the number of profiles in software	FY23	\$45,613.00	\$45,613.00	Purchase Order
Cirque Analytics	Consulting	Special legal analytics	FY23	\$38,000.00	\$38,000.00	Agreement Amendment
Isabella Amadeo	Consulting	Temporary finance assistance	FY23	\$25,000.00	\$25,000.00	Agreement Amendment

SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Union & Non-Union Pension Investment Asset Summary September 2022

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:

Asset Class		Target	Range
Growth Assets			
	Domestic Equity	36.0%	16% – 56%
	International Equity	19.0%	0% - 39%
	Other		0% – 20%
Income Assets			
	Fixed Income	45.0%	25% - 65%
	Other	0.0%	0% – 20%
Real Return Assets		0.0%	0% – 20%
Cash Equivalents		0.0%	0% – 20%

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

Union

Asset Class		Actual	Range
Growth Assets			
	Domestic Equity	34.2%	16% – 56%
	International Equity	14.7%	0% - 39%
	Other	4.9%	0% – 20%
Income Assets			
	Fixed Income	37.9%	25% - 65%
	Other	3.1%	0% – 20%
Real Return Assets		2.9%	0% – 20%
Cash Equivalents		2.4%	0% – 20%

Non-Union

Asset Class		Actual	Range
Growth Assets			
	Domestic Equity	34.2%	16% – 56%
	International Equity	14.6%	0% - 39%
	Other	4.9%	0% – 20%
Income Assets			
	Fixed Income	37.9%	25% - 65%
	Other	3.1%	0% – 20%
Real Return Assets		2.9%	0% – 20%
Cash Equivalents		2.5%	0% – 20%

Components may not sum to 100.0% due to rounding.

For the month of September, the market value of assets decreased by \$2,537,308 and \$2,528,278 for the union and non-union plans, respectively. The negative returns mirrored the overall market loss due to uncertain market conditions. These short-term losses are expected over the long-term investment strategy for the Agency's pension plans.

Month to Month Asset Comparison

Month	Market Value - Union	Market Value – Non-Union
August 2022	\$35,244,379	\$35,352,395
September 2022	\$32,707,071	\$32,824,117
Increase (Decrease)	(\$2,537,308)	(\$2,528,278)

Recommendation:

Receive and file.

Detail of Securities Held & Market Analytics

For the Month Ending **September 30, 2022**

SUNLINE EMPLOYEES RETIREMENT BARGAINING

Security Type/Description				Average	Original	Market	Market	Unreal G/L	
Dated Date/Coupon/Maturity	CUSIP	Ticker	Shares	Cost/Share	Cost	Price	Value	on Cost	Percentage
Exchange-Traded Fund - Bond									
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	2,720.00	57.68	156,892.32	48.28	131,321.60	(25,570.72)	0.40
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	7,097.00	50.33	357,192.01	48.28	342,643.16	(14,548.85)	1.05
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	633.00	56.99	36,074.67	48.28	30,561.24	(5,513.43)	0.09
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	965.00	61.01	58,874.65	48.28	46,590.20	(12,284.45)	0.14
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	2,389.00	60.31	144,080.59	48.28	115,340.92	(28,739.67)	0.35
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	631.00	56.69	35,771.39	48.28	30,464.68	(5,306.71)	0.09
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	1,146.00	61.13	70,054.98	48.28	55,328.88	(14,726.10)	0.17
ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	13,884.00	39.22	544,524.93	31.67	439,706.28	(104,818.65)	1.34
ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	10,074.00	39.10	393,892.39	31.67	319,043.58	(74,848.81)	0.98
Security Type Sub-Total			39,539.00		1,797,357.93	401.30	1,511,000.54	(286,357.39)	4.61
Exchange-Traded Fund - Equity									
INVESCO S&P 500 EQUAL WEIGHT ETF	46137V357	RSP	2,500.00	138.29	345,724.75	127.28	318,200.00	(27,524.75)	0.97
INVESCO S&P 500 EQUAL WEIGHT ETF	46137V357	RSP	2,440.00	155.89	380,371.12	127.28	310,563.20	(69,807.92)	0.95
INVESCO S&P 500 EQUAL WEIGHT ETF	46137V357	RSP	3,263.00	156.88	511,899.11	127.28	415,314.64	(96,584.47)	1.27
ISHARES CORE S&P MIDCAP ETF	464287507	IJH	2,656.00	276.40	734,118.40	219.26	582,354.56	(151,763.84)	1.78
ISHARES CORE S&P MIDCAP ETF	464287507	IJH	751.00	234.30	175,958.55	219.26	164,664.26	(11,294.29)	0.50
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	1,257.00	107.25	134,813.12	87.19	109,597.83	(25,215.29)	0.34
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	1,234.00	106.97	132,000.86	87.19	107,592.46	(24,408.40)	0.33
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	1,784.00	95.51	170,388.77	87.19	155,546.96	(14,841.81)	0.48
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	884.00	106.82	94,428.35	87.19	77,075.96	(17,352.39)	0.24
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	3,251.00	117.36	381,537.03	87.19	283,454.69	(98,082.34)	0.87
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	9,194.00	39.68	364,817.92	36.36	334,293.84	(30,524.08)	1.02
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	15,565.00	42.95	668,507.41	36.36	565,943.40	(102,564.01)	1.73
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	5,979.00	49.91	298,408.30	36.36	217,396.44	(81,011.86)	0.66
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	4,354.00	49.33	214,780.21	36.36	158,311.44	(56,468.77)	0.48
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	2,614.00	37.17	97,162.38	36.36	95,045.04	(2,117.34)	0.29
VANGUARD TOTAL INTL STOCK	921909768	VXUS	8,244.00	52.51	432,892.44	45.77	377,327.88	(55,564.56)	1.15

Detail of Securities Held & Market Analytics

For the Month Ending September 30, 2022

SUNLINE EMPLOYEES RETIREMENT BARGAINING

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Ticker	Shares	Average Cost/Share	Original Cost	Market Price	Market Value	Unreal G/L on Cost	Percentage
Exchange-Traded Fund - Equity									
VANGUARD TOTAL INTL STOCK	921909768	VXUS	23,203.00	52.12	1,209,340.36	45.77	1,062,001.31	(147,339.05)	3.25
VANGUARD TOTAL INTL STOCK	921909768	VXUS	553.00	64.35	35,585.55	45.77	25,310.81	(10,274.74)	0.08
VANGUARD TOTAL INTL STOCK	921909768	VXUS	593.00	56.01	33,213.93	45.77	27,141.61	(6,072.32)	0.08
VANGUARD TOTAL INTL STOCK	921909768	VXUS	6,979.00	65.37	456,217.23	45.77	319,428.83	(136,788.40)	0.98
VANGUARD TOTAL INTL STOCK	921909768	VXUS	1,932.00	53.54	103,439.28	45.77	88,427.64	(15,011.64)	0.27
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	1,546.00	226.21	349,720.35	179.47	277,460.62	(72,259.73)	0.85
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	35,630.00	169.04	6,022,895.20	179.47	6,394,516.10	371,620.90	19.55
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	433.00	233.92	101,287.36	179.47	77,710.51	(23,576.85)	0.24
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	4,809.00	195.76	941,409.84	179.47	863,071.23	(78,338.61)	2.64
Security Type Sub-Total			141,648.00		14,390,917.82	2,430.61	13,407,751.26	(983,166.56)	41.00
Money Market Mutual Fund									
FIRST AMERICAN GOVERNMENT OBLIGATION - Z	31846V567	FGZXX	781,881.59	1.00	781,881.59	1.00	781,881.59	0.00	2.39
Security Type Sub-Total			781,881.59		781,881.59	1.00	781,881.59	0.00	2.39
Mutual Fund - Bond									
BAIRD CORE PLUS BOND - INST	057071870	BCOIX	353,052.34	11.37	4,013,630.58	9.72	3,431,668.72	(581,961.86)	10.49
DOUBLELINE CORE FIXED INCOME I	258620301	DBLFX	226,458.34	10.61	2,403,354.22	9.19	2,081,152.14	(322,202.08)	6.36
MAINSTAY MACKAY HIGH YIELD CORP BD R6	56063N881	MHYSX	65,982.21	5.63	371,652.21	4.77	314,735.13	(56,917.08)	0.96
PACIFIC FUNDS FLOATING RATE INCOME FUND	69447T771	PLFRX	116,540.99	9.69	1,128,870.90	9.09	1,059,357.59	(69,513.31)	3.24
PRUDENTIAL TOTAL RETRN BND-Q	74440B884	PTROX	229,024.06	14.64	3,353,164.21	11.75	2,691,032.65	(662,131.56)	8.23
VOYA INTERMEDIATE BOND R6	92913L569	IIBZX	242,412.32	10.29	2,495,359.43	8.48	2,055,656.48	(439,702.95)	6.29
Security Type Sub-Total			1,233,470.25		13,766,031.55	53.00	11,633,602.71	(2,132,428.84)	35.57
Mutual Fund - Equity									
HARDING LOEVNER INTERNATIONAL EQUITY POR	412295107	HL MIX	35,725.71	26.38	942,527.42	20.91	747,024.64	(195,502.78)	2.28
HRTFRD SCHR EM MRKT EQ-SDR	41665H789	SEMTX	31,093.23	19.14	595,178.73	13.46	418,514.93	(176,663.80)	1.28

Detail of Securities Held & Market Analytics

For the Month Ending **September 30, 2022**

SUNLINE EMPLOYEES RETIREMENT BARGAINING

Security Type/Description				Average	Original	Market	Market	Unreal G/L	
Dated Date/Coupon/Maturity	CUSIP	Ticker	Shares	Cost/Share	Cost	Price	Value	on Cost	Percentage
Mutual Fund - Equity									
JENSEN QUALITY GROWTH-Y	476313408	JENYX	20,417.06	49.60	1,012,734.57	51.33	1,048,007.47	35,272.90	3.20
JOHCM INTERNATIONAL SELECT I	46653M849	JOHIX	20,174.36	25.55	515,503.46	17.74	357,893.22	(157,610.24)	1.09
MFS EMERGING MARKETS DEBT R6	552746364	MEDHX	0.49	10.85	5.26	10.84	5.26	0.00	0.00
VANGUARD TOT INST ST IDX - ADM	921909818	VTIAX	0.00	33.33	0.03	24.59	0.02	(0.01)	0.00
Security Type Sub-Total			107,410.85		3,065,949.47	138.87	2,571,445.54	(494,503.93)	7.85
Mutual Fund - Other									
COHEN & STEERS INST REALTY SHARES	19247U106	CSRIX	14,792.99	46.23	683,913.34	41.95	620,566.05	(63,347.29)	1.90
PIMCO COMMODITY REAL RETURN STRATEGY	722005667	PCRIX	184,722.79	6.50	1,199,804.98	5.16	953,169.59	(246,635.39)	2.91
PRINCIPAL RE SECURITIES INST FUND	74253Q580	PIREX	24,635.54	27.52	677,896.01	25.05	617,120.37	(60,775.64)	1.89
Security Type Sub-Total			224,151.32		2,561,614.33	72.16	2,190,856.01	(370,758.32)	6.70
Separate Account									
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	21,070.00	1.00	21,070.00	100.22	21,117.21	47.21	0.06
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	30,625.00	1.00	30,625.00	100.22	30,693.62	68.62	0.09
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	49,980.00	1.00	49,980.00	100.22	50,091.99	111.99	0.15
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	49,000.00	1.00	49,000.00	100.22	49,109.79	109.79	0.15
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	34,300.00	1.00	34,300.00	100.22	34,376.86	76.86	0.11
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	18,873.34	1.00	18,873.34	100.22	18,915.63	42.29	0.06
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	22,050.00	1.00	22,050.00	100.22	22,099.41	49.41	0.07
ATEL PRIVATE DEBT PARTNERS II	ATEL00019	SA406	24,500.00	1.00	24,500.00	100.22	24,554.90	54.90	0.08
NB SECONDARY OPPORTUNITIES V OFFSHORE	NBSOFV007	SA425	68,756.25	1.00	68,756.25	138.07	94,930.48	26,174.23	0.29
NB SECONDARY OPPORTUNITIES V OFFSHORE	NBSOFV007	SA425	191,676.07	1.00	191,676.07	138.07	264,643.59	72,967.52	0.82
Security Type Sub-Total			510,830.66		510,830.66	1,077.93	610,533.48	99,702.82	1.88
Managed Account Sub-Total			3,038,931.67		36,874,583.35	4,174.87	32,707,071.13	(4,167,512.22)	100.00

Detail of Securities Held & Market Analytics

For the Month Ending **September 30, 2022**

SUNLINE EMPLOYEES RETIREMENT BARGAINING

Securities Sub-Total	\$3,038,931.67	\$36,874,583.35	\$4,174.87	\$32,707,071.13	(\$4,167,512.22)	100.00%
Accrued Interest				\$0.00		
Total Investments				\$32,707,071.13		

Detail of Securities Held & Market Analytics

For the Month Ending **September 30, 2022**

SUNLINE EMPLOYEES RETIREMENT NON-BARGAIN

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Ticker	Shares	Average Cost/Share	Original Cost	Market Price	Market Value	Unreal G/L on Cost	Percentage
Exchange-Traded Fund - Bond									
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	982.00	61.01	59,911.82	48.28	47,410.96	(12,500.86)	0.14
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	633.00	56.99	36,074.67	48.28	30,561.24	(5,513.43)	0.09
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	2,734.00	57.68	157,699.85	48.28	131,997.52	(25,702.33)	0.40
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	631.00	56.69	35,771.39	48.28	30,464.68	(5,306.71)	0.09
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	7,130.00	50.33	358,852.90	48.28	344,236.40	(14,616.50)	1.05
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	1,113.00	61.13	68,037.69	48.28	53,735.64	(14,302.05)	0.17
ISHARES INTERMEDIATE-TERM CO	464288638	IGIB	2,405.00	60.31	145,045.55	48.28	116,113.40	(28,932.15)	0.35
ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	13,883.00	39.22	544,485.71	31.67	439,674.61	(104,811.10)	1.34
ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	10,095.00	39.10	394,713.49	31.67	319,708.65	(75,004.84)	0.97
Security Type Sub-Total			39,606.00		1,800,593.07	401.30	1,513,903.10	(286,689.97)	4.60
Exchange-Traded Fund - Equity									
INVESCO S&P 500 EQUAL WEIGHT ETF	46137V357	RSP	2,515.00	138.29	347,799.10	127.28	320,109.20	(27,689.90)	0.98
INVESCO S&P 500 EQUAL WEIGHT ETF	46137V357	RSP	3,264.00	156.88	512,055.99	127.28	415,441.92	(96,614.07)	1.27
INVESCO S&P 500 EQUAL WEIGHT ETF	46137V357	RSP	2,437.00	155.89	379,903.45	127.28	310,181.36	(69,722.09)	0.95
ISHARES CORE S&P MIDCAP ETF	464287507	IJH	751.00	234.30	175,958.55	219.26	164,664.26	(11,294.29)	0.50
ISHARES CORE S&P MIDCAP ETF	464287507	IJH	2,662.00	276.40	735,776.80	219.26	583,670.12	(152,106.68)	1.78
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	3,250.00	117.36	381,419.68	87.19	283,367.50	(98,052.18)	0.86
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	1,256.00	107.25	134,705.87	87.19	109,510.64	(25,195.23)	0.33
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	1,798.00	95.51	171,725.90	87.19	156,767.62	(14,958.28)	0.48
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	886.00	106.82	94,641.99	87.19	77,250.34	(17,391.65)	0.24
ISHARES CORE S&P SMALL-CAP E	464287804	IJR	1,233.00	106.97	131,893.89	87.19	107,505.27	(24,388.62)	0.33
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	9,189.00	39.68	364,619.52	36.36	334,112.04	(30,507.48)	1.02
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	2,614.00	37.17	97,162.38	36.36	95,045.04	(2,117.34)	0.29
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	15,623.00	42.95	670,998.48	36.36	568,052.28	(102,946.20)	1.73
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	5,980.00	49.91	298,458.21	36.36	217,432.80	(81,025.41)	0.66
VANGUARD FTSE DEVELOPED MARKETS ETF	921943858	VEA	4,352.00	49.33	214,681.55	36.36	158,238.72	(56,442.83)	0.48
VANGUARD TOTAL INTL STOCK	921909768	VXUS	1,714.00	53.54	91,767.56	45.77	78,449.78	(13,317.78)	0.24

Detail of Securities Held & Market Analytics

For the Month Ending September 30, 2022

SUNLINE EMPLOYEES RETIREMENT NON-BARGAIN

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Ticker	Shares	Average Cost/Share	Original Cost	Market Price	Market Value	Unreal G/L on Cost	Percentage
Exchange-Traded Fund - Equity									
VANGUARD TOTAL INTL STOCK	921909768	VXUS	580.00	56.01	32,485.80	45.77	26,546.60	(5,939.20)	0.08
VANGUARD TOTAL INTL STOCK	921909768	VXUS	6,883.00	65.37	449,941.71	45.77	315,034.91	(134,906.80)	0.96
VANGUARD TOTAL INTL STOCK	921909768	VXUS	632.00	64.35	40,669.20	45.77	28,926.64	(11,742.56)	0.09
VANGUARD TOTAL INTL STOCK	921909768	VXUS	23,215.00	52.12	1,209,965.80	45.77	1,062,550.55	(147,415.25)	3.24
VANGUARD TOTAL INTL STOCK	921909768	VXUS	8,570.00	52.51	450,010.70	45.77	392,248.90	(57,761.80)	1.20
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	4,931.00	195.76	965,292.56	179.47	884,966.57	(80,325.99)	2.70
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	1,551.00	226.21	350,851.40	179.47	278,357.97	(72,493.43)	0.85
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	433.00	233.92	101,287.36	179.47	77,710.51	(23,576.85)	0.24
VANGUARD TOTAL STOCK MKT ETF	922908769	VTI	35,671.00	169.04	6,029,825.84	179.47	6,401,874.37	372,048.53	19.50
Security Type Sub-Total			141,990.00		14,433,899.29	2,430.61	13,448,015.91	(985,883.38)	41.00
Money Market Mutual Fund									
FIRST AMERICAN GOVERNMENT OBLIGATION - Z	31846V567	FGZXX	818,531.10	1.00	818,531.10	1.00	818,531.10	0.00	2.49
Security Type Sub-Total			818,531.10		818,531.10	1.00	818,531.10	0.00	2.49
Mutual Fund - Bond									
BAIRD CORE PLUS BOND - INST	057071870	BCOIX	354,140.00	11.37	4,025,089.61	9.72	3,442,240.79	(582,848.82)	10.49
DOUBLELINE CORE FIXED INCOME I	258620301	DBLFX	227,147.13	10.61	2,411,016.86	9.19	2,087,482.12	(323,534.74)	6.36
MAINSTAY MACKAY HIGH YIELD CORP BD R6	56063N881	MHYSX	66,154.11	5.63	372,619.82	4.77	315,555.12	(57,064.70)	0.96
PACIFIC FUNDS FLOATING RATE INCOME FUND	69447T771	PLFRX	116,678.87	9.69	1,130,200.55	9.09	1,060,610.89	(69,589.66)	3.23
PRUDENTIAL TOTAL RETRN BND-Q	74440B884	PTROX	229,951.74	14.63	3,365,299.75	11.75	2,701,933.00	(663,366.75)	8.23
VOYA INTERMEDIATE BOND R6	92913L569	IIBZX	243,415.71	10.30	2,506,235.00	8.48	2,064,165.22	(442,069.78)	6.29
Security Type Sub-Total			1,237,487.56		13,810,461.59	53.00	11,671,987.14	(2,138,474.45)	35.56
Mutual Fund - Equity									
HARDING LOEVNER INTERNATIONAL EQUITY POR	412295107	HLMIX	35,779.79	26.36	943,238.12	20.91	748,155.31	(195,082.81)	2.28
HRTFRD SCHR EM MRKT EQ-SDR	41665H789	SEMTX	31,134.75	19.14	595,877.60	13.46	419,073.75	(176,803.85)	1.28

Detail of Securities Held & Market Analytics

For the Month Ending **September 30, 2022**

SUNLINE EMPLOYEES RETIREMENT NON-BARGAIN

Security Type/Description				Average	Original	Market	Market	Unreal G/L	
Dated Date/Coupon/Maturity	CUSIP	Ticker	Shares	Cost/Share	Cost	Price	Value	on Cost	Percentage
Mutual Fund - Equity									
JENSEN QUALITY GROWTH-Y	476313408	JENYX	20,413.19	49.61	1,012,658.26	51.33	1,047,808.86	35,150.60	3.19
JOHCM INTERNATIONAL SELECT I	46653M849	JOHIX	20,246.31	25.54	517,136.76	17.74	359,169.53	(157,967.23)	1.09
MFS EMERGING MARKETS DEBT R6	552746364	MEDHX	0.49	10.85	5.26	10.84	5.26	0.00	0.00
VANGUARD TOTAL STOCK MARKET INDEX	922908801	VITX	0.00	75.00	0.03	87.32	0.03	0.00	0.00
Security Type Sub-Total			107,574.52		3,068,916.03	201.60	2,574,212.74	(494,703.29)	7.84
Mutual Fund - Other									
COHEN & STEERS INST REALTY SHARES	19247U106	CSRIX	14,792.83	46.22	683,699.03	41.95	620,559.35	(63,139.68)	1.89
PIMCO COMMODITY REAL RETURN STRATEGY	722005667	PCRIX	185,004.24	6.50	1,201,675.08	5.16	954,621.89	(247,053.19)	2.91
PRINCIPAL RE SECURITIES INST FUND	74253Q580	PIREX	24,634.90	27.51	677,656.12	25.05	617,104.19	(60,551.93)	1.88
Security Type Sub-Total			224,431.97		2,563,030.23	72.16	2,192,285.43	(370,744.80)	6.68
Separate Account									
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	30,625.00	1.00	30,625.00	100.30	30,717.42	92.42	0.09
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	24,500.00	1.00	24,500.00	100.30	24,573.94	73.94	0.07
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	34,300.00	1.00	34,300.00	100.30	34,403.51	103.51	0.10
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	18,873.34	1.00	18,873.34	100.30	18,930.30	56.96	0.06
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	49,000.00	1.00	49,000.00	100.30	49,147.88	147.88	0.15
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	22,050.00	1.00	22,050.00	100.30	22,116.55	66.55	0.07
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	21,070.00	1.00	21,070.00	100.30	21,133.59	63.59	0.06
ATEL PRIVATE DEBT PARTNERS II	ATEL00020	SA407	49,980.00	1.00	49,980.00	100.30	50,130.83	150.83	0.15
NB SECONDARY OPPORTUNITIES V OFFSHORE	NBSOFV008	SA426	68,756.25	1.00	68,756.25	135.94	93,466.02	24,709.77	0.28
NB SECONDARY OPPORTUNITIES V OFFSHORE	NBSOFV008	SA426	191,676.07	1.00	191,676.07	135.94	260,561.05	68,884.98	0.79
Security Type Sub-Total			510,830.66		510,830.66	1,074.29	605,181.09	94,350.43	1.82
Managed Account Sub-Total			3,080,451.81		37,006,261.97	4,233.96	32,824,116.51	(4,182,145.46)	99.99

Detail of Securities Held & Market Analytics

For the Month Ending **September 30, 2022**

SUNLINE EMPLOYEES RETIREMENT NON-BARGAIN						
Securities Sub-Total	\$3,080,451.81	\$37,006,261.97	\$4,233.96	\$32,824,116.51	(\$4,182,145.46)	99.99%
Accrued Interest				\$0.00		
Total Investments				\$32,824,116.51		

SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022

RECEIVE & FILETO: Finance/Audit Committee
Board of Directors

RE: Ridership Report for October 2022

Summary:

	Monthly Ridership		Monthly Variance	
	Oct-22	Oct-21	Net	Percent
Fixed Route	228,790	187,878	40,912	21.8%
SolVan	1,699	1,277	422	33%
SunRide	612	406	206	33.7%
Taxi Voucher*	254	320	-66	-26%
SunDial	9,101	8,878	223	2.5%
Total	240,456	198,759	41,697	21%

*Taxi Voucher rides are included for the system total; however, they are not NTD reportable.

October 2022 Fiscal Year To Date Ridership	
Fiscal Year 2023	869,206
Fiscal Year 2022	714,038
Ridership Increase	155,168

Fiscal year to date system ridership is up by 155,168 rides or 21.7% increase compared to the previous fiscal year. October 2022 is now the highest ridership month since the beginning of the pandemic. The baseline of the attached COVID-19 recovery chart is calendar year 2020, this allows a comparison of three (3) years.

Recommendation:

Receive and file.



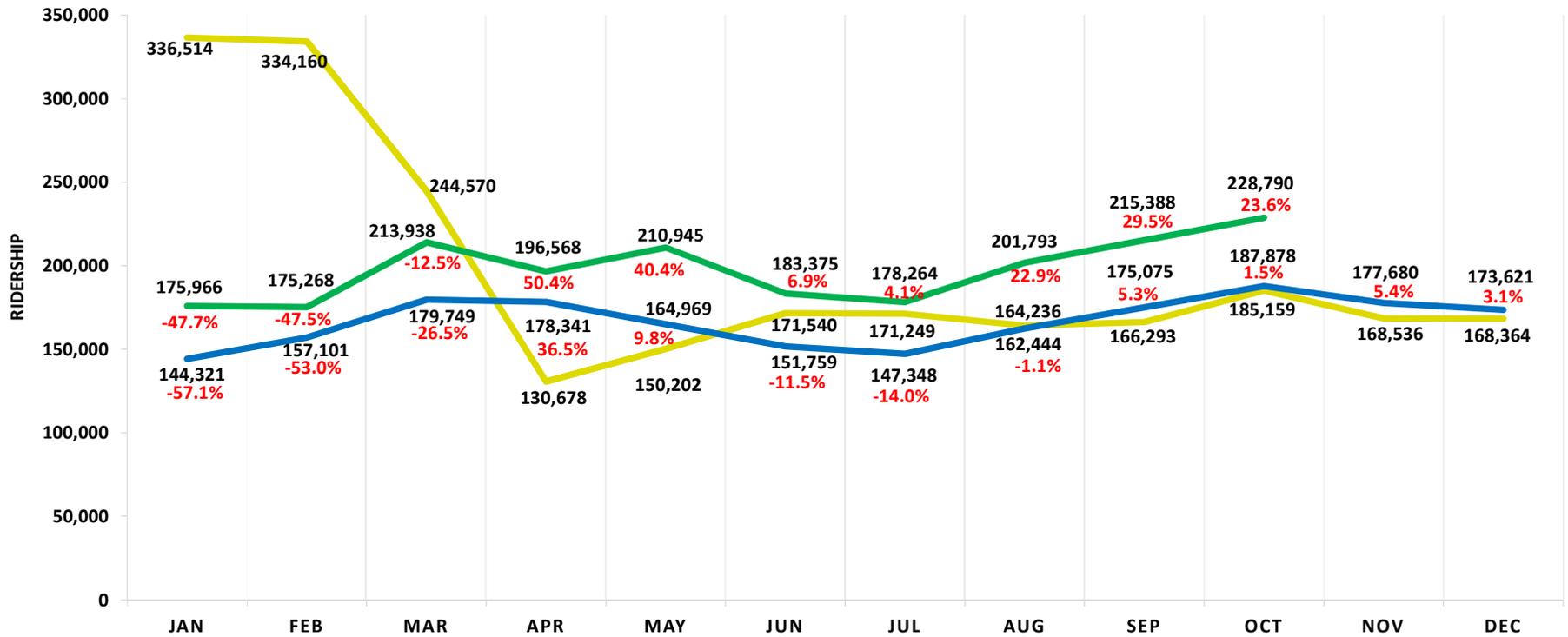
SunLine Transit Agency Monthly Ridership Report October 2022

Fixed Route	Description	FY 2023		FY 2022		Monthly KPI		Bikes		Wheelchairs	
		Oct 2022	Oct 2021	YTD	YTD	Passengers/ Rev. Hours	Passengers/ Rev. Miles	Monthly	FYTD	Monthly	FYTD
Route 1	Coachella - Hwy 111 - Palm Springs	93,663	73,408	341,666	277,812	14.6	1.0	4,280	15,465	730	3,019
Route 2	Desert Hot Springs - Palm Springs - Cathedral City	58,784	53,248	219,955	191,750	21.5	1.5	2,468	8,579	646	2,007
Route 3	Desert Hot Springs - Desert Edge	6,352	5,104	22,766	17,824	13.3	0.8	114	582	122	410
Route 4	Westfield Palm Desert - Palm Springs	18,101	16,288	69,016	60,088	9.9	0.7	641	2,383	113	438
Route 5	Desert Hot Springs - CSUSB - Palm Desert	2,094	858	6,552	1,695	6.9	0.3	59	182	7	15
Route 6	Coachella - Fred Waring - Westfield Palm Desert	9,198	6,336	29,887	22,216	5.9	0.5	247	1,009	32	173
Route 7	Bermuda Dunes - Indian Wells - La Quinta	5,771	5,855	21,639	20,238	10.9	0.8	200	795	40	173
Route 8	North Indio - Coachella -Thermal/Mecca	14,798	10,745	55,846	38,815	9.4	0.6	437	1,679	61	266
Route 9	North Shore - Mecca - Oasis	7,510	5,659	24,080	16,981	6.3	0.3	54	259	23	89
Route 10	Indio - CSUSB - San Bernardino - Metrolink	3,326	2,548	9,374	6,328	18.3	0.1	33	95	4	16
Route 200 SB	Palm Springs High School AM Tripper	485	351	1,136	906	35.3	1.6	2	11	-	1
Route 400 SB	Raymond Cree / Palm Springs HS Tripper	117	225	231	539	6.5	0.4	-	-	-	-
Route 401 SB	Palm Canyon / Stevens AM Tripper	-	99	-	206	-	-	-	-	-	-
Route 402 NB	Palm Canyon / Stevens AM Tripper	15	64	87	159	3.5	0.3	-	-	-	2
Route 403 NB	Vista Chino /Sunrise PM Tripper	76	90	271	256	15.8	0.6	-	5	-	-
Route 500 SB	Westfield Palm Desert PM Tripper	377	290	830	531	37.5	2.3	7	8	-	-
Route 501 NB	Palm Desert High School AM Tripper	-	-	-	95	-	-	-	-	-	-
Route 700 SB/NB	Harris / Washington - Calle Madrid / Ave Vallejo AM Tripper	418	460	1,068	1,077	20.0	1.3	-	7	1	1
Route 701 SB/NB	Harris / Washington - Calle Madrid / Ave Vallejo PM Tripper	882	985	2,494	2,306	45.7	3.0	4	114	-	-
Route 800 NB	Shadow Hills High School AM Tripper	1,489	2,133	3,815	5,198	71.5	3.5	1	1	-	-
Route 801 SB	Jackson / 44th PM Tripper	2,389	2,237	6,538	5,197	121.1	7.1	1	12	-	2
Route 802 SB	Hwy 111 / Golf Center Pkwy PM Tripper	787	802	1,632	1,885	30.2	1.6	4	7	8	8
Route 803 NB	Shadow Hills High School AM Tripper	2,158	93	5,352	643	119.4	5.9	-	-	-	-
Fixed Route Total		228,790	187,878	824,235	672,745	13.2	0.8	8,552	31,193	1,787	6,620
SolVan		1,699	1,277	6,625	5,650						
SunRide		612	406	2,088	1,680						
Taxi Voucher		254	320	1,033	1,197						
SunDial		9,101	8,878	35,225	32,766	2.0	0.1				
System Total		240,456	198,759	869,206	714,038	10.4	0.7				
		Oct-22	Oct-21								
Weekdays:		21	21								
Saturdays:		5	5								
Sundays:		5	5								
Total Days:		31	31								

On Sunday, May 2, 2021, SunLine resumed fare collection. Haul Pass Programs returned, Haul Pass COD contributed with 7,514 rides, CSUSB with 2,564 rides. Mobile Ticketing contributed with 35,847 rides, the total for October 2022 includes 138 paratransit mobile tickets.

Fixed Route Ridership COVID-19 Recovery

— CY 2020
 — CY 2021
 — CY 2022
 %VAR. 2020 vs 2021
 %VAR. 2020 vs 2022



From March 21, 2020, thru September 4, 2021, SunLine operated at a reduced level of service, Level 3, in response to the COVID-19 pandemic.

January 2021 fixed route ridership was calculated from January 3, 2021, to maintain data integrity of the new Refueled system.

FY 2022 data includes the resumption of the school trippers in March 2021, and the new Route 10 that started on July 12, 2021.

On October 17, 2021, SunLine commenced operations under Level 2.

Variances are in red close to their corresponding ridership number. 2021 and 2022 are referring to the baseline of 2020.

Ridership:

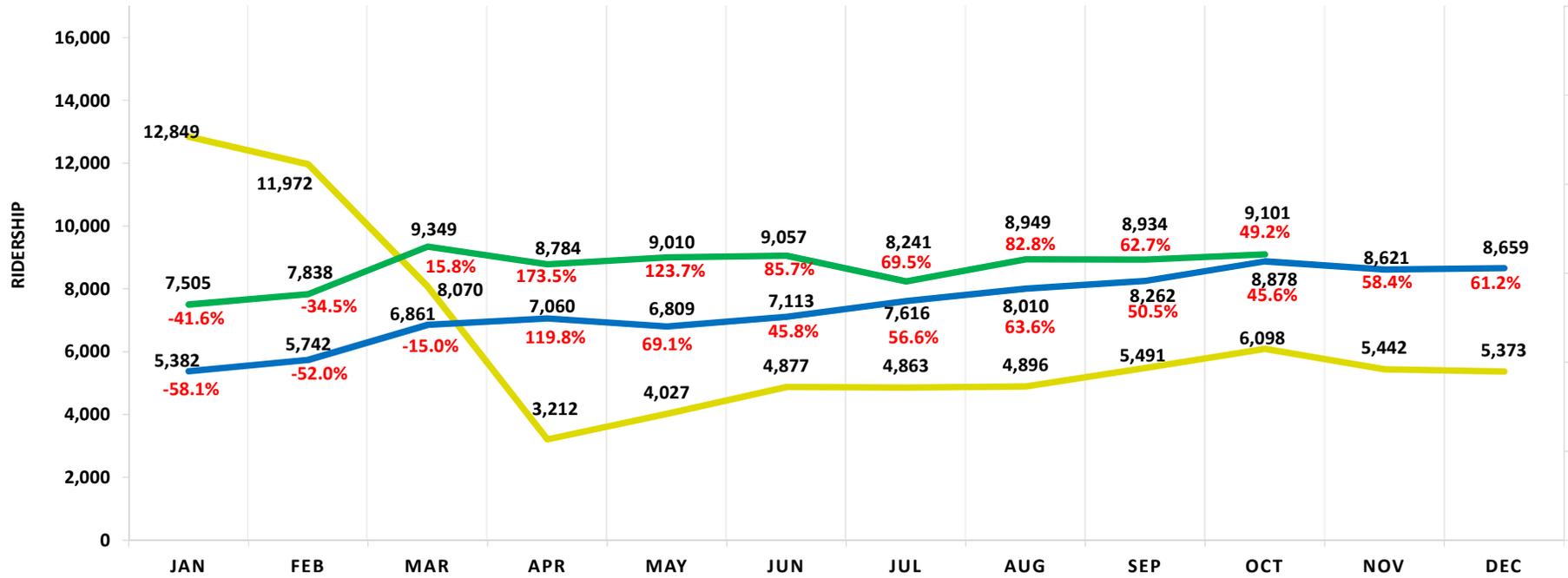
FY 2021 Actual = 2,088,342

FY 2022 Actual = 2,303,785

FY 2023 SRTP Predicted = 2,506,993

Paratransit Ridership COVID-19 Recovery

— CY 2020
 — CY 2021
 — CY 2022
 %VAR. 2020 vs 2021
 %VAR. 2020 vs 2022



Beginning January 2022, instead of comparing the ridership to the 2019 pre COVID levels, we will be moving forward with comparing the ridership growth from 2020 and 2021. Variances are in red close to their corresponding ridership number. 2021 and 2022 are referring to the baseline of 2020. January 2020 and February 2020 show pre-pandemic COVID-19 ridership numbers.

SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: SunDial Operational Notes for October 2022

Summary:

The attached report summarizes SunDial's operation for the month of October 2022. This report identifies that the on-time performance continues to exceed the service standard goal of 85% for each month. In October, paratransit met and exceeded this goal at 87.5%. Fiscal year to date, SunDial has maintained an on-time performance of 88%. Total vehicle miles for October 2022 decreased by 1,348 compared to October 2021. Total trips for the month of October were 8,692. When compared to October 2021, this is an increase of 457 trips or 5.5%.

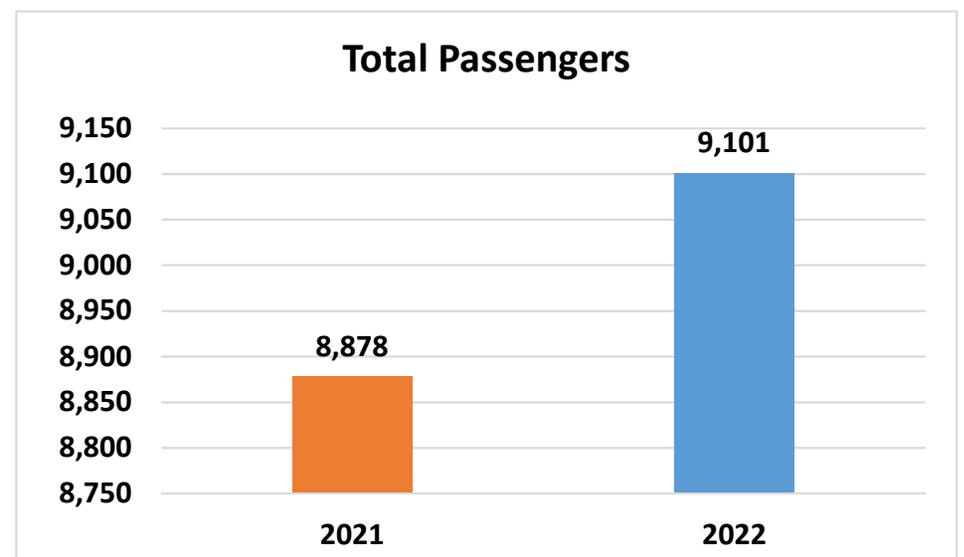
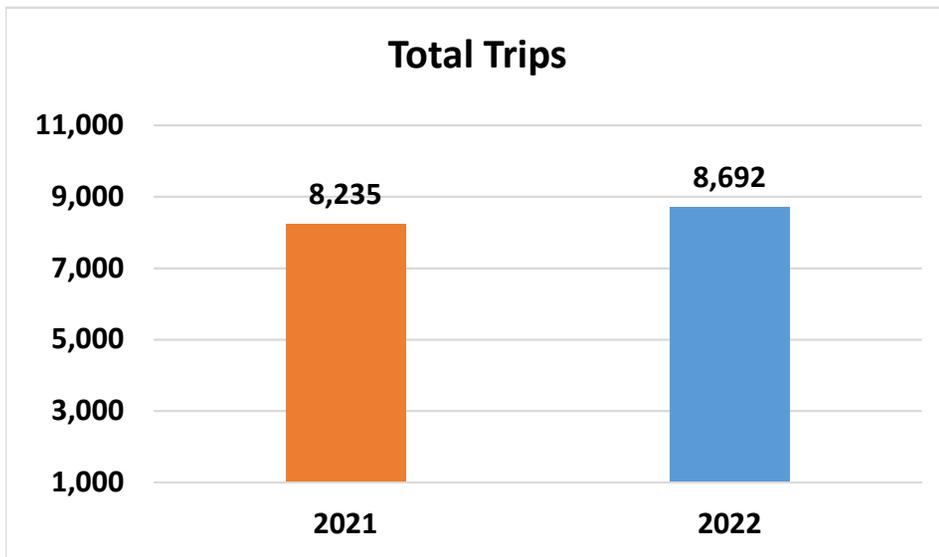
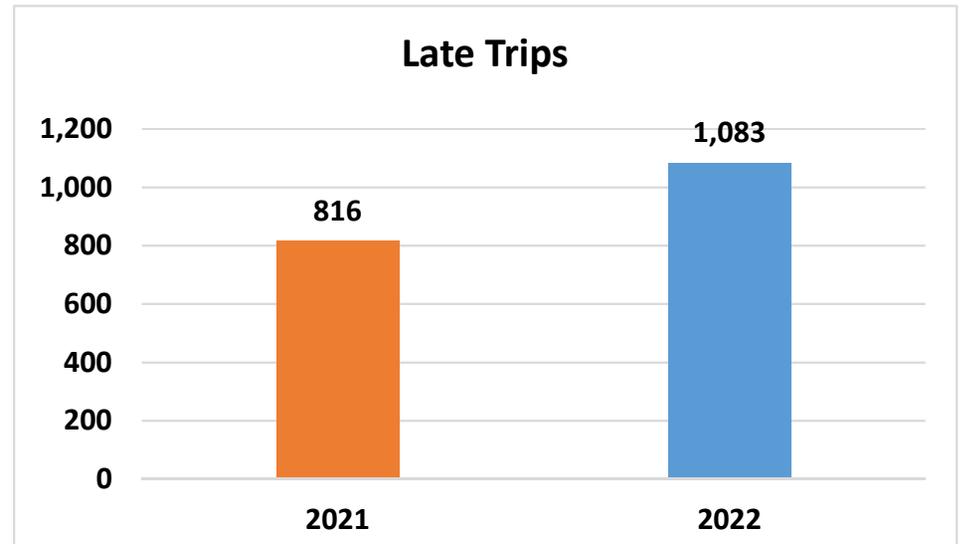
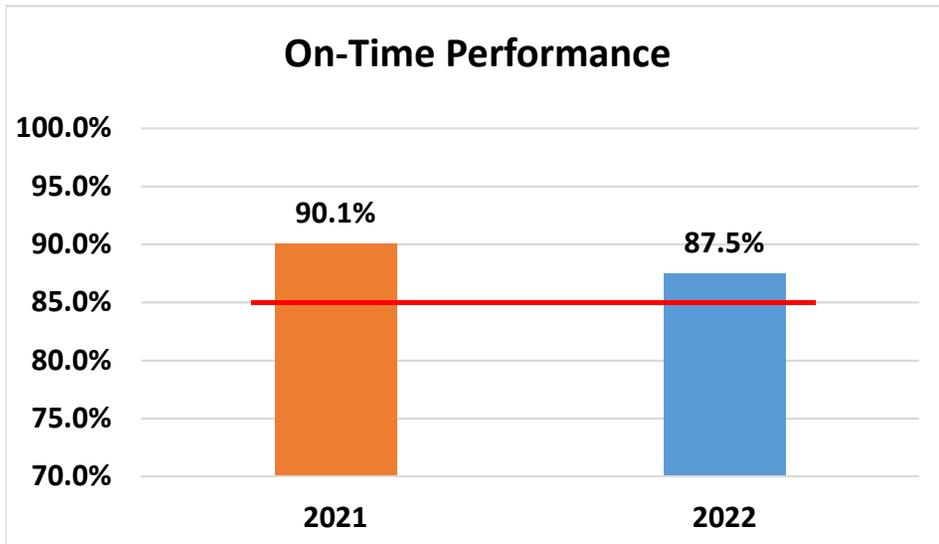
Total passengers for the month of October were 9,101. When compared to October 2021, this is an increase of 223 passengers or 2.5%. Mobility device boardings for October 2022 increased 22% or 263 compared to October 2021. Field Supervisors performed 53 onboard inspections and 59 safety evaluations which included pre-trip inspections and trailing evaluations.

Recommendation:

Receive and file.

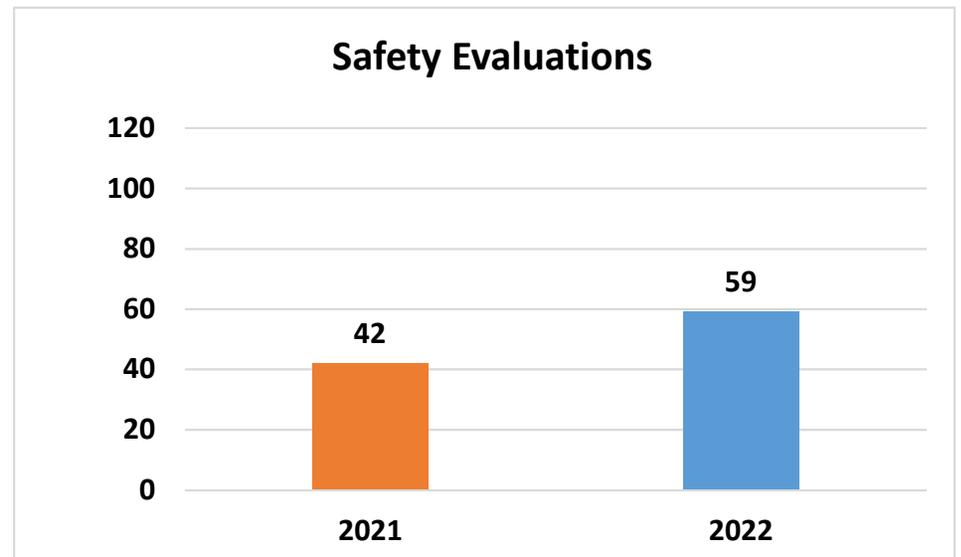
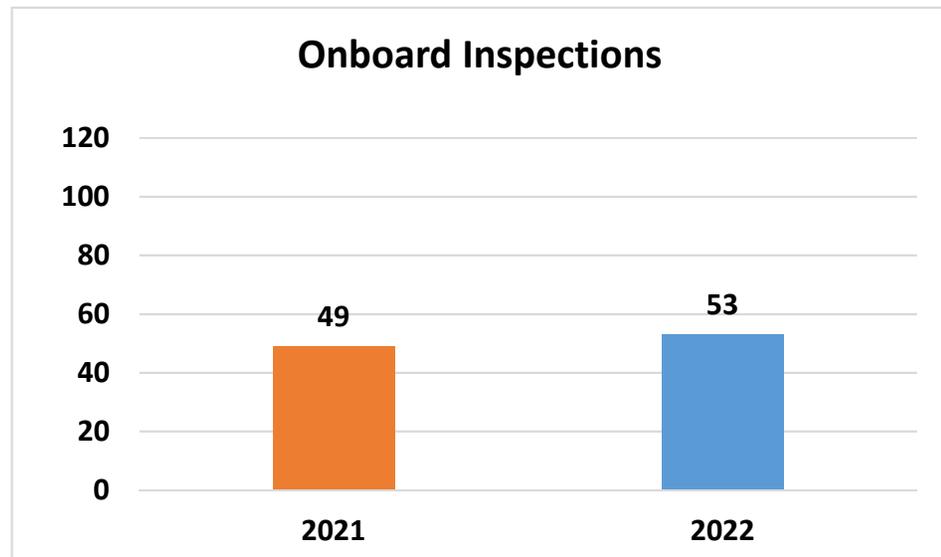
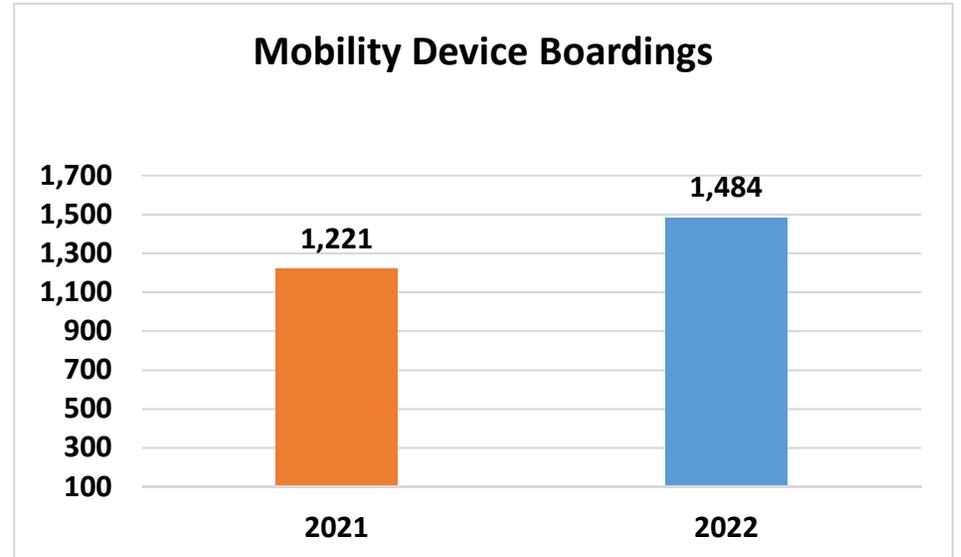
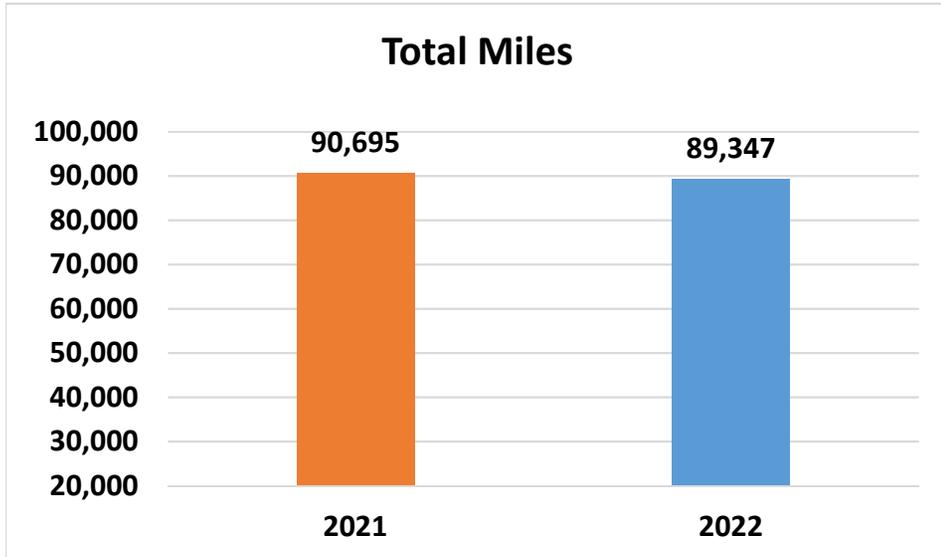
SunDial Operational Charts

October 2021 vs. October 2022



SunDial Operational Charts

October 2021 vs. October 2022



SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Metrics for October 2022

Summary:

The metrics packet includes data highlighting on-time performance, early departures, late departures, late cancellations, operator absences, fixed route customer complaints, paratransit customer complaints, advertising revenue and system performance. SunRide performance includes system-wide, trip booking method and geo-fence metrics for Desert Hot Springs/Desert Edge, Palm Desert, Coachella, Mecca/North Shore, Indio and Cathedral City. Included in this packet is ridership data for the mobile ticketing usage of the Token Transit application and the Haul Pass programs with the various High Schools in the Coachella Valley, College of the Desert (COD) and California State University San Bernardino (CSUSB) Palm Desert Campus.

SunRide

- SunRide continues to grow with 580 rides by 612 passengers – up 51% over last year.
- Mecca/North Shore is up 11 trips over last month – a 16% increase.
- Palm Desert had its best month to date with 193 rides – up 21% from last month.

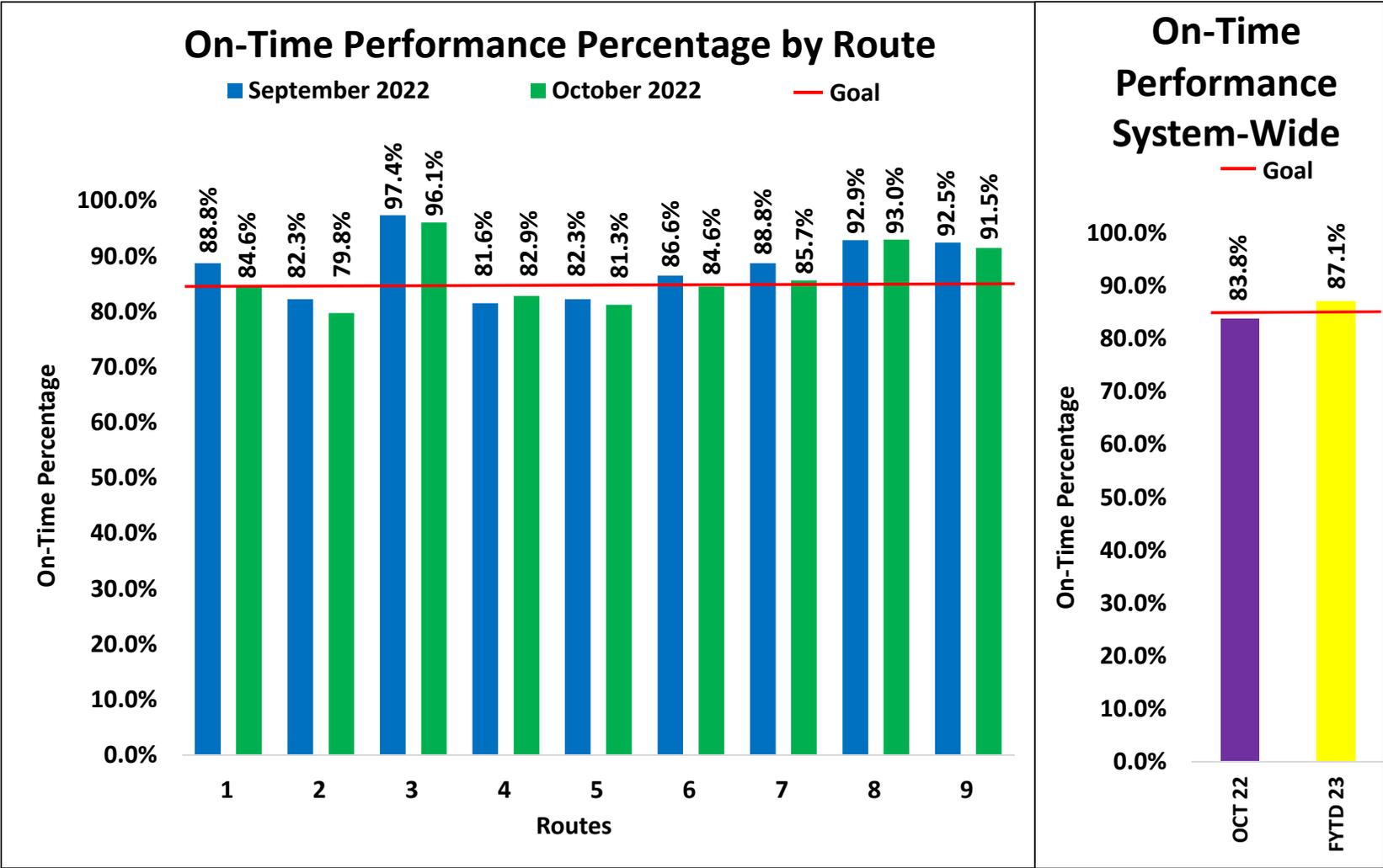
Fixed Route

- Fixed route's on-time performance had a decrease of 2.1% from September 2022 to October 2022.
- For the month of October, we did not meet the Agency's goal of 85% due to road closures/detours caused by construction, heavy ridership and traffic, along with a shortage of operators.
- Early departures had a decrease of 0.2% when compared to the previous month. We attribute this to the continuance of proactive field supervision and internal monitoring, along with operator coaching.

- Late departures had an increase of 2.2% when compared to the previous month due to road closures/detours caused by construction, heavy ridership and traffic, along with a shortage of operators.
- The Route 5 continues to experience traffic delays during peak hours between Desert Hot Springs and Palm Desert causing it to have a high late departure percentage and not meet the Agency's on-time performance goal of 85%.
- In October 2022, the Discovery of Learning was added to the High School Haul Pass program.

Recommendation:

Receive and file.



On-Time Definition: When a trip departs a time point within a range of zero (0) minutes early to five (5) minutes late.

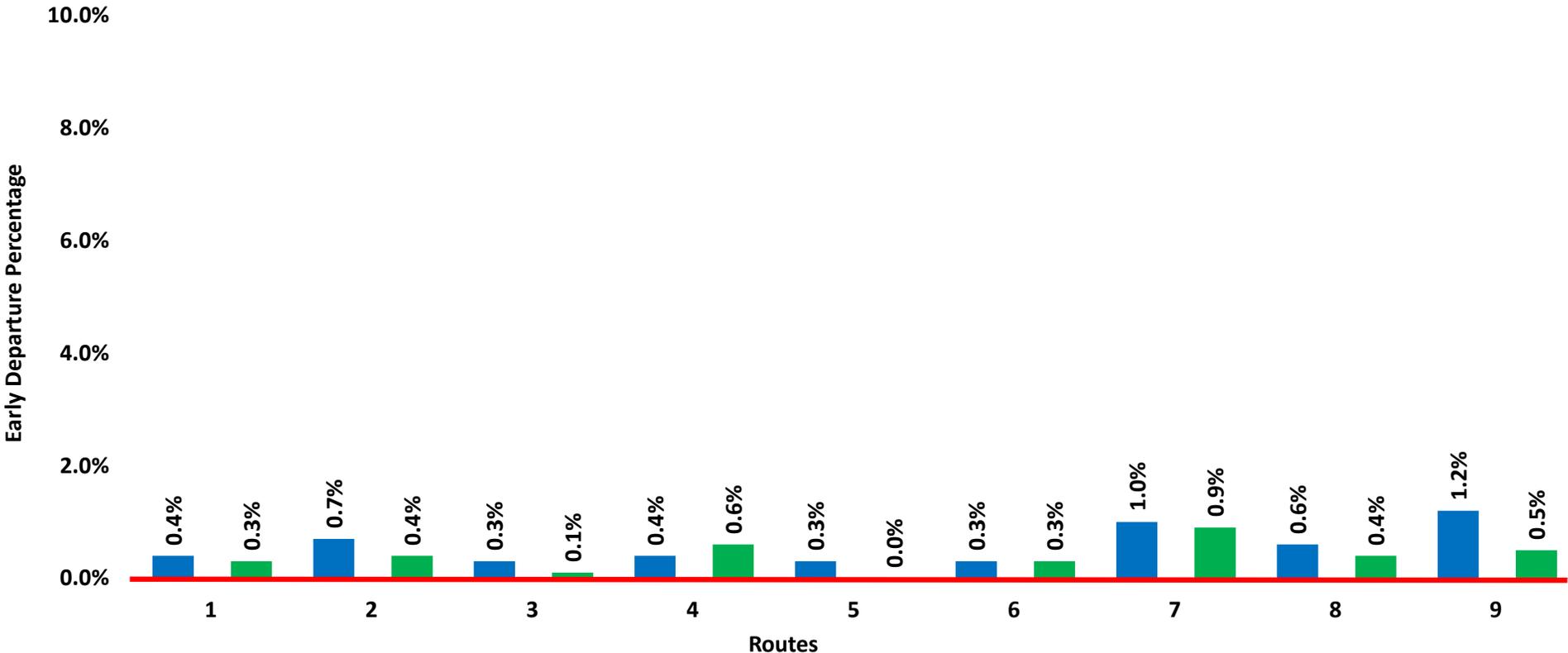
Goal: Minimum target for On-Time Performance is 85%.

Note: For the month of October, we did not meet the Agency’s goal of 85% due road closures/detours caused by construction, heavy ridership and traffic along with a shortage of operators.

The route 5 continues to experience traffic delays during peak hours between Desert Hot Springs and Palm Desert causing it to have a high late departure percentage and not meet the Agency’s on-time preference goal of 85%.

Early Departure Percentage by Route

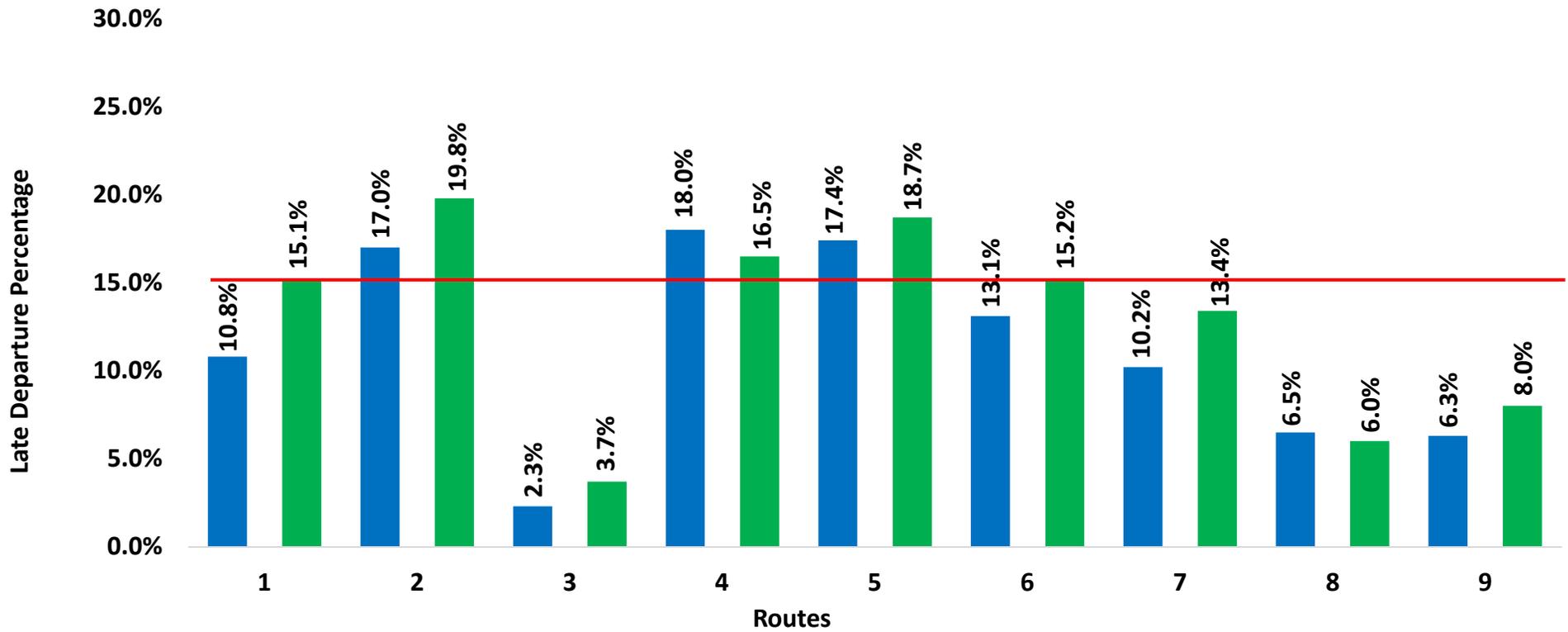
■ September 2022 ■ October 2022



Early Departure Definition: When a bus leaves a time point ahead of the scheduled departure time.
Goal: To reduce early departures to 0%.

Late Departure Percentage by Route

■ September 2022 ■ October 2022 — Goal



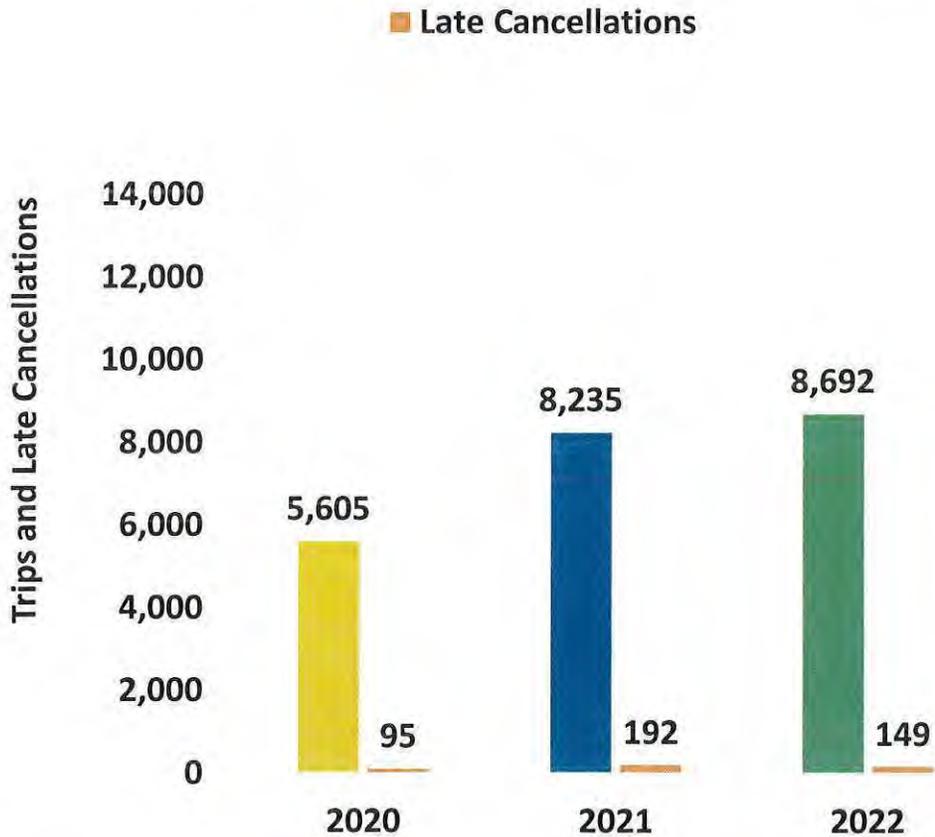
Late Departure Definition: When a bus leaves a time point after the scheduled departure time and the route is running late with a departure greater than five (5) minutes.

Goal: To ensure late departures remain below 15%.

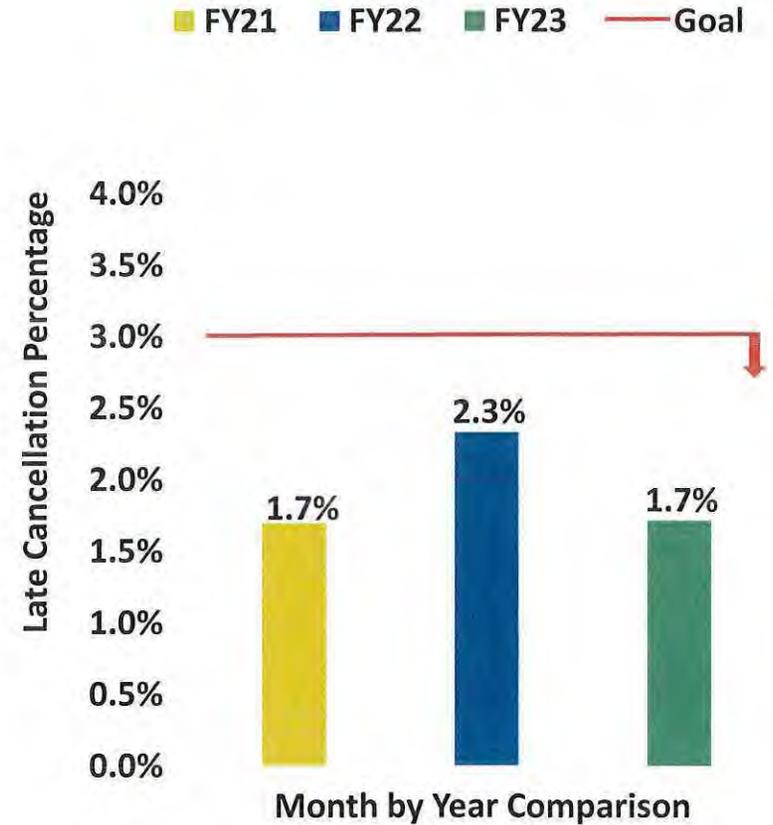
Note: For the month of October, we did not meet the Agency’s goal of 85% due to road closures/detours caused by construction, heavy ridership and traffic along with a shortage of operators.

The route 5 continues to experience traffic delays during peak hours between Desert Hot Springs and Palm Desert causing it to have a high late departure percentage and not meet the Agency’s on-time preference goal of 85%.

Total Trips vs. Late Cancellations October



Late Cancellation Percentage



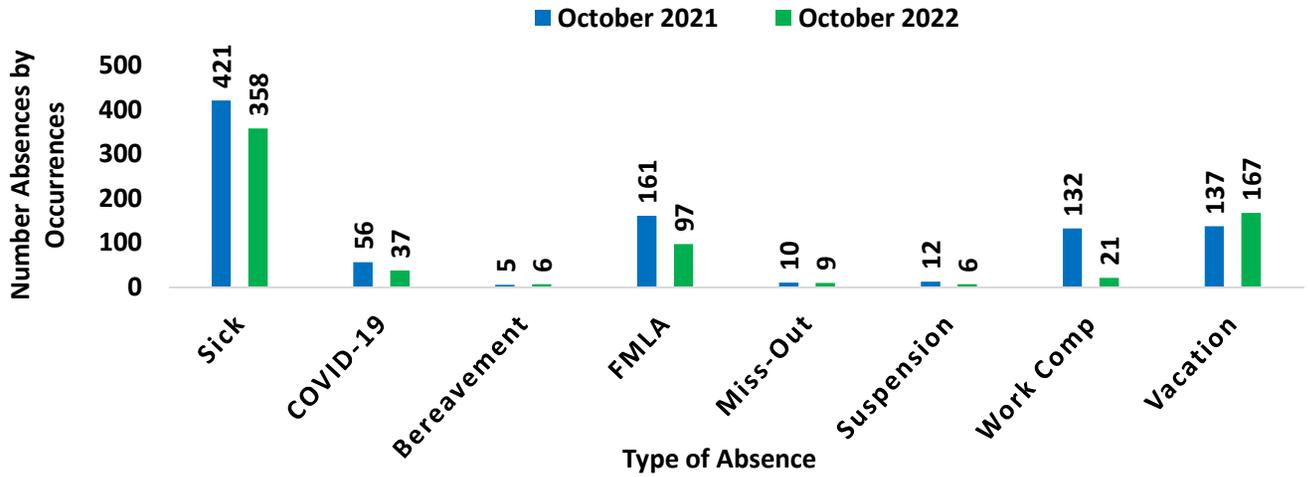
Trip: A one-way trip booked by the rider. A roundtrip is counted as two (2) trips.

Late Cancellation: A trip for which a rider cancels two (2) hours or less before the scheduled pick-up time.

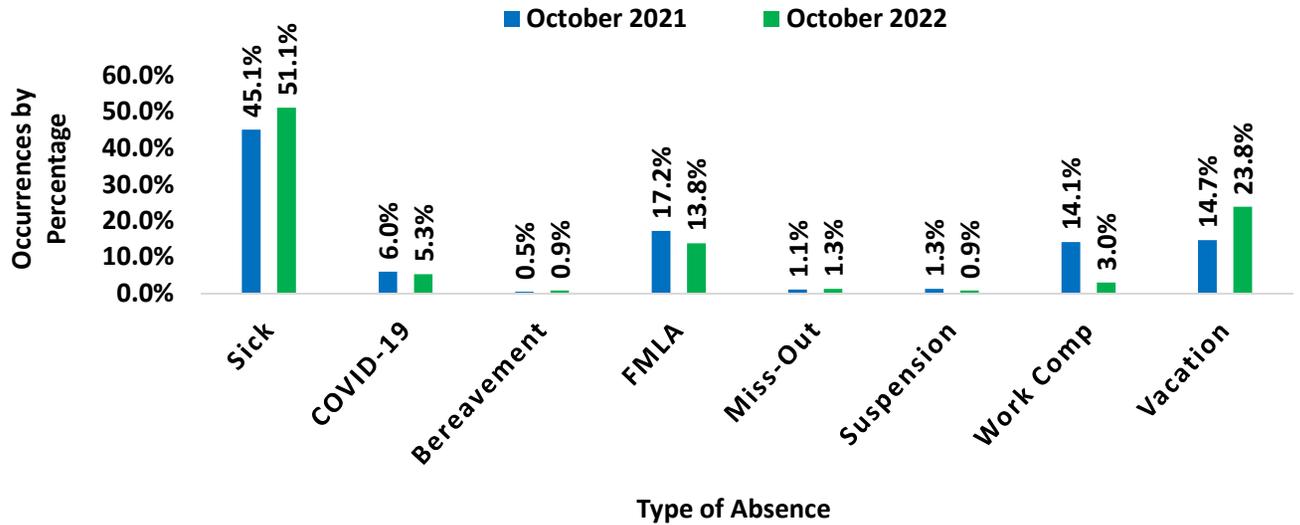
Goal for Late Cancellations: 3% or below.

Total Trips: Total one-way trips completed.

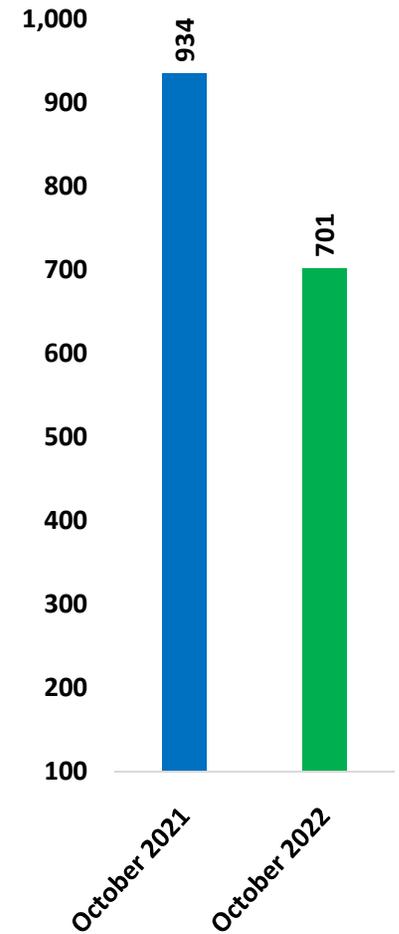
Operator Absence by Type



Operator Absence Type by Percentage

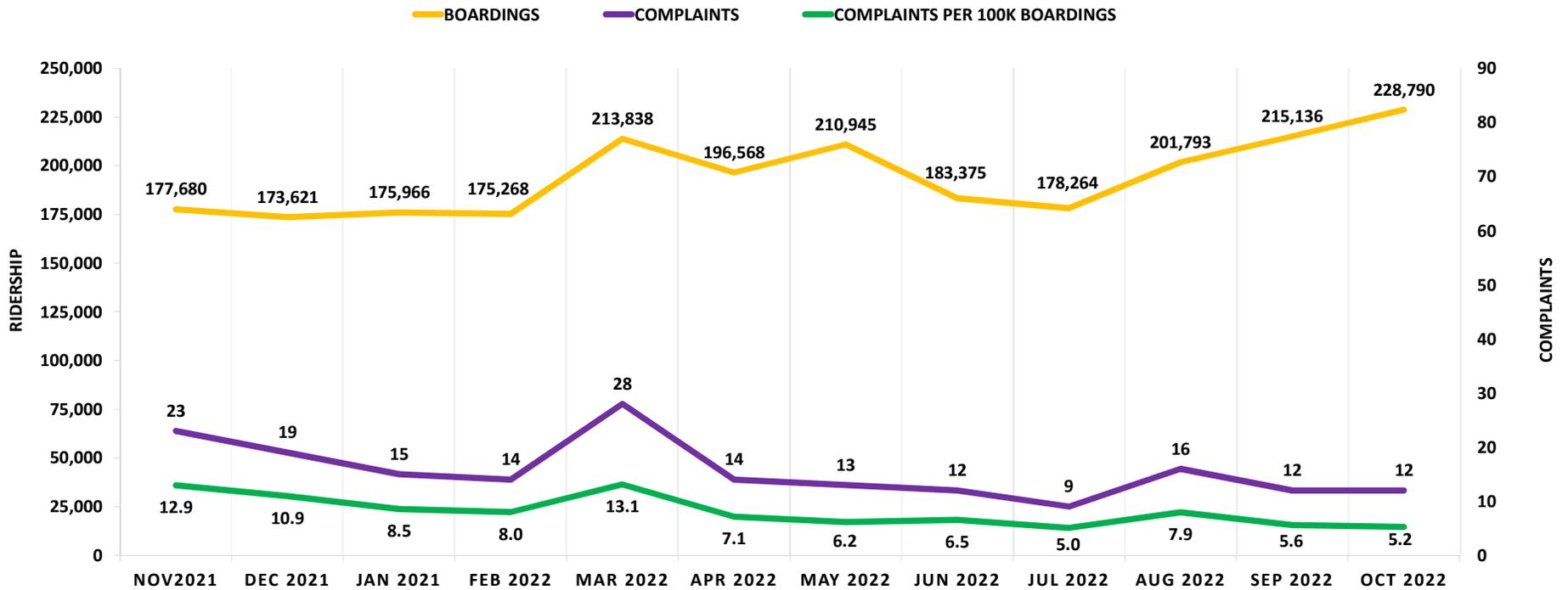


Total Absence Occurrences



This chart includes unplanned/unscheduled and COVID-19 absences for Fixed Route drivers. SunLine continues to monitor all driver absences and have seen a decrease in workforce absences for October 2022 when compared to October 2021.

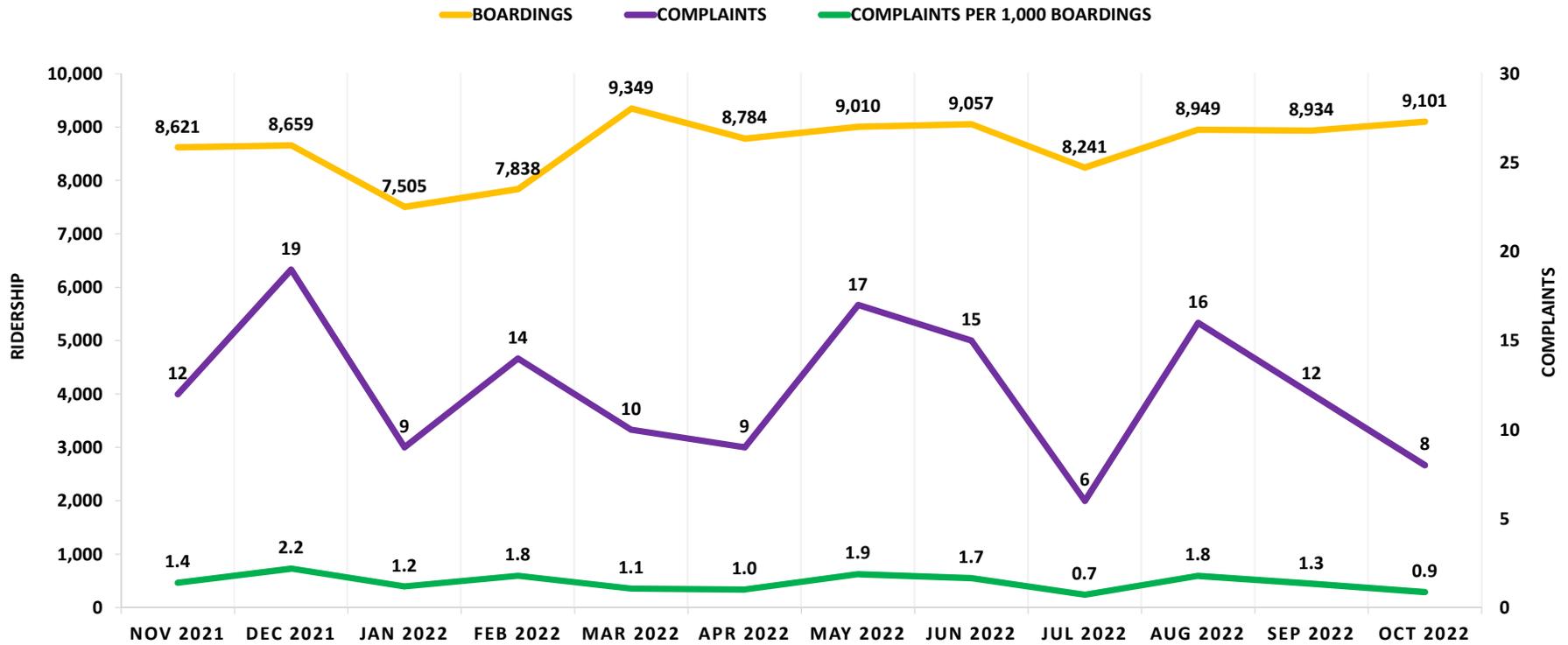
Fixed Route Customer Complaints October 2022



This chart represents the number of boardings and total valid complaints as well as the number of valid complaints per 100,000 boardings for the fixed route system.

For the month of October, 99.99% of our total rides did not receive a complaint.

Paratransit Customer Complaints October 2022



This chart represents the number of boardings and total valid complaints as well as the number of valid complaints per 1,000 boardings for the paratransit service.

For the month of October, 99.91% of our total rides did not receive a complaint.

Advertising Revenue FYTD Budget vs FYTD Agency Revenue September 2022

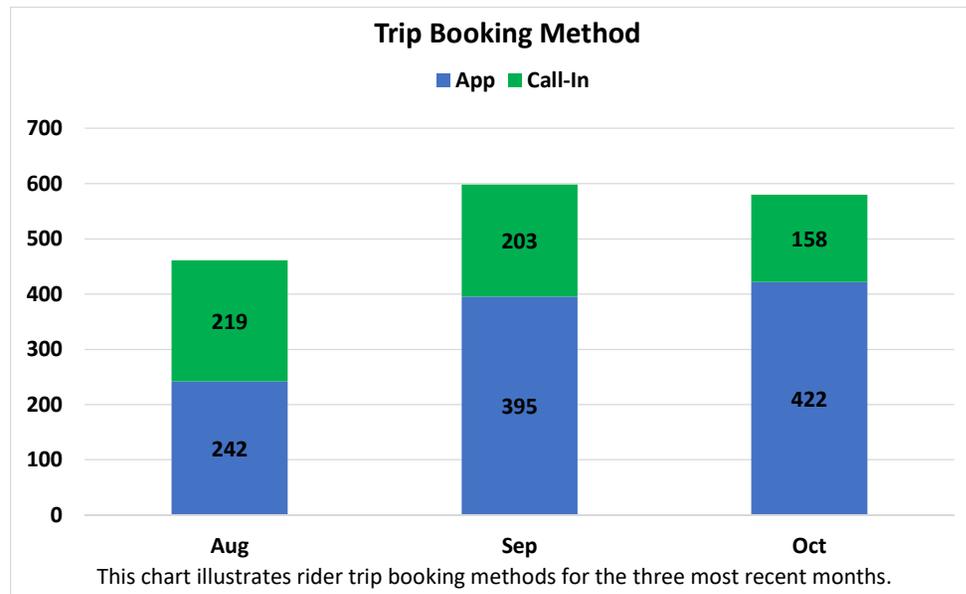
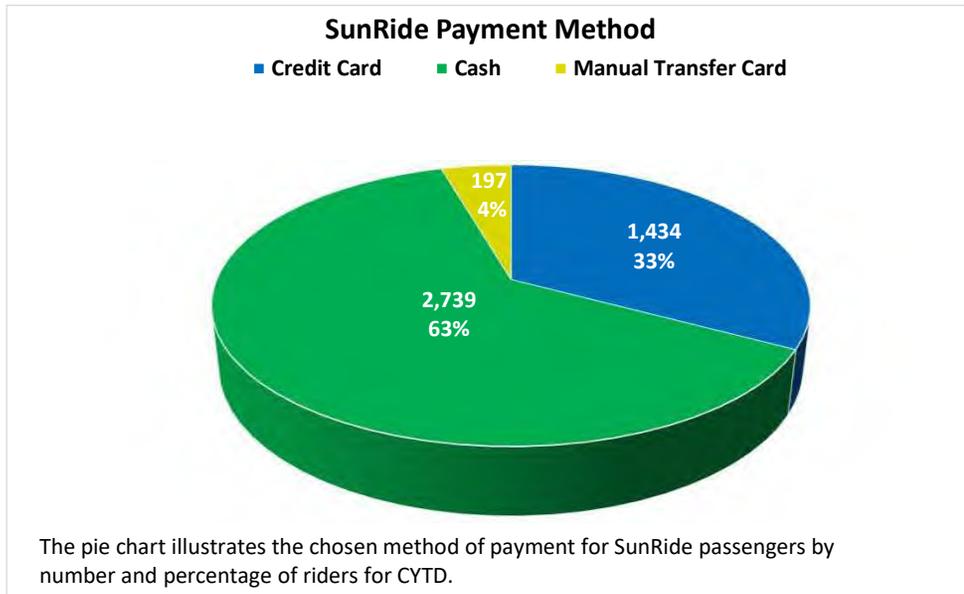
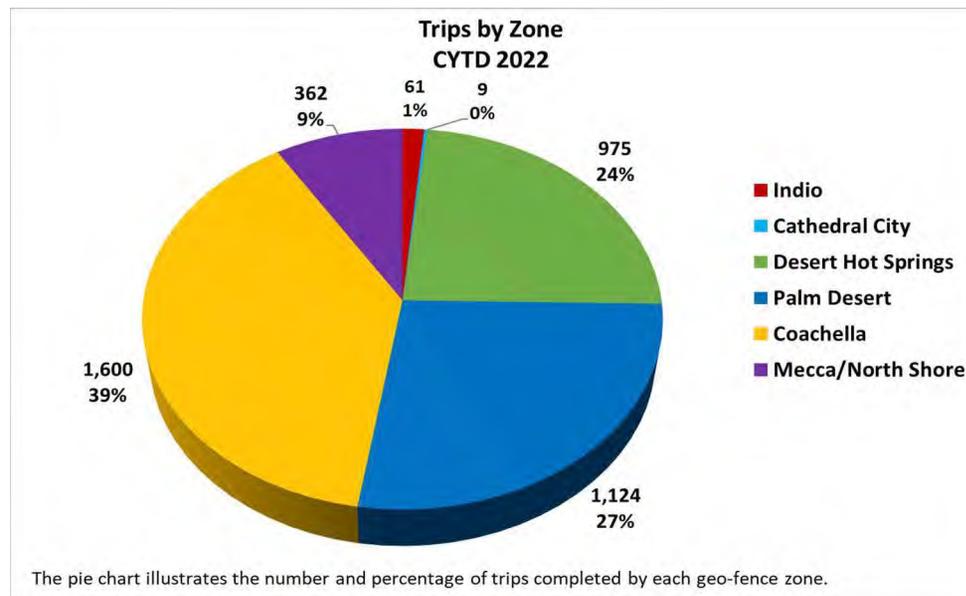
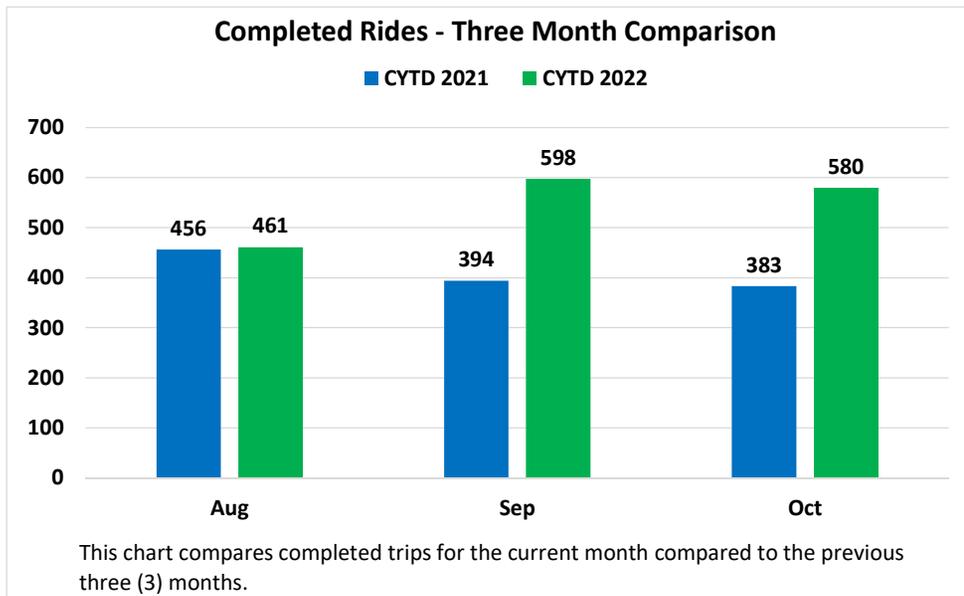


Advertising revenue tracks revenue of invoiced contracts for bus shelter and bus wrap advertising. The graph tracks FYTD revenue accrued with the monthly revenue accrued. The annual budget amount for FY23 is \$250,000 (*advertising revenues follow Finance Department reporting from the previous two (2) months*).

SunRide System-Wide Metrics CYTD 2022

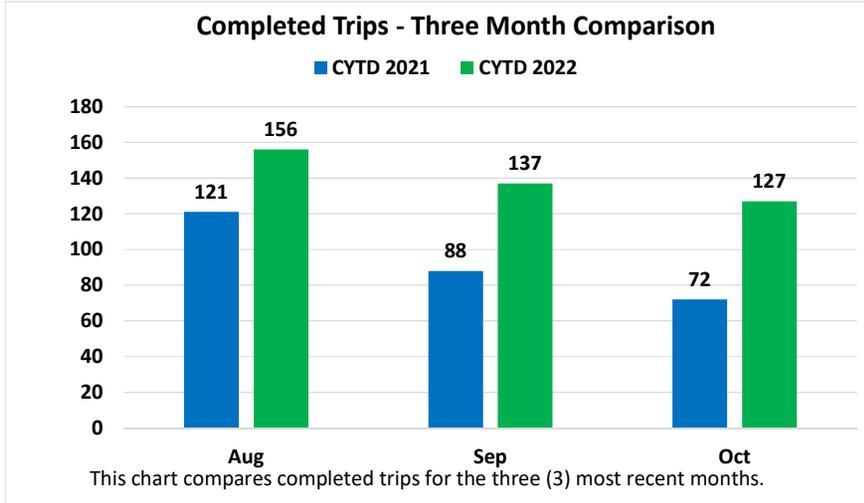
Total Completed Trips: 4,091

Total Number of Passengers: 4,370

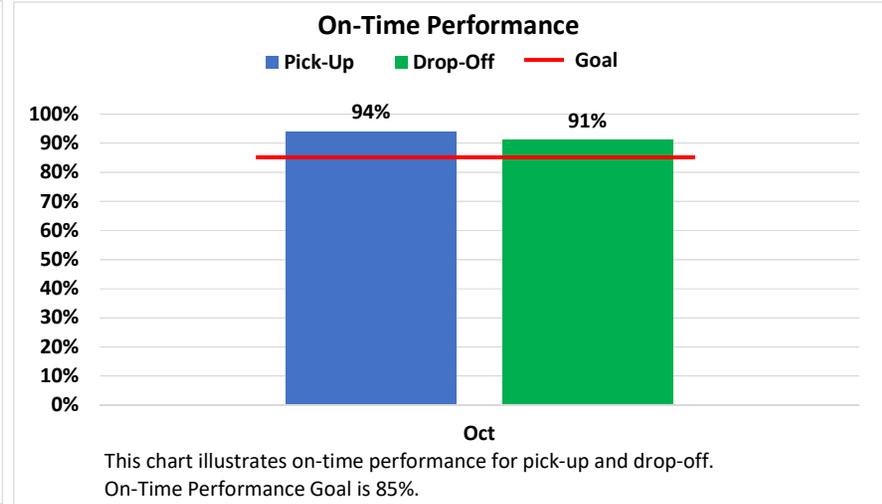
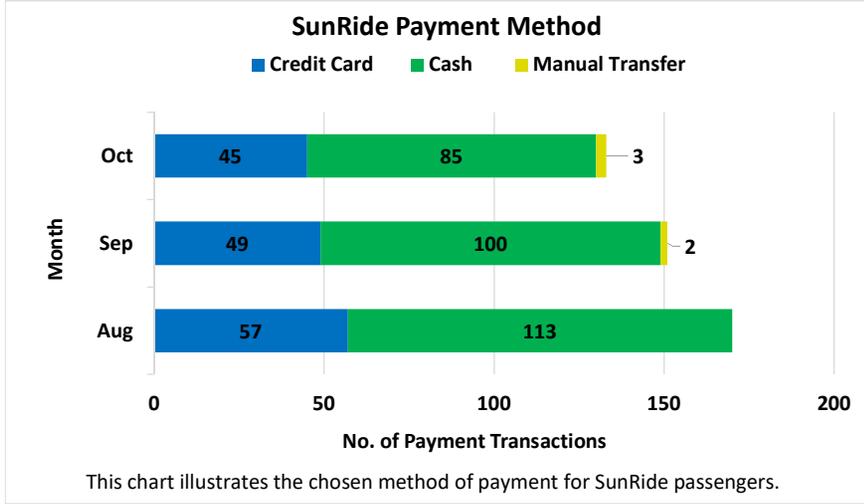
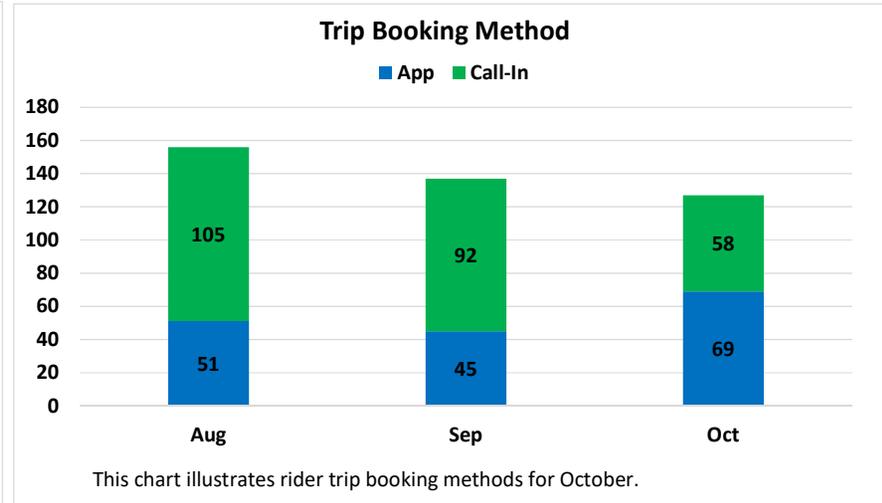


Desert Hot Springs/Desert Edge Geo-Fence Metrics CYTD 2022

Total Completed Trips: 975



Total Number of Passengers: 1,071



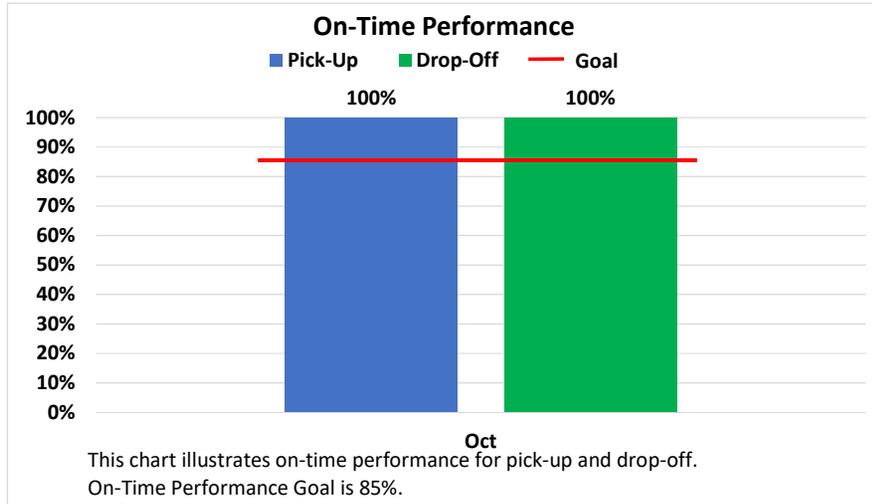
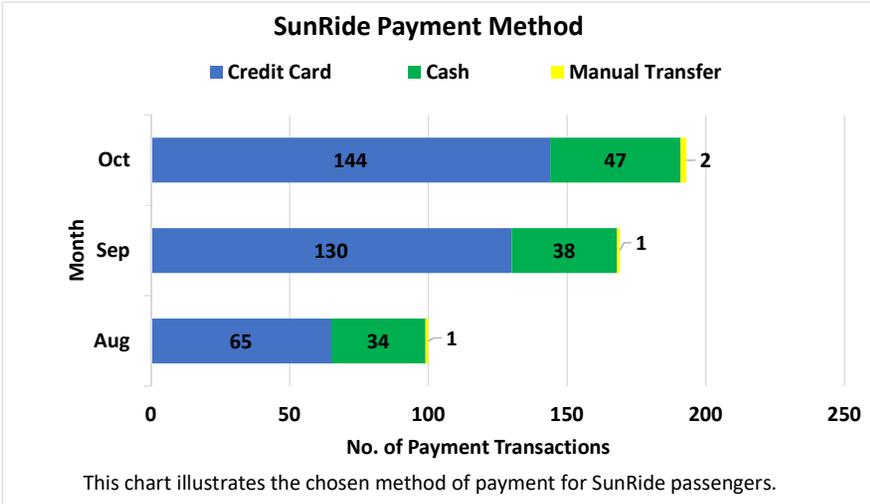
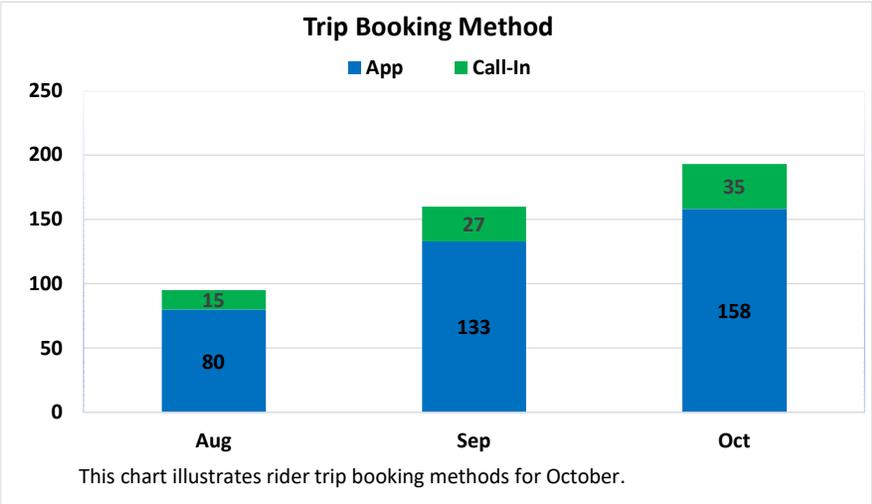
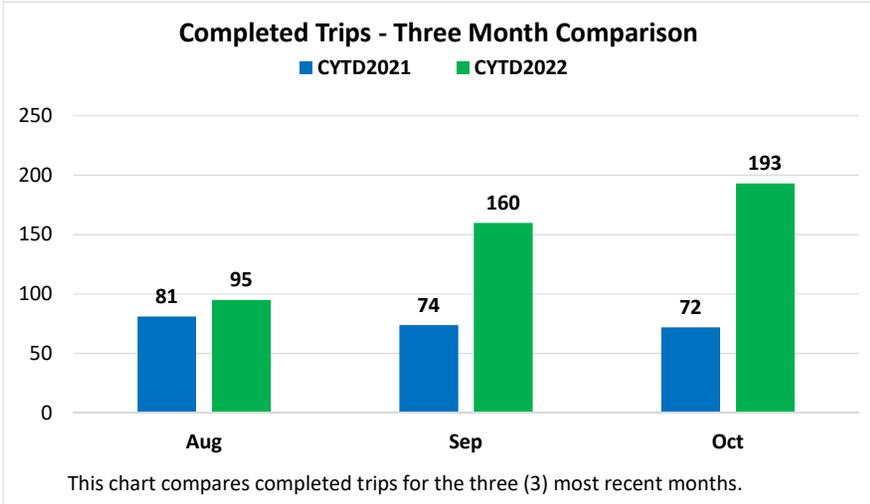
Customer Satisfaction Rating
Avg. rider trip rating 4.9
Goal: 4.5



Palm Desert Geo-Fence Metrics CYTD 2022

Total Completed Trips: 1,124

Total Number of Passengers: 1,176



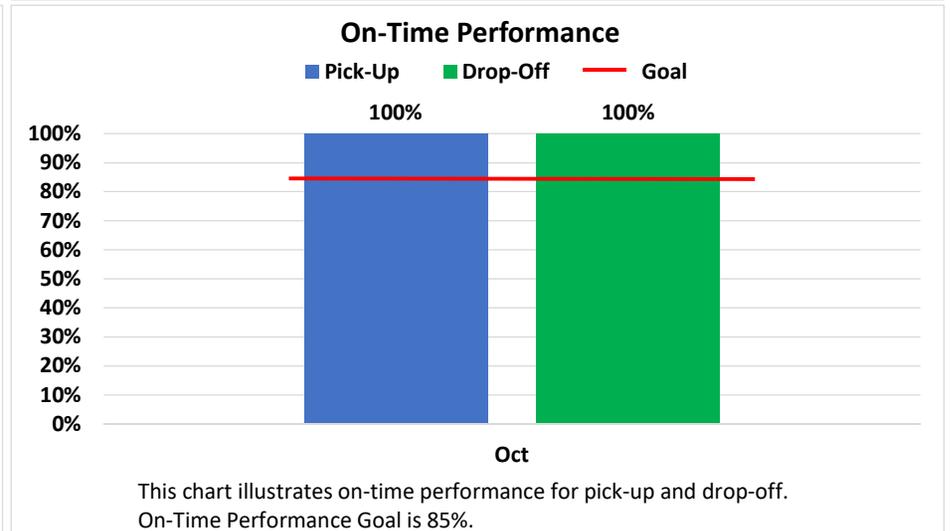
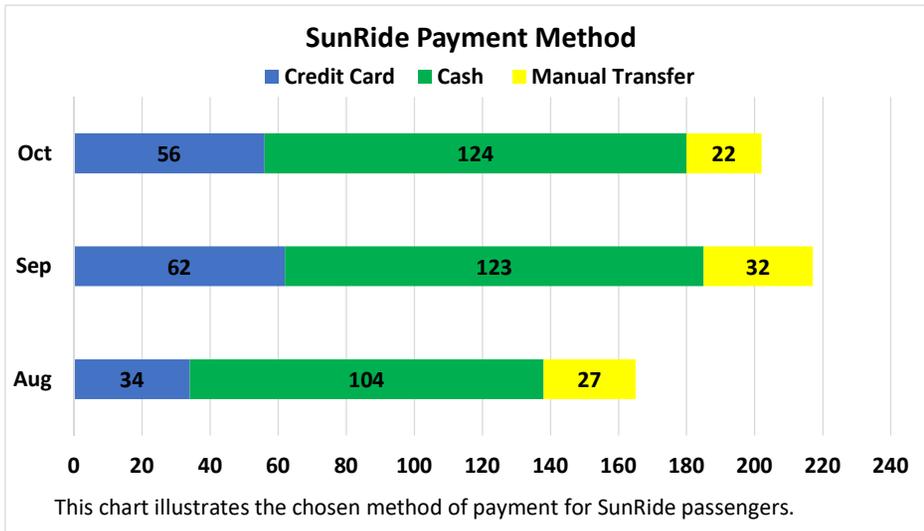
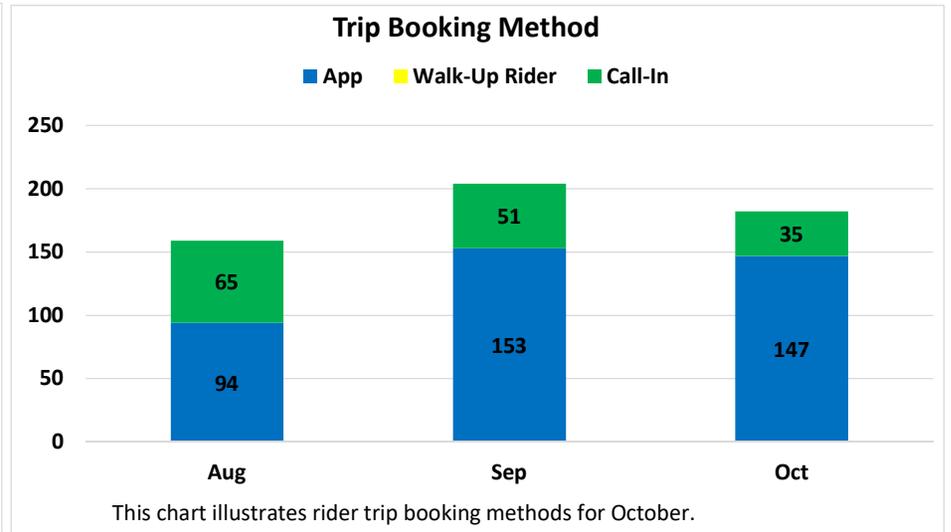
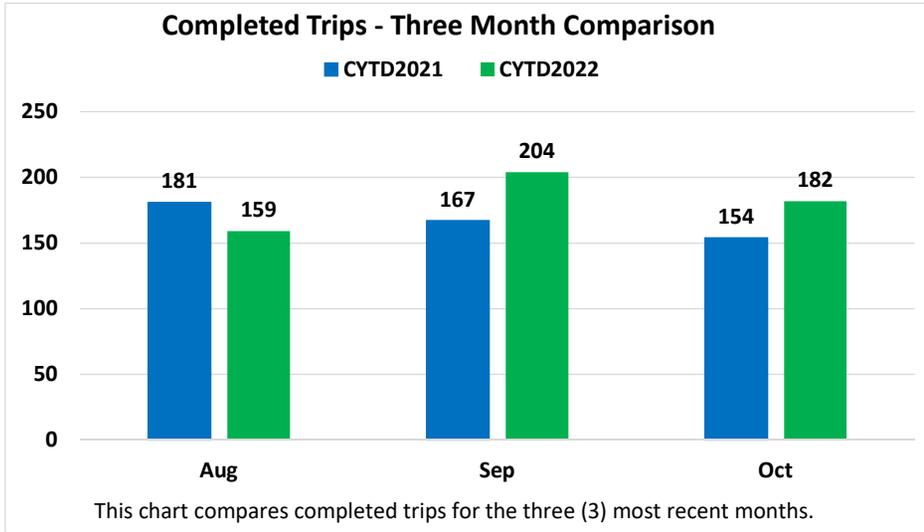
Customer Satisfaction Rating
Avg. rider trip rating: 5.0
Goal: 4.5



Coachella Geo-Fence Metrics CYTD 2022

Total Completed Trips: 1,600

Total Number of Passengers: 1,673



Customer Satisfaction Rating
Avg. rider trip rating: 4.8
Goal: 4.5

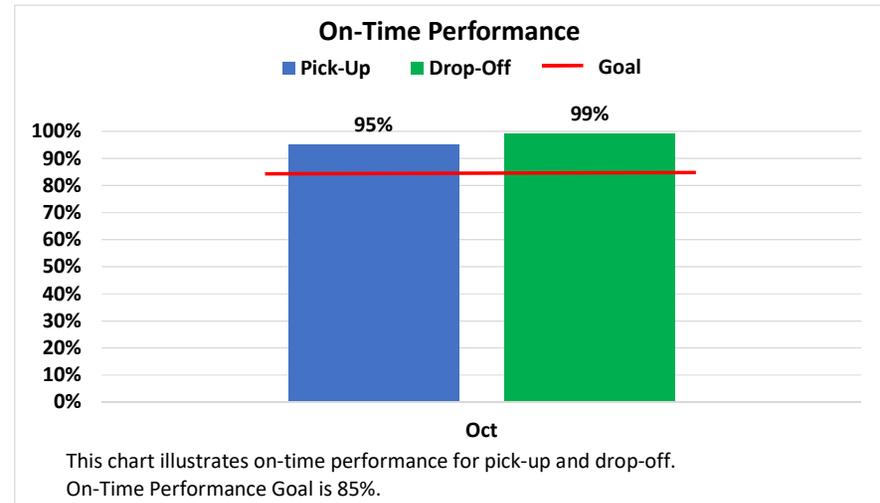
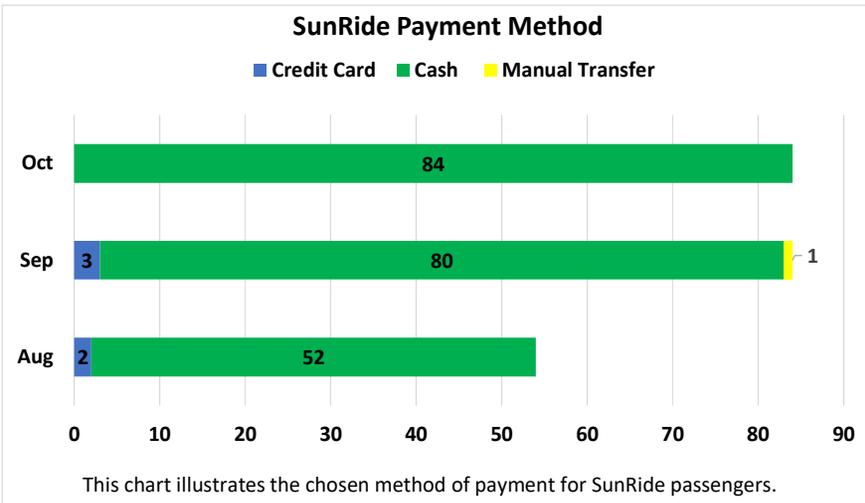
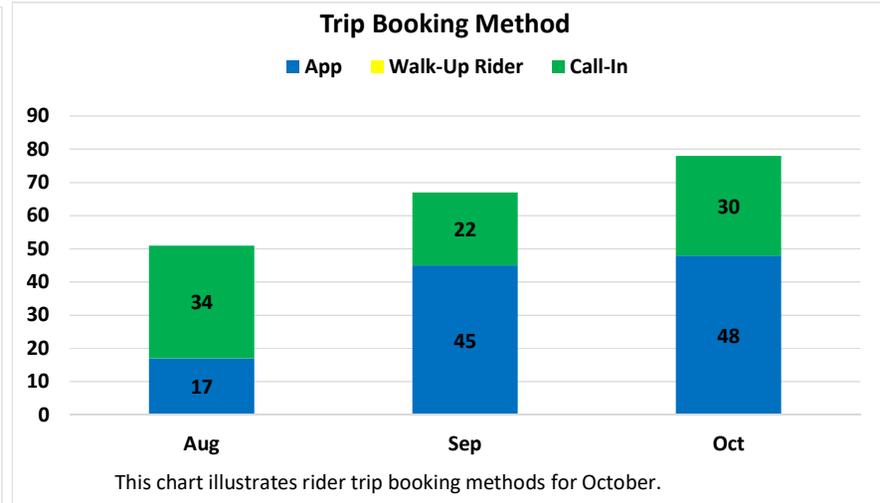
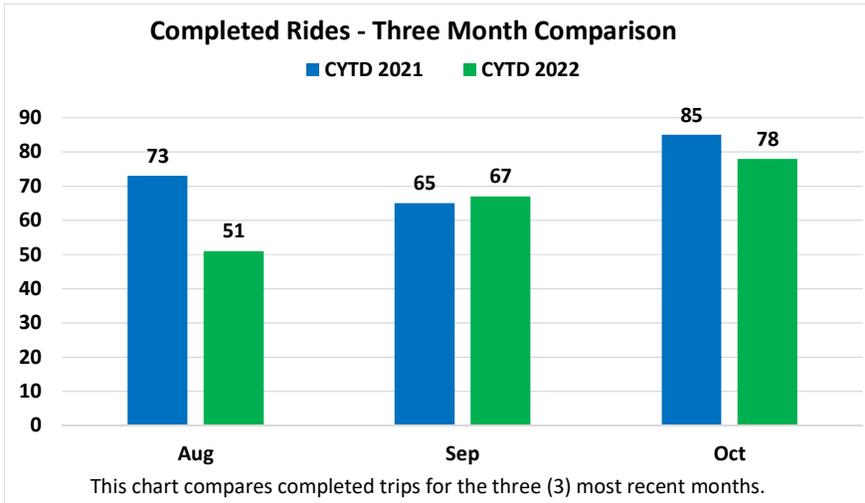


EXCEEDS GOAL!

Mecca/North Shore Geo-Fence Metrics CYTD 2022

Total Completed Trips: 362

Total Number of Passengers: 415

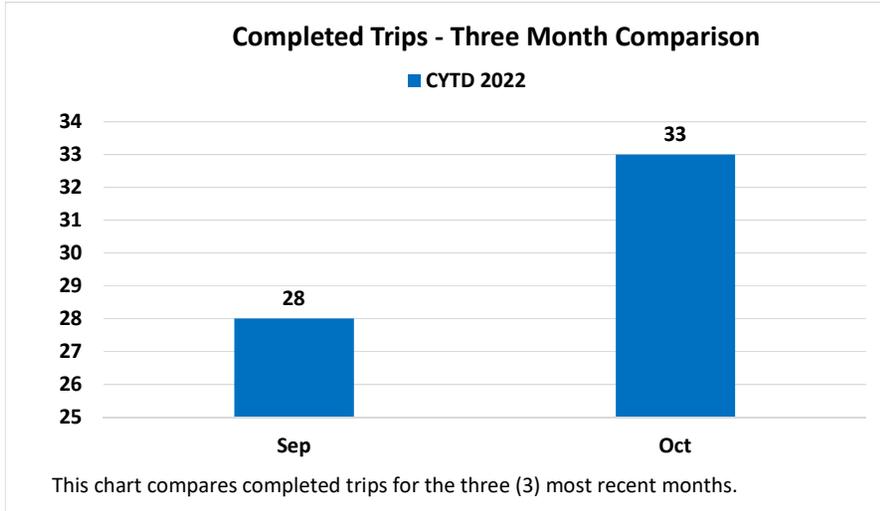


Customer Satisfaction Rating
Avg. rider trip rating: 5.0
Goal: 4.5

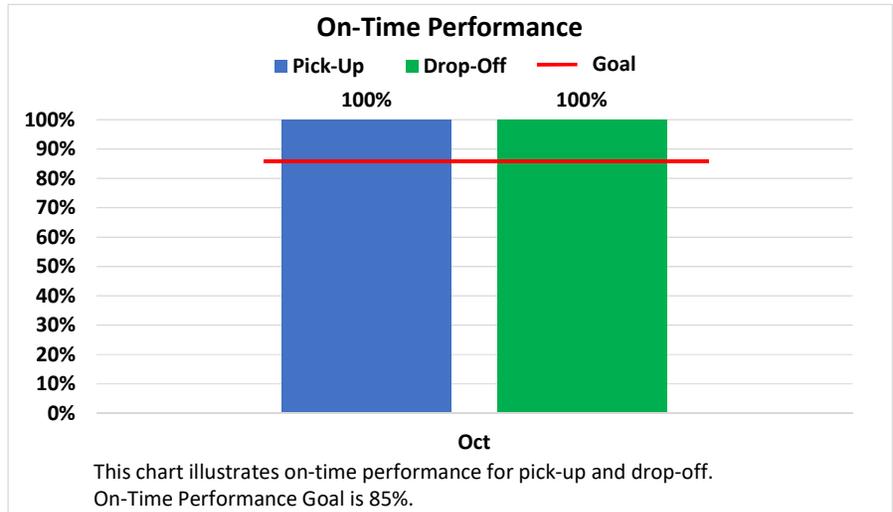
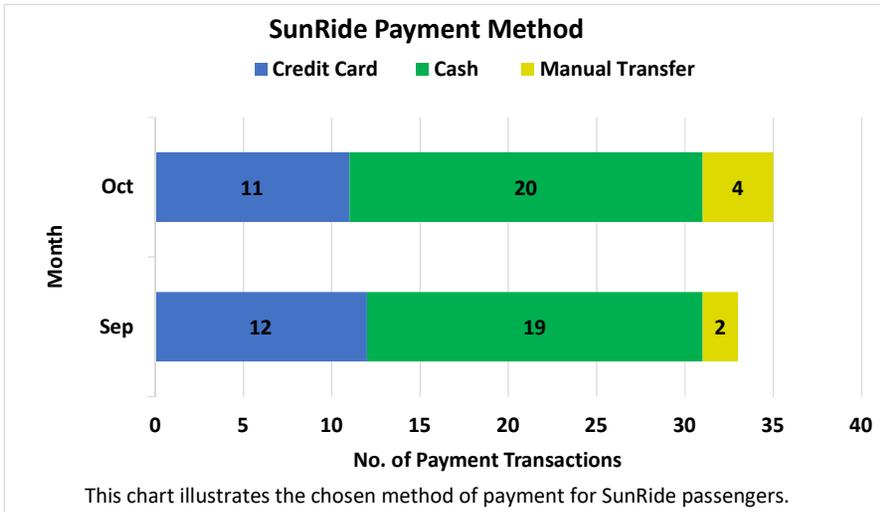
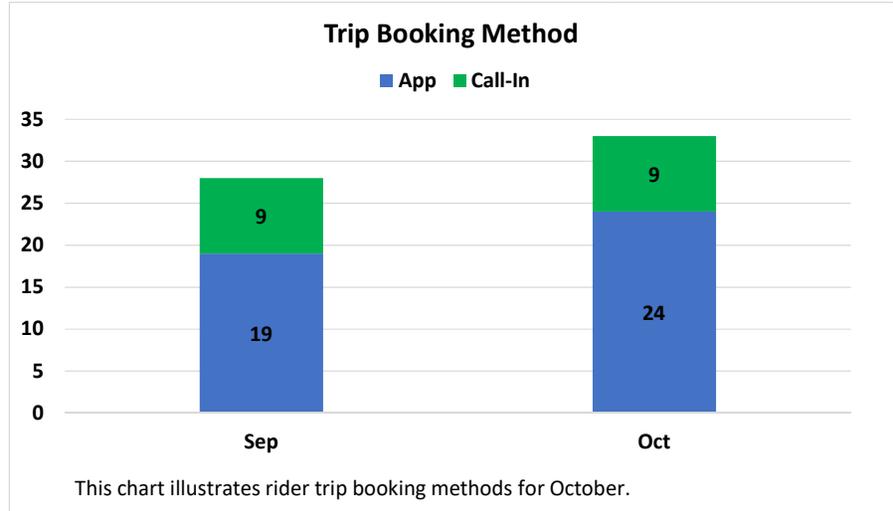


Indio Geo-Fence Metrics CYTD 2022

Total Completed Trips: 61



Total Number of Passengers: 68



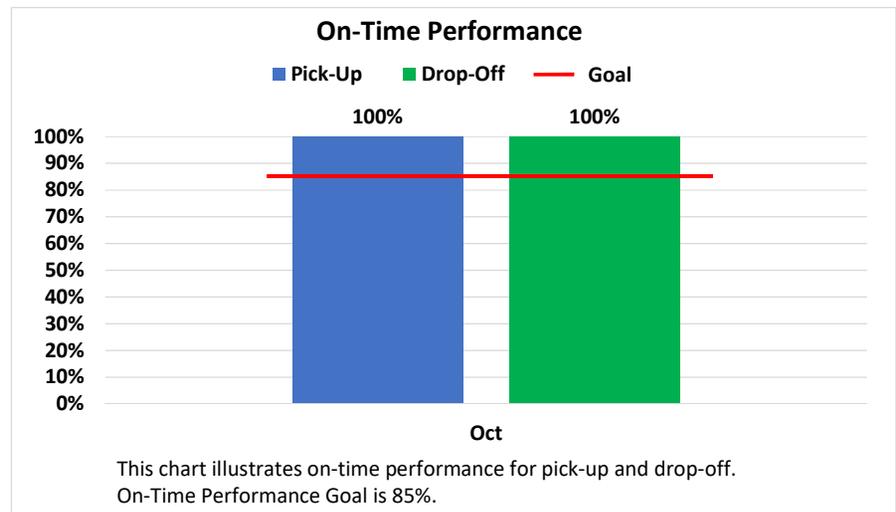
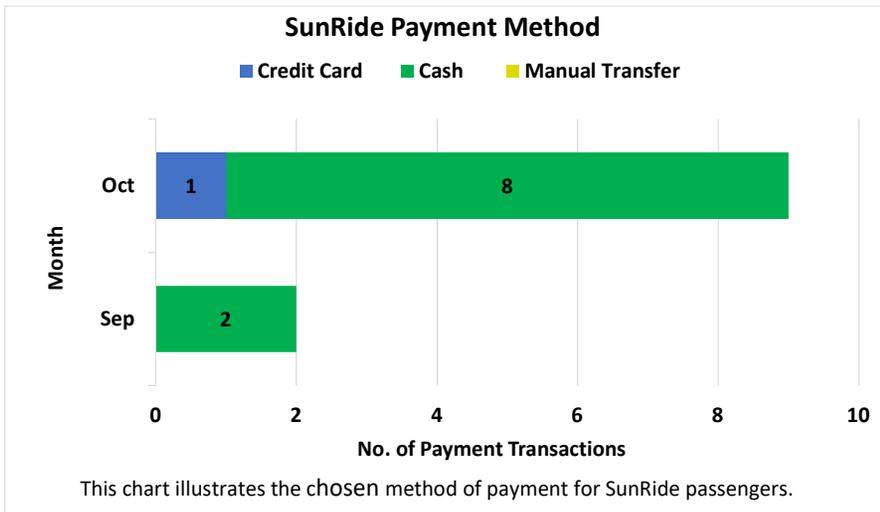
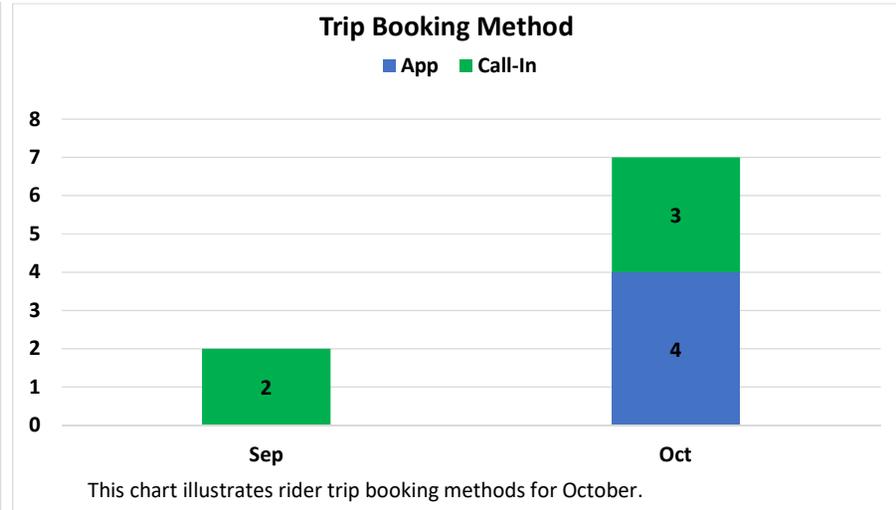
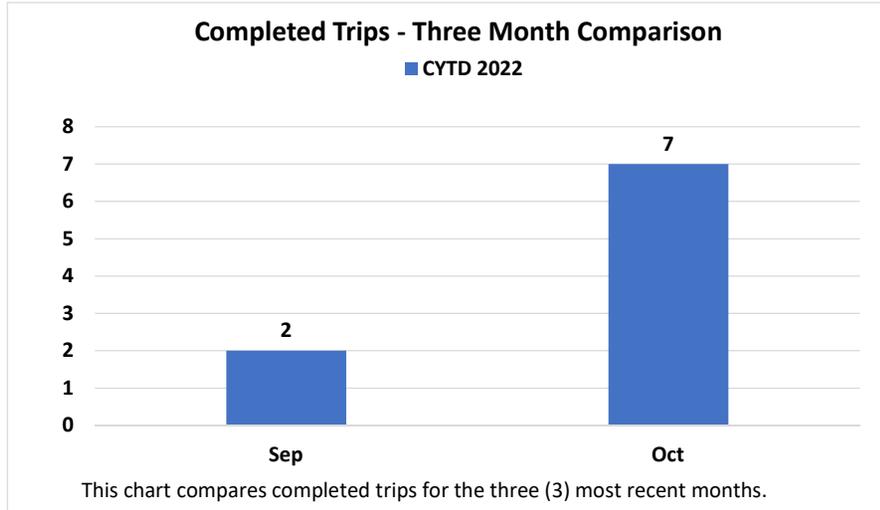
Customer Satisfaction Rating
Avg. rider trip rating 5.0
Goal: 4.5



Cathedral City Geo-Fence Metrics CYTD 2022

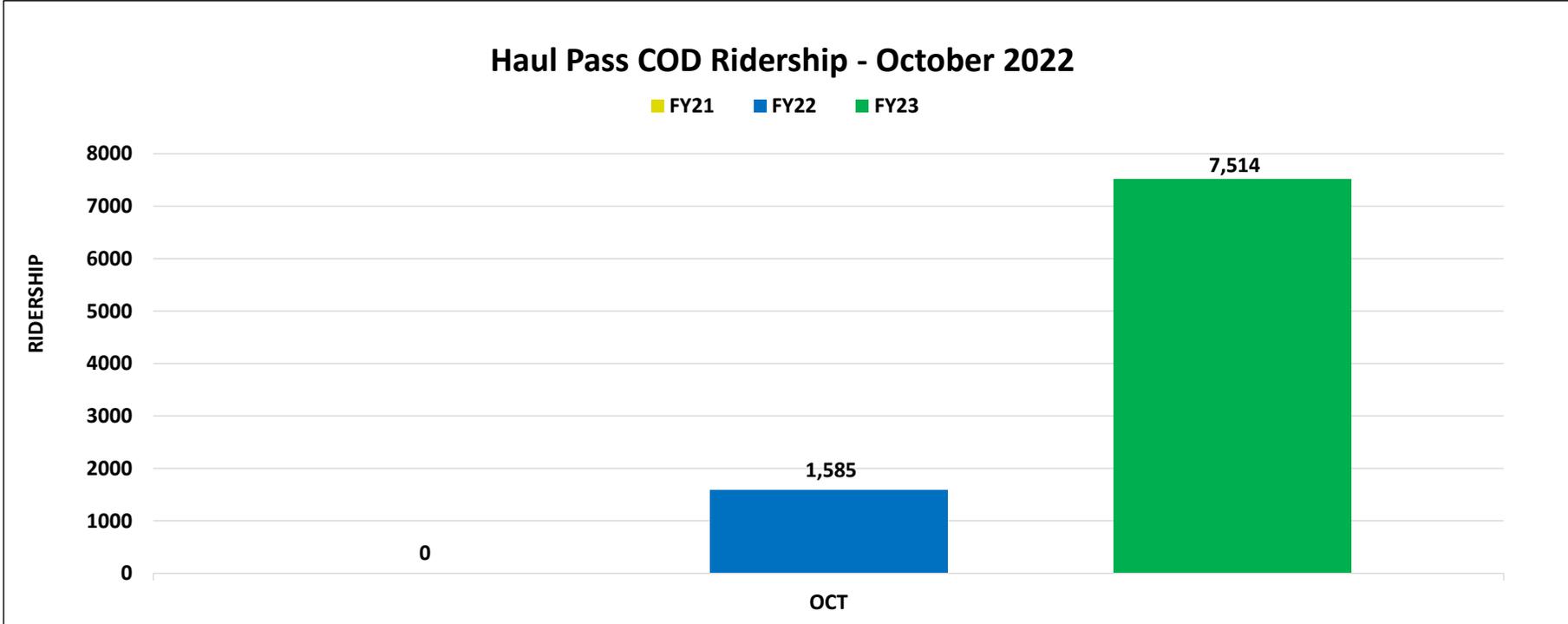
Total Completed Trips: 9

Total Number of Passengers: 11



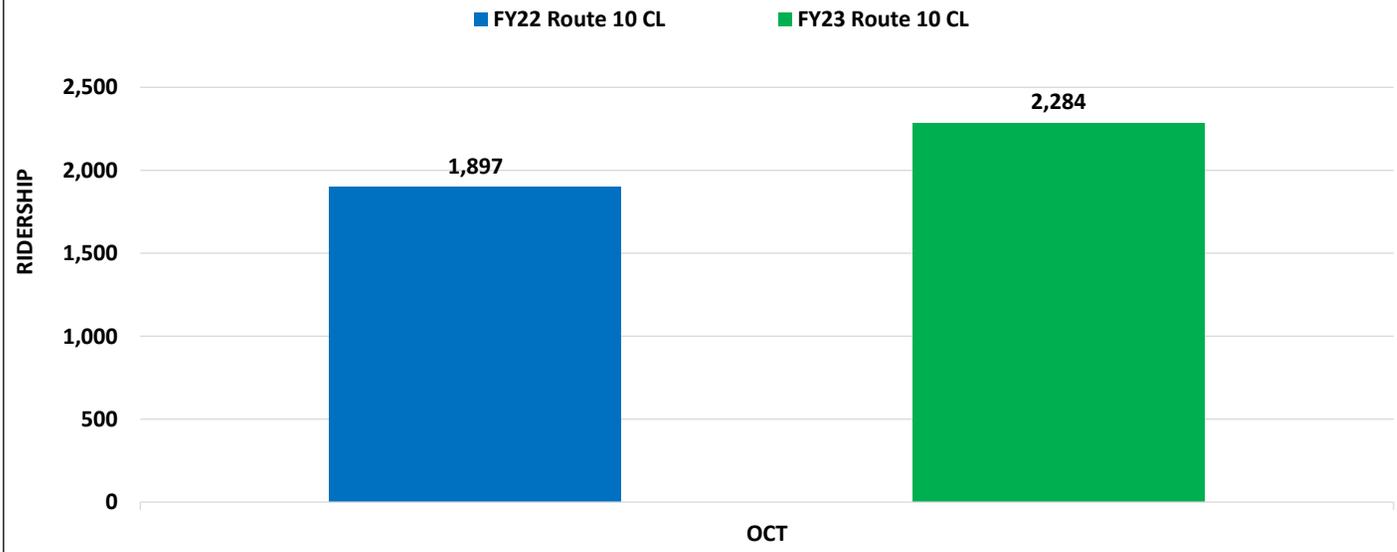
Customer Satisfaction Rating
Avg. rider trip rating 5.0
Goal: 4.5



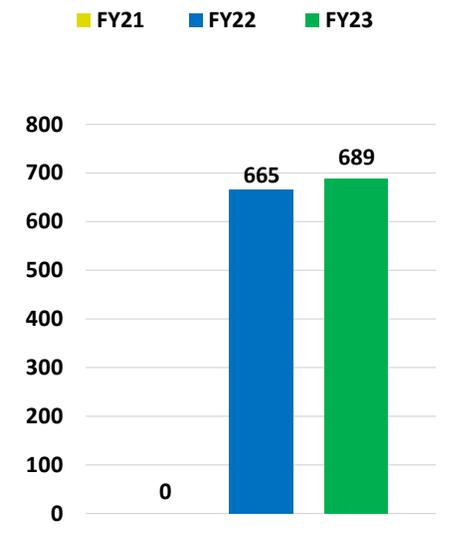


The Haul Pass program was introduced in August 2018.
 This chart represents monthly ridership on the Haul Pass COD.
 Haul Pass COD contributed with 7,514 rides from 405 unique riders.
 October 2020 has zero (0) ridership data due to SunLine not collecting fares until May 2021.
 On October 17, 2021, SunLine commenced operations under Level 2.

Haul Pass CSUSB Ridership - October 2022

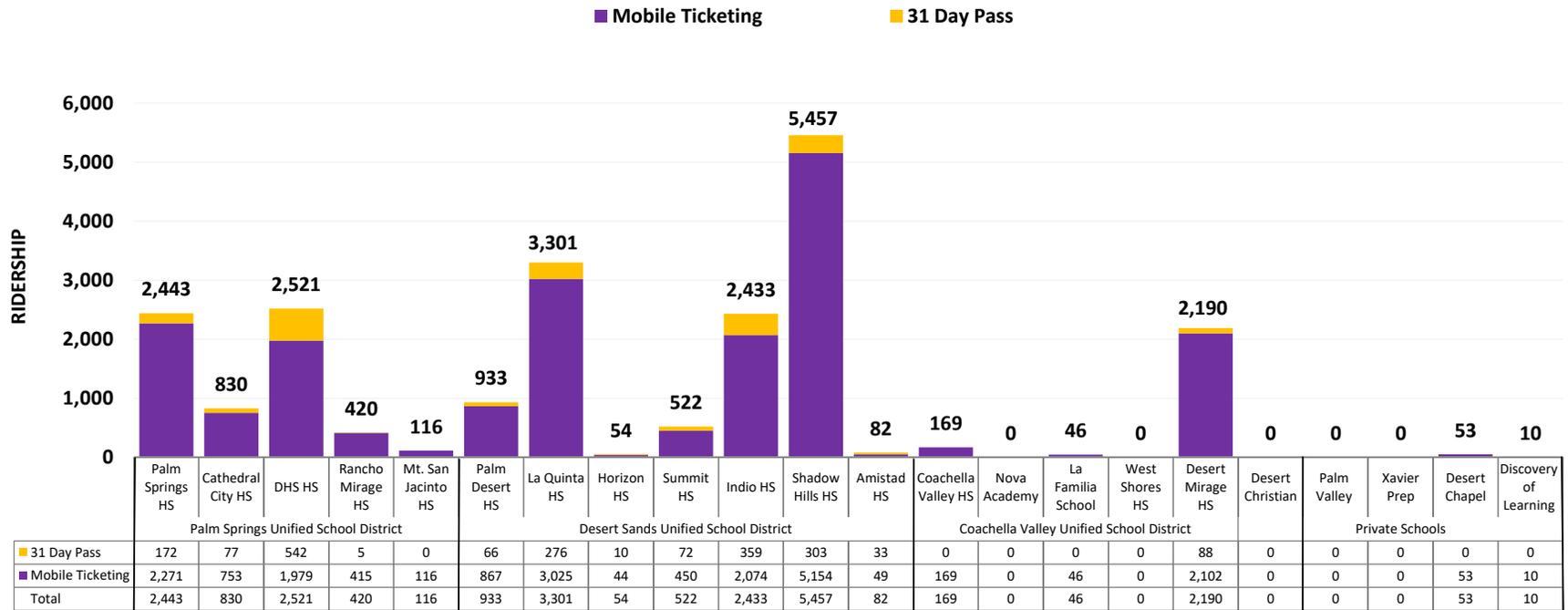


CSUSB Fixed Route Ridership Total

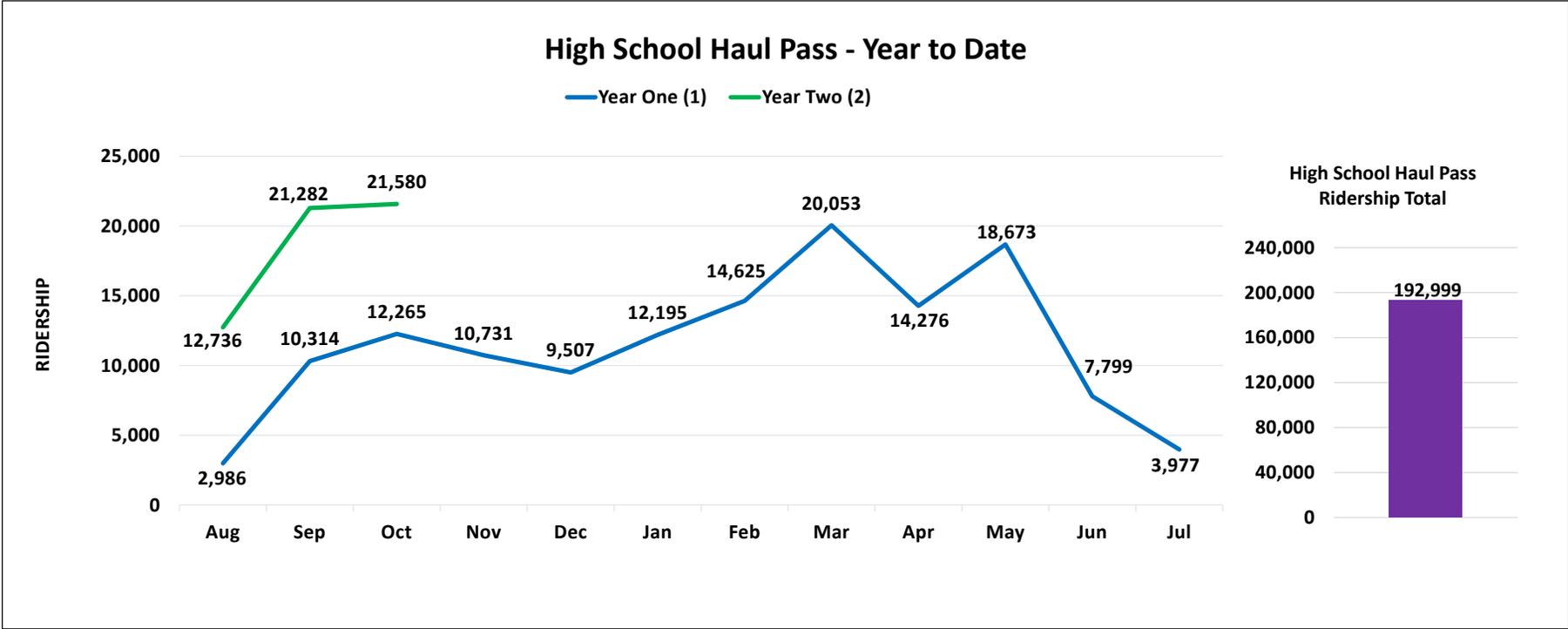


The Haul Pass CSUSB program was introduced in September 2019. This chart represents monthly ridership on the Haul Pass CSUSB. CSUSB contributed 2,564 rides from 244 unique users. From that total 2,284 rides were used on Route 10, and 280 rides on the fixed route system. In May 2021, SunLine resumed fare collection. On October 17, 2021, SunLine commenced operations under Level 2.

High School Haul Pass - October 2022

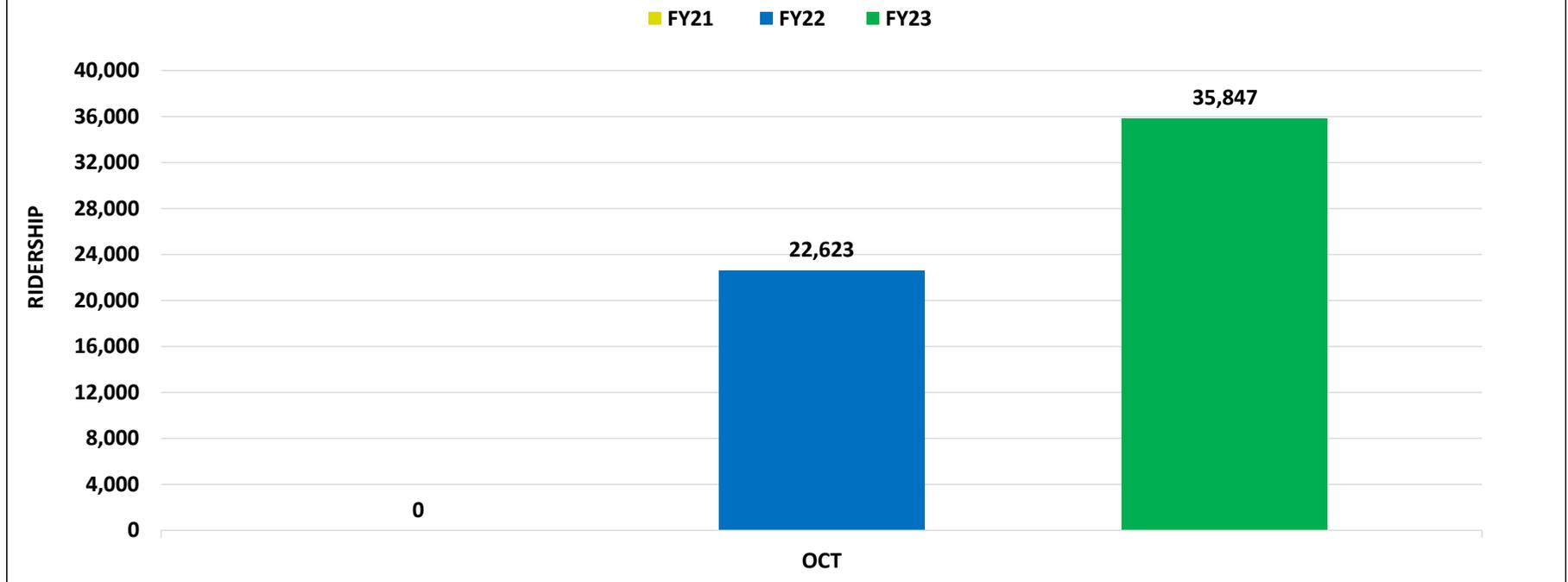


The High School Haul Pass program was introduced in August 2021.
 This chart represents monthly ridership by school for the High School Haul Pass.
 The total active users as of October 2022 are 2,920 using the High School Haul Pass.



The High School Haul Pass program was introduced in August 2021.
 This chart represents monthly ridership comparison for the High School Haul Pass.

Mobile Ticketing Ridership - October 2022



This chart represents all monthly mobile ticketing usage based on the Token Transit app data.

The total for October 2022 includes 138 paratransit mobile tickets. A total of 1,909 unique users used mobile ticketing in the month of October.

October 2020 has zero (0) ticket usage due to SunLine not collecting fares until May 2021.

On October 17, 2021, SunLine commenced operations under Level 2.

SunLine Transit Agency
CONSENT CALENDAR

DATE: December 7, 2022 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

RE: Quarterly Performance Summary for Q3 of Calendar Year 2022

Summary:

The following quarterly reports demonstrate the performance of the bargaining and non-bargaining pension plans for the third quarter of calendar year 2022. The report shows market value, asset allocation percentage and performance compared to benchmarks. The bargaining and non-bargaining pension assets were down 5.79% and 5.78% for the third quarter of calendar year 2022, respectively. The negative returns mirrored the overall market loss due to uncertain market conditions. Pension plans are measured on long-term performance and it is expected that short-term fluctuations in market performance will exceed or fall short of long-term plan assumptions. The recommended actuarial employer contributions account for the disparity between assumptions.

Recommendation:

Receive and file.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Fund	32,703,216	100.00	-5.79	-21.39	-17.83	2.90	4.10	4.60	07/01/2017
<i>PFM Blended Benchmark</i>			-5.57	-20.46	-17.53	1.75	3.41	3.90	07/01/2017
Domestic Equity	11,185,130	34.20	-4.48	-24.55	-17.26	N/A	N/A	-7.55	04/01/2021
<i>Russell 3000 Index</i>			-4.46	-24.62	-17.63	7.70	8.62	-7.43	04/01/2021
Vanguard Total Stock Market ETF	7,612,758	23.28	-4.44	-24.87	-18.00	7.58	8.55	15.83	04/01/2020
<i>Russell 3000 Index</i>			-4.46	-24.62	-17.63	7.70	8.62	15.95	04/01/2020
Invesco S&P 500 Equal Weight ETF	1,044,078	3.19	-4.83	-20.78	-13.69	7.51	7.84	-16.44	03/01/2022
<i>S&P 500</i>			-4.88	-23.87	-15.47	8.16	9.24	-17.23	03/01/2022
Jensen Quality Growth Fund	1,048,007	3.20	-5.28	-23.33	-11.79	8.67	11.10	8.71	04/01/2019
<i>S&P 500</i>			-4.88	-23.87	-15.47	8.16	9.24	8.77	04/01/2019
iShares Core S&P Mid-Cap ETF	747,019	2.28	-2.46	-21.53	-15.27	5.96	5.76	-15.27	10/01/2021
<i>S&P MidCap 400</i>			-2.46	-21.52	-15.25	6.01	5.82	-15.25	10/01/2021
iShares Core S&P Small-Cap ETF	733,268	2.24	-5.24	-23.22	-18.93	5.40	4.80	-17.20	02/01/2022
<i>S&P SmallCap 600</i>			-5.20	-23.16	-18.83	5.48	4.84	-17.14	02/01/2022
International Equity	4,794,061	14.66	-11.29	-33.73	-31.75	N/A	N/A	-21.43	04/01/2021
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	-16.30	04/01/2021
Vanguard Total International Stock ETF	1,899,638	5.81	-10.51	-26.76	-25.20	-1.13	-0.67	6.50	04/01/2020
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	5.53	04/01/2020
J. O. Hambro International Select	357,893	1.09	-13.38	-41.00	-37.27	-3.49	-1.03	0.08	07/01/2017
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	0.36	07/01/2017
Harding Loevner International Equity	747,025	2.28	-8.29	-30.46	-27.28	-0.02	0.45	-2.16	07/01/2020
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	-0.66	07/01/2020
Vanguard FTSE Developed Markets ETF	1,370,990	4.19	-10.47	-27.72	-25.55	-1.25	-0.62	-22.81	03/01/2022
<i>MSCI EAFE (net)</i>			-9.36	-27.09	-25.13	-1.83	-0.84	-22.01	03/01/2022
Hartford Schroders Emerging Markets Equity	418,515	1.28	-12.14	-29.49	-31.59	-2.63	-1.69	-3.90	03/01/2018
<i>MSCI EM (net)</i>			-11.57	-27.16	-28.11	-2.07	-1.81	-4.18	03/01/2018
Other Growth	1,591,713	4.87	-8.71	-23.73	-17.20	N/A	N/A	-3.85	04/01/2021
<i>MSCI US REIT Index</i>			-9.96	-28.26	-16.56	-2.00	2.93	-3.79	04/01/2021
Cohen & Steers Inst Realty Shares	620,566	1.90	-10.89	-27.43	-15.85	0.37	5.79	-3.20	04/01/2021
Principal RE Securities Inst Fund	617,120	1.89	-8.54	-26.91	-16.16	-0.24	5.12	-3.09	04/01/2021
<i>MSCI US REIT Index</i>			-9.96	-28.26	-16.56	-2.00	2.93	-3.79	04/01/2021
NB Secondary Opportunities Fund V Offshore[CE]	354,027	1.08	0.00	N/A	N/A	N/A	N/A	40.79	03/01/2022
<i>CA US Private Equity Index</i>			0.00	-4.89	0.53	19.64	16.87	-4.89	03/01/2022

Returns are net of mutual fund fees.

Returns are expressed as percentages.

*Asset class level returns may vary from individual underlying manager returns due to cash flows.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	12,385,859	37.87	-3.94	-14.97	-14.97	-3.18	-0.16	0.06	07/01/2017
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-0.10	07/01/2017
Baird Core Plus	3,431,669	10.49	-4.45	-15.00	-15.11	-2.73	0.17	0.36	07/01/2017
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-0.10	07/01/2017
DoubleLine Core Fixed Income	2,081,152	6.36	-4.08	-13.77	-13.96	-3.08	-0.31	-0.38	09/01/2017
PGIM Total Return Bond Fund	2,691,033	8.23	-4.59	-16.78	-16.53	-3.72	-0.14	-0.21	09/01/2017
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-0.36	09/01/2017
Voya Intermediate Bond	2,055,656	6.29	-4.47	-15.56	-15.63	-3.20	-0.03	-3.57	01/01/2020
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-3.61	01/01/2020
iShares Intermediate-Term Corporate Bond ETF	752,251	2.30	-4.76	-17.01	-17.50	-3.23	0.37	-3.23	10/01/2019
<i>ICE BofAML U.S. Corporate 5-10 Year Index</i>			-4.98	-17.28	-17.63	-3.16	0.26	-3.16	10/01/2019
MFS Emerging Markets Debt	5	0.00	-4.11	-21.91	-22.64	-5.37	-1.99	-21.91	01/01/2022
<i>JPM EMBI Global Diversified</i>			-4.57	-23.95	-24.28	-7.15	-2.62	-23.95	01/01/2022
Pacific Funds Floating Rate Income	1,059,358	3.24	1.41	-3.45	-2.74	1.33	2.46	-3.86	02/01/2022
<i>Credit Suisse Leveraged Loan Index</i>			1.19	-3.31	-2.62	2.12	3.00	-3.66	02/01/2022
MainStay MacKay High Yield Corp Bond Fund	314,735	0.96	-0.49	-11.31	-11.05	0.31	2.03	-6.93	06/01/2021
<i>ICE BofAML High Yield Master II</i>			-0.70	-14.65	-14.10	-0.69	1.40	-9.23	06/01/2021
Other Income	1,011,402	3.09	-1.55	-15.09	-12.43	N/A	N/A	-12.58	09/01/2021
iShares Preferred and Income Securities ETF	758,750	2.32	-1.96	-16.75	-14.55	-0.64	1.15	-14.10	09/01/2021
<i>ICE Exchange-Listed Preferred & Hybrid Securities</i>			-1.95	-16.55	-14.27	-0.15	N/A	-13.82	09/01/2021
ATEL Private Debt Partners II[CE]	252,652	0.77	0.00	3.47	4.96	N/A	N/A	4.96	10/01/2021
<i>Cliffwater Direct Lending Index</i>			0.00	2.30	4.69	7.43	7.90	4.69	10/01/2021

Returns are net of mutual fund fees.

Returns are expressed as percentages.

*Asset class level returns may vary from individual underlying manager returns due to cash flows.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Real Return	953,170	2.91	-11.73	3.79	3.51	N/A	N/A	8.07	06/01/2021
<i>Bloomberg Commodity Index Total Return</i>			-4.11	13.57	11.80	13.45	6.96	15.63	06/01/2021
PIMCO Commodity Real Return Strategy	953,170	2.91	-8.58	5.09	4.81	14.52	7.60	10.46	06/01/2021
<i>Bloomberg Commodity Index Total Return</i>			-4.11	13.57	11.80	13.45	6.96	15.63	06/01/2021
Cash Equivalent	781,882	2.39	0.47	0.62	0.63	0.48	1.01	1.00	07/01/2017
First American Prime Obligation - Z	781,882	2.39	0.52	0.70	0.71	0.57	1.16	1.15	07/01/2017

*[Current Estimate] At any point in time the valuation for private equity and other illiquid asset classes may be different from market prices due to an inherent lag effect in the industry. The reporting lag inherent in this process means that there can be a valuation lag of a quarter or, in some cases, even longer. For such illiquid asset classes shown herein, performance is calculated for the relevant period(s) using a roll-forward valuation approach whereby the last reported valuation is adjusted for cash flows to provide an initial estimated valuation, typically resulting in a zero return for the lagging period. Performance is adjusted and finalized when the updated valuation is reported. Returns are gross of management fees. The roll-forward valuation methodology described is consistent with guidance provided within the CFA Institute's Global Investment Performance Standards (GIPS). Performance is calculated using the Modified-Dietz time weighted methodology to maintain consistency with the other returns in this exhibit. For since inception IRR performance, please refer to the fund-specific overview page.

Returns are net of mutual fund fees.

Returns are expressed as percentages.

*Asset class level returns may vary from individual underlying manager returns due to cash flows.

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	32,825,816	100.00	-5.78	-21.38	-17.82	2.91	4.10	4.60	07/01/2017
<i>PFM Blended Benchmark</i>			-5.57	-20.46	-17.53	1.75	3.41	3.90	07/01/2017
Domestic Equity	11,219,187	34.18	-4.48	-24.54	-17.25	N/A	N/A	-7.55	04/01/2021
<i>Russell 3000 Index</i>			-4.46	-24.62	-17.63	7.70	8.62	-7.43	04/01/2021
Vanguard Total Stock Market ETF	7,642,909	23.28	-4.44	-24.87	-18.00	7.58	8.55	15.83	04/01/2020
<i>Russell 3000 Index</i>			-4.46	-24.62	-17.63	7.70	8.62	15.95	04/01/2020
Invesco S&P 500 Equal Weight ETF	1,045,732	3.19	-4.83	-20.78	-13.69	7.51	7.84	-16.44	03/01/2022
<i>S&P 500</i>			-4.88	-23.87	-15.47	8.16	9.24	-17.23	03/01/2022
Jensen Quality Growth Fund	1,047,809	3.19	-5.28	-23.33	-11.79	8.67	11.10	8.71	04/01/2019
<i>S&P 500</i>			-4.88	-23.87	-15.47	8.16	9.24	8.77	04/01/2019
iShares Core S&P Mid-Cap ETF	748,334	2.28	-2.46	-21.53	-15.27	5.96	5.76	-15.27	10/01/2021
<i>S&P MidCap 400</i>			-2.46	-21.52	-15.25	6.01	5.82	-15.25	10/01/2021
iShares Core S&P Small-Cap ETF	734,401	2.24	-5.24	-23.22	-18.93	5.40	4.80	-17.20	02/01/2022
<i>S&P SmallCap 600</i>			-5.20	-23.16	-18.83	5.48	4.84	-17.14	02/01/2022
International Equity	4,803,037	14.63	-11.29	-33.72	-31.74	N/A	N/A	-21.42	04/01/2021
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	-16.30	04/01/2021
Vanguard Total International Stock ETF	1,903,757	5.80	-10.51	-26.76	-25.20	-1.13	-0.67	6.50	04/01/2020
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	5.53	04/01/2020
J. O. Hambro International Select	359,170	1.09	-13.38	-41.00	-37.27	-3.49	-1.03	0.08	07/01/2017
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	0.36	07/01/2017
Harding Loevner International Equity	748,155	2.28	-8.29	-30.46	-27.28	-0.02	0.45	-2.16	07/01/2020
<i>MSCI AC World ex USA (Net)</i>			-9.91	-26.50	-25.17	-1.52	-0.81	-0.66	07/01/2020
Vanguard FTSE Developed Markets ETF	1,372,881	4.18	-10.47	-27.72	-25.55	-1.25	-0.62	-22.81	03/01/2022
<i>MSCI EAFE (net)</i>			-9.36	-27.09	-25.13	-1.83	-0.84	-22.01	03/01/2022
Hartford Schroders Emerging Markets Equity	419,074	1.28	-12.14	-29.49	-31.59	-2.63	-1.69	-3.90	03/01/2018
<i>MSCI EM (net)</i>			-11.57	-27.16	-28.11	-2.07	-1.81	-4.18	03/01/2018
Other Growth	1,591,691	4.85	-8.71	-23.73	-17.19	N/A	N/A	-3.84	04/01/2021
<i>MSCI US REIT Index</i>			-9.96	-28.26	-16.56	-2.00	2.93	-3.79	04/01/2021
Cohen & Steers Inst Realty Shares	620,559	1.89	-10.89	-27.43	-15.85	0.37	5.79	-3.20	04/01/2021
Principal RE Securities Inst Fund	617,104	1.88	-8.54	-26.91	-16.16	-0.24	5.12	-3.09	04/01/2021
<i>MSCI US REIT Index</i>			-9.96	-28.26	-16.56	-2.00	2.93	-3.79	04/01/2021
NB Secondary Opportunities Fund V Offshore[CE]	354,027	1.08	0.00	N/A	N/A	N/A	N/A	40.79	03/01/2022
<i>CA US Private Equity Index</i>			0.00	-4.89	0.53	19.64	16.87	-4.89	03/01/2022

Returns are net of mutual fund fees.

Returns are expressed as percentages.

*Asset class level returns may vary from individual underlying manager returns due to cash flows.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	12,426,512	37.86	-3.94	-14.97	-14.97	-3.18	-0.16	0.06	07/01/2017
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-0.10	07/01/2017
Baird Core Plus	3,442,241	10.49	-4.45	-15.00	-15.11	-2.73	0.17	0.36	07/01/2017
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-0.10	07/01/2017
DoubleLine Core Fixed Income	2,087,482	6.36	-4.08	-13.77	-13.96	-3.08	-0.31	-0.38	09/01/2017
PGIM Total Return Bond Fund	2,701,933	8.23	-4.59	-16.78	-16.53	-3.72	-0.14	-0.21	09/01/2017
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-0.36	09/01/2017
Voya Intermediate Bond	2,064,165	6.29	-4.47	-15.56	-15.63	-3.20	-0.03	-3.57	01/01/2020
<i>Blmbg. U.S. Aggregate</i>			-4.75	-14.61	-14.60	-3.26	-0.27	-3.61	01/01/2020
iShares Intermediate-Term Corporate Bond ETF	754,520	2.30	-4.76	-17.01	-17.50	-3.23	0.37	-3.23	10/01/2019
<i>ICE BofAML U.S. Corporate 5-10 Year Index</i>			-4.98	-17.28	-17.63	-3.16	0.26	-3.16	10/01/2019
MFS Emerging Markets Debt	5	0.00	-4.11	-21.91	-22.64	-5.37	-1.99	4.47	06/01/2006
<i>JPM EMBI Global Diversified</i>			-4.57	-23.95	-24.28	-7.15	-2.62	7.23	01/01/1994
Pacific Funds Floating Rate Income	1,060,611	3.23	1.41	-3.45	-2.74	1.33	2.46	-3.86	02/01/2022
<i>Credit Suisse Leveraged Loan Index</i>			1.19	-3.31	-2.62	2.12	3.00	-3.66	02/01/2022
MainStay MacKay High Yield Corp Bond Fund	315,555	0.96	-0.49	-11.31	-11.05	0.31	2.03	-6.93	06/01/2021
<i>ICE BofAML High Yield Master II</i>			-0.70	-14.65	-14.10	-0.69	1.40	-9.23	06/01/2021
Other Income	1,012,237	3.08	-1.72	-15.22	-12.56	N/A	N/A	-12.71	09/01/2021
iShares Preferred and Income Securities ETF	759,383	2.31	-1.96	-16.75	-14.55	-0.64	1.15	-14.10	09/01/2021
<i>ICE Exchange-Listed Preferred & Hybrid Securities</i>			-1.95	-16.55	-14.27	-0.15	N/A	-13.82	09/01/2021
ATEL Private Debt Partners II[CE]	252,854	0.77	0.00	3.60	5.09	N/A	N/A	5.09	10/01/2021
<i>Cliffwater Direct Lending Index</i>			0.00	2.30	4.69	7.43	7.90	4.69	10/01/2021
Real Return	954,622	2.91	-11.73	3.79	3.51	N/A	N/A	8.06	06/01/2021
<i>Bloomberg Commodity Index Total Return</i>			-4.11	13.57	11.80	13.45	6.96	15.63	06/01/2021
PIMCO Commodity Real Return Strategy	954,622	2.91	-8.58	5.09	4.81	14.52	7.60	10.46	06/01/2021
<i>Bloomberg Commodity Index Total Return</i>			-4.11	13.57	11.80	13.45	6.96	15.63	06/01/2021

Returns are net of mutual fund fees.

Returns are expressed as percentages.

*Asset class level returns may vary from individual underlying manager returns due to cash flows.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Cash Equivalent	818,531	2.49	0.47	0.62	0.63	0.48	1.01	1.00	07/01/2017
First American Prime Obligation - Z	818,531	2.49	0.52	0.70	0.71	0.57	1.16	1.15	07/01/2017

*[Current Estimate] At any point in time the valuation for private equity and other illiquid asset classes may be different from market prices due to an inherent lag effect in the industry. The reporting lag inherent in this process means that there can be a valuation lag of a quarter or, in some cases, even longer. For such illiquid asset classes shown herein, performance is calculated for the relevant period(s) using a roll-forward valuation approach whereby the last reported valuation is adjusted for cash flows to provide an initial estimated valuation, typically resulting in a zero return for the lagging period. Performance is adjusted and finalized when the updated valuation is reported. Returns are gross of management fees. The roll-forward valuation methodology described is consistent with guidance provided within the CFA Institute's Global Investment Performance Standards (GIPS). Performance is calculated using the Modified-Dietz time weighted methodology to maintain consistency with the other returns in this exhibit. For since inception IRR performance, please refer to the fund-specific overview page.

Returns are net of mutual fund fees.

Returns are expressed as percentages.

*Asset class level returns may vary from individual underlying manager returns due to cash flows.

SunLine Transit Agency

CONSENT CALENDAR

DATE: December 7, 2022

RECEIVE & FILE

TO: Finance/Audit Committee
Board of Directors

RE: Board Member Attendance for October 2022

Summary:

The attached report summarizes the Board of Directors' attendance for fiscal year to date October 2022.

Recommendation:

Receive and file.

FY 22/23	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										10	2
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 –

SunLine Transit Agency

DATE: December 7, 2022 **RECEIVE & FILE**

TO: Finance/Audit Committee
Board of Directors

FROM: Luis Garcia, Controller/Assistant Chief Financial Officer

RE: Fiscal Year 2022 Audit Reports

Recommendation

Recommend that the Board of Directors receive and file the fiscal year 2022 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 disbursed 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.

Attachments:

- [Item 9a](#) – Vasquez & Company LLP Presentation
- [Item 9b](#) – SunLine Transit Agency Audited Financial Statements
- [Item 9c](#) – SunLine Services Group Audited Financial Statements
- [Item 9d](#) – SunLine Transit Agency Single Audit Report



REPORT TO THE BOARD OF DIRECTORS

December 7, 2022



/ INTRODUCTION

To the Board of Directors SunLine Transit Agency

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, 2022. 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.

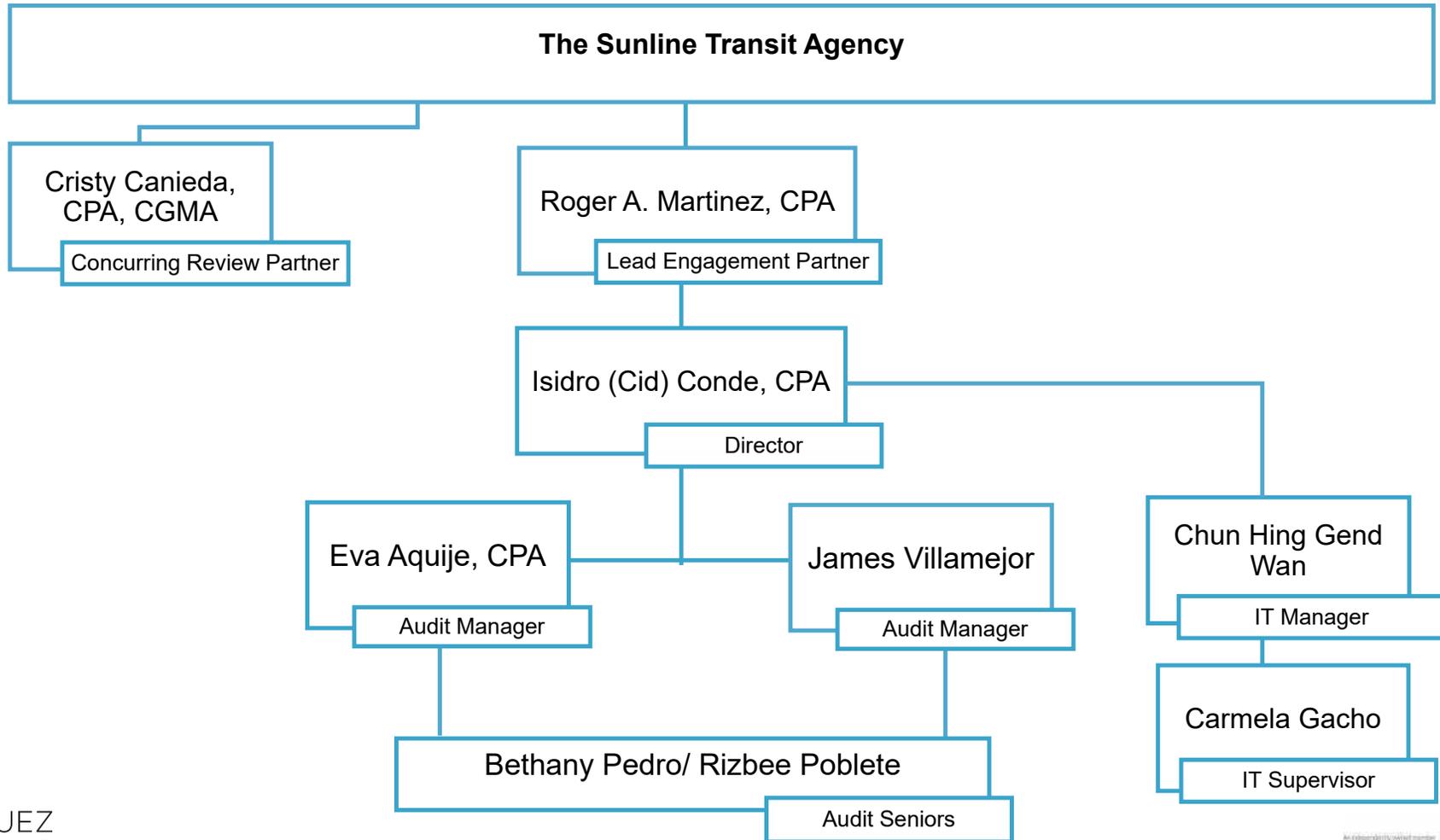
This report is intended solely for the information and use of the Board of Directors and Management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity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



/ AGENDA

- The Engagement Team
- Scope of Engagement
- Summary of Audit Results
 - Auditor's Report and Results
 - Audit Areas of Emphasis
 - Financial Statements
 - Single Audit
- Summary of Financial Information
- Recently Issued Accounting Standards Applicable to Future Years
- AU-C 260 Communications
- Questions
- Contact Information

/ THE ENGAGEMENT TEAM



/ 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



/ SUMMARY OF AUDIT RESULTS

Independent Auditor's Report

UNMODIFIED "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

/ AUDIT AREAS OF EMPHASIS

Audit Focus Area	Risk/Concerns	Findings
Cash and investments	<ul style="list-style-type: none"> ▪ Misappropriation of assets 	<p>This account includes cash in banks and investments in Local Agency Investment Funds (LAIF). We reviewed bank reconciliation statements and confirmed balances with the financial institutions. Balances were fairly stated and disclosed.</p> <p>No exceptions were noted.</p>
Accounts receivable and Due from other governmental agencies	<ul style="list-style-type: none"> ▪ Existence, proper cut-off and valuation 	<p>Accounts receivable mostly pertain to outside CNG fuel revenue, haul pass program reimbursement and bus advertising revenue. No significant allowance for bad debts was reported.</p> <p>Due from other government agencies represents reimbursement amounts from federal and state agencies.</p> <p>No exceptions were noted.</p>

/ AUDIT AREAS OF EMPHASIS, CONTINUED

Audit Focus Area	Risk/Concerns	Findings
Capital assets	<ul style="list-style-type: none"> Proper capitalization and valuation 	<p>Capital assets and related depreciation are monitored and fairly stated in the financial statements. Construction commitments and construction in progress are properly disclosed and recorded in the financial statements. Current year additions largely pertain to acquisition of new vehicles and facility improvements.</p> <p>No exceptions were noted.</p>
Unearned revenue	<ul style="list-style-type: none"> Existence and proper cut-off 	<p>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 LCTOP and LTF/TDA funds and capital revenue grants.</p> <p>No exceptions were noted.</p>
Claims payable	<ul style="list-style-type: none"> Reasonableness of actuarially determined general liability and workers' compensation insurance. 	<p>Balance was fairly stated based on actuarial reports prepared by a third-party consultant.</p> <p>No exceptions were noted.</p>

/ AUDIT AREAS OF EMPHASIS, CONTINUED

Audit Focus Area	Risk/Concerns	Findings
Net pension asset	<ul style="list-style-type: none"> Measurement and recognition of net pension liabilities or assets and related deferred outflow and inflow accounts 	<p>Net pension asset, which increased by \$7.2m this year, 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.</p> <p>No exceptions were noted.</p>
Revenue	<ul style="list-style-type: none"> Proper revenue recognition 	<p>We reviewed the revenues recognized during the fiscal year against the Agency's revenue recognition policy.</p> <p>No exceptions were noted.</p>
Expense	<ul style="list-style-type: none"> Reasonableness of expense 	<p>We reviewed the significant expenses, compared with prior year balances and corresponding grant revenues that were recognized and determined that the amounts are reasonable.</p> <p>No exceptions were noted.</p>

/ SINGLE AUDIT

SUMMARY OF RESULTS

Report on Internal Control Over Financial Reporting and on Compliance

Material weakness
Significant deficiencies

- None noted

Noncompliance material to financial statements

- None noted

/ SINGLE AUDIT

SUMMARY OF RESULTS (CONTINUED)

Total Federal Expenditures – \$24.5 million

Major program

Assistance Listing Number:

20.500, 20.507, 20.526

Name of Federal Program or Cluster:

Federal Transit Cluster (Formula Grants and Capital Investment Grants)

20.514

Public Transportation, Technical Assistance and Training

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

\$750,000

Auditee qualifies as low-risk auditee?

Yes

Financial Statement Findings:

None

Federal Award Findings:

None



SUMMARY OF FINANCIAL INFORMATION

/ SUMMARY OF FINANCIAL INFORMATION



- Fare revenue increased by \$1.3 million or 375% in 2022
- CNG and hydrogen fuel sales increased by \$0.7 million or 33% in 2022
- Expenses increased by \$187k or 0.42% in 2022
- Nonoperating revenue slightly decreased by \$57 thousand or 0.16% in 2022
- Capital grants received decreased by \$5 million or 36% in 2022
- Change in net position was lower by \$3.1 million in 2022



- Total Assets and Deferred Outflows of Resources slightly decreased by \$9 thousand or 0.01% in 2022
- Liabilities decreased by \$5.7 million or 28% in 2022

/ STATEMENT OF NET POSITIONS

	June 30		Change	
	2022	2021	Increase (Decrease) Dollar	%
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets				
Cash and investments	\$ 6,098,265	\$ 4,195,657	\$ 1,902,608	45%
Accounts receivable, net	343,865	2,237,893	(1,894,028)	-85%
Due from other governmental agencies	5,362,708	11,138,997	(5,776,289)	-52%
Inventory	1,245,042	1,172,708	72,334	6%
Prepaid items	1,015,117	866,945	148,172	17%
Total current assets	14,064,997	19,612,200	(5,547,203)	-28%
Noncurrent assets				
Deposits	2,662,569	2,730,650	(68,081)	-2%
Net pension asset	14,461,729	7,231,644	7,230,085	100%
Capital assets, not depreciated	3,799,654	32,911,485	(29,111,831)	-88%
Capital assets, depreciated	83,098,577	53,725,399	29,373,178	55%
Total noncurrent assets	104,022,529	96,599,178	7,423,351	8%
Total assets	118,087,526	116,211,378	1,876,148	2%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension	3,543,354	5,428,031	(1,884,677)	-35%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 121,630,880	\$ 121,639,409	\$ (8,529)	-0.01%

/ STATEMENT OF NET POSITIONS, CONTINUED

	June 30		Change	
	2022	2021	Dollar	%
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,233,911	\$ 2,542,748	\$ (1,308,837)	-51%
Accrued payroll and related liabilities	279,930	367,040	(87,110)	-24%
Retention Payable	-	657,420	(657,420)	-100%
Claims payable - current portion	1,107,302	973,213	134,089	14%
Unearned revenue	7,750,461	11,089,685	(3,339,224)	-30%
Total current liabilities	10,371,604	15,630,106	(5,258,502)	-34%
Noncurrent liabilities				
Compensated absences	1,844,242	1,927,116	(82,874)	-4%
Claims payable - noncurrent portion	2,583,705	2,919,147	(335,442)	-11%
Total noncurrent liabilities	4,427,947	4,846,263	(418,316)	-9%
Total liabilities	14,799,551	20,476,369	(5,676,818)	-28%
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pension	12,418,125	11,125,193	1,292,932	12%
NET POSITION				
Net investment in capital assets	86,898,231	86,636,884	261,347	0%
Unrestricted	7,514,973	3,400,963	4,114,010	121%
Total net position	94,413,204	90,037,847	4,375,357	5%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 121,630,880	\$ 121,639,409	\$ (8,529)	0%

/ STATEMENT OF ACTIVITIES

	Year ended June 30		Change	
	2022	2021	Dollar	%
OPERATING REVENUES				
Passenger fares	\$ 1,590,959	\$ 334,651	\$ 1,256,308	375%
CNG and hydrogen fuel sales	2,666,172	2,011,578	654,594	33%
Taxi license fees	204,542	198,792	5,750	3%
Other	784,131	539,488	244,643	45%
Total operating revenues	5,245,804	3,084,509	2,161,295	70%
OPERATING EXPENSES				
Salaries and employee benefits	21,377,093	23,252,492	(1,875,399)	-8%
Depreciation	8,771,305	9,016,129	(244,824)	-3%
Services	5,118,014	3,468,636	1,649,378	48%
Bad debts	1,643	18,852	(17,209)	-91%
Casualty and liability costs	3,199,381	3,519,827	(320,446)	-9%
Materials and supplies	1,928,798	1,992,775	(63,977)	-3%
Utilities	3,400,512	2,547,572	852,940	33%
Tires and tubes	195,437	196,314	(877)	0%
Taxes	86,065	84,616	1,449	2%
Administrative	99,624	161,788	(62,164)	-38%
Fuel and lubricants	234,173	103,172	131,001	127%
Miscellaneous	547,543	410,405	137,138	33%
Total operating expenses	44,959,588	44,772,578	187,010	0.42%
OPERATING LOSS	(39,713,784)	(41,688,069)	1,974,285	-5%

/ STATEMENT OF ACTIVITIES, CONTINUED

	Year ended June 30		Change	
	2022	2021	Increase (Decrease) Dollar	%
NONOPERATING REVENUES				
Operating grants:				
Local Transportation Fund Measure A	6,826,884	11,000,000	(4,173,116)	-38%
Federal Transit Administration - Section 5307	7,000,000	5,955,883	1,044,117	18%
Federal Transit Administration - Section 5309	601,141	16,908,195	(16,307,054)	-96%
Federal Transit Administration - Section 5310	107,018	119,700	(12,682)	-11%
Federal Transit Administration - Section 5311	-	18,747	(18,747)	-100%
Federal Transit Administration - Section 5311(f)	-	609,306	(609,306)	-100%
Federal Transit Administration - ARPA	303,219	185,187	118,032	64%
Federal Transit Administration - CRRSA	14,488,546	-	14,488,546	100%
Federal Transit Administration - Others	5,011,454	-	5,011,454	100%
Low-Carbon Transit Operations Program (LCTOP) Grant	550,641	311,427	239,214	77%
	162,351	-	162,351	100%
Total operating grants	35,051,254	35,108,445	(57,191)	-0.16%
Interest income	1,449	5,174	(3,725)	-72%
Gain on sale of capital assets, net	(4,726)	21,491	(26,217)	-122%
Total non operating revenues	35,047,977	35,135,110	(87,133)	0%
LOSS BEFORE CAPITAL CONTRIBUTIONS	(4,665,807)	(6,552,959)	1,887,152	-29%
CAPITAL CONTRIBUTIONS				
Capital grants:				
Federal Transit Administration	3,479,607	1,368,394	2,111,213	154%
State Transit Assistance	2,289,184	7,789,771	(5,500,587)	-71%
Proposition 1B	-	85,809	(85,809)	-100%
Local Transportation Fund	101,652	663,704	(562,052)	-85%
Other	3,170,721	4,139,411	(968,690)	-23%
Total capital contributions	9,041,164	14,047,089	(5,005,925)	-36%
CHANGE IN NET POSITION	4,375,357	7,494,130	(3,088,831)	-41%
NET POSITION				
Beginning of year	90,037,847	82,543,717	7,494,130	9%
End of year	\$ 94,413,204	\$ 90,037,847	\$ 4,405,299	5%



RECENTLY ISSUED ACCOUNTING STANDARDS

/ RECENTLY ISSUED ACCOUNTING STANDARDS



GASB 101 – Compensated Absences, effective FY24/25

GASB 100 – Accounting Changes and Error Corrections, effective FY23/24

GASB 99 – Omnibus 2022, effective FY22/23 and FY23/24

GASB 96 – Subscription-Based Information Technology Arrangements,
effective FY22/23

GASB 94 – Public-Private and Public-Public Partnerships and Availability
Payment Arrangements, effective FY22/23

AUDITOR'S REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE (AU-C 260)

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Auditor responsibilities	Our responsibilities have been described to you in our engagement letter dated September 8, 2022
Overview of planned scope and timing of audit	We have issued a separate communication regarding scope and timing of our audit.
Accounting principles	Management has the primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Accounting policies	STA's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects. We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus..

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Significant unusual transactions	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. All significant transactions have been recognized in the financial statements in the proper period.
Estimates	Significant items subject to such estimates include: estimates of realizability of receivables and useful lives of property and equipment. We found management's estimates to be reasonable and based on knowledge and experience about past and current events.
Audit adjustments	There were no material adjustments identified during the course of the audit.
Uncorrected misstatements	Uncorrected misstatements (passed audit differences) were identified that have been determined by management to be immaterial to the financial statements.

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Disagreements with management

None. We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.

Consultations with other accounting firms

Management has advised us that there were no consultations by management with other accountants about accounting or auditing matters.

Difficulties with management

We did not encounter any significant difficulties with management while performing our audit procedures that require the attention of the Audit Committee.

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Significant issues addressed with management prior to retention

No significant issues were discussed, or subject to correspondence, with management prior to retention.

Significant deficiencies or material weaknesses identified

No significant deficiencies or material weaknesses were identified.

Irregularities, fraud or illegal acts

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.

/ REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE, continued

Independence

We confirm that we are independent of STA within the meaning of the independence, integrity and objectivity rules, regulations, interpretations, and rulings of the AICPA, the State of California Board of Accountancy, and other regulatory agencies.

Management representations

Management will provide us with a signed representation letter. A copy will be provided to the board as part of our required communications to those charge with governance.

QUESTIONS

/ Contact Information

Vasquez + Company LLP has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms.

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Thank you for your time and attention.





SunLine Transit Agency
Audited Financial Statements
As of and for the Year Ended June 30, 2022
with Independent Auditor's Report



SunLine Transit Agency
Audited Financial Statements
As of and for the Year Ended June 30, 2022
with Independent Auditor's Report

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Independent Auditor's Report

**Board of Directors
SunLine Transit Agency
Thousand Palms, California 92276**

Report on the Financial Statements

Opinion

We have audited the financial statements of the business-type activity and the aggregate remaining fund information of SunLine Transit Agency (STA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise STA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the aggregate remaining fund information of SunLine Transit Agency as of June 30, 2022, 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.

Basis for Opinion

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





Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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 5 through 13, and the schedule of changes in the net pension liability and related ratios and schedules of contributions on pages 41 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.

Supplementary Information

Our audit was 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 **REPORT DATE** 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
REPORT DATE

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, 2022. 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 \$94,413,204 for 2022 and \$90,037,847 for 2021. Net position at June 30, 2022 consists of \$86,898,231 of net position invested in capital assets and \$7,514,973 of unrestricted net position.
- STA's combined net position increased in fiscal year 2022 by \$4,375,357 which were used to fund pension assets. The increase in the net position for fiscal year 2022 is primarily due to a large reduction in current liabilities in the form of unearned revenues. In spite of inflationary pressures, the Agency's controllable operating expenses only increased by 1%. Although the Agency's overall revenues reduced by 6%, the decrease was associated to fewer large capital projects compared to fiscal year 2021. Excluding the grants, all other revenues generated by the Agency increased by \$2.1 million in fiscal year 2022.

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, 2022, STA's assets exceeded liabilities by \$94,413,204, a \$4,375,357 increase from June 30, 2021. A condensed summary of the Statements of Net Position as of June 30, 2022 and 2021 is shown below:

	2022	2021	Increase (Decrease)	
			Changes	%
Current and other assets	\$ 16,727,566	\$ 22,342,850	\$ (5,615,284)	-25%
Net pension asset	14,461,729	7,231,644	7,230,085	100%
Capital assets, net of depreciation	86,898,231	86,636,884	261,347	0%
Deferred outflows of resources	3,543,354	5,428,031	(1,884,677)	-35%
Total assets and deferred outflows of resources	<u>121,630,880</u>	<u>121,639,409</u>	<u>(8,529)</u>	0%
Current liabilities	10,371,604	15,630,106	(5,258,502)	-34%
Long-term liabilities	4,427,947	4,846,263	(418,316)	-9%
Deferred inflows of resources	12,418,125	11,125,193	1,292,932	12%
Total liabilities and deferred inflows of resources	<u>27,217,676</u>	<u>31,601,562</u>	<u>(4,383,886)</u>	-14%
Net position:				
Net investment in capital assets	86,898,231	86,636,884	261,347	0%
Unrestricted	7,514,973	3,400,963	4,114,010	121%
Total net position	<u>\$ 94,413,204</u>	<u>\$ 90,037,847</u>	<u>\$ 4,375,357</u>	5%

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 \$261,347 in net investment in capital assets at June 30, 2022 resulted primarily from additions to capital assets related to purchases of fixed route buses, paratransit and support vehicles, facility improvements and other small projects in STA's capital program.

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 \$261,347 in net investment in capital assets at June 30, 2022 resulted primarily from additions to capital assets related to purchases of fixed route buses, paratransit and support vehicles, facility improvements 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 increased by \$4,114,010 from \$3,400,963 at June 30, 2021 to \$7,514,973 at June 30, 2022. The increase in unrestricted net position was largely due to the adjustment of about \$4.1 million negative pension expense to adjust pension related accounts.

**SunLine Transit Agency
Management's Discussion and Analysis
Year ended June 30, 2022**

Changes in Net Position

For the fiscal years ended June 30, 2022 and 2021, STA's combined revenues were \$49,334,945 and \$52,266,708, respectively, while the total controllable expenses, excluding depreciation, were \$36,188,283 and \$35,756,449, 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 \$4,375,357 and \$7,494,130 during the fiscal years ended June 30, 2022 and 2021, respectively. The decrease in change in net position in 2022 from 2021 was due to decrease in capital contributions that funded STA's capital projects.

	2022	2021	Increase (Decrease)	
			Amount	%
REVENUES				
Passenger fares	\$ 1,590,959	\$ 334,651	\$ 1,256,308	375%
CNG and hydrogen fuel sales	2,666,172	2,011,578	654,594	33%
Operating grants	35,051,254	35,108,445	(57,191)	0%
Capital grants	9,041,164	14,047,089	(5,005,925)	-36%
Interest and other revenues	985,396	764,945	220,451	29%
Total revenues	49,334,945	52,266,708	(2,931,763)	-6%
CONTROLLABLE OPERATING EXPENSES				
Salaries and employee benefits	21,377,093	23,252,492	(1,875,399)	-8%
Services	5,118,014	3,468,636	1,649,378	48%
Bad debts	1,643	18,852	(17,209)	-91%
Casualty and liability costs	3,199,381	3,519,827	(320,446)	-9%
Materials and supplies	1,928,798	1,992,775	(63,977)	-3%
Utilities	3,400,512	2,547,572	852,940	33%
Tires and tubes	195,437	196,314	(877)	0%
Taxes	86,065	84,616	1,449	2%
Administrative	99,624	161,788	(62,164)	-38%
Fuel and lubricants	234,173	103,172	131,001	127%
Miscellaneous	547,543	410,405	137,138	33%
Total controllable operating expenses	36,188,283	35,756,449	431,834	1%
Depreciation	8,771,305	9,016,129	(244,824)	-3%
Total expenses	44,959,588	44,772,578	187,010	0%
CHANGES IN NET POSITION				
	4,375,357	7,494,130	(3,118,773)	-42%
NET POSITION				
Beginning of year	90,037,847	82,543,717	7,494,130	9%
End of year	\$ 94,413,204	\$ 90,037,847	\$ 4,375,357	5%

Revenues

Passenger fares in fiscal year 2022 increased significantly when compared to fiscal year 2021. The primary reasons for the increase was the elimination of free fares and an increase in ridership. The fare impacts of COVID-19 were primarily observed in fiscal year 2020 and 2021. Due to COVID-19, fares were suspended and ridership dropped as people commuted less and maintained social distancing. Fares were re-instated at the end of fiscal year 2021 and only show a partial financial impact on the financial statements. Revenues for fiscal year 2022 account for a full year of fare collection and an increase in ridership compared to the previous two (2) fiscal years. Although transit systems across the nation have seen recoveries in ridership, STA is experiencing a higher recovery of its passengers when compared to its peers.

CNG and hydrogen fuel revenues which reflect outside fuel revenues, state and federal emission credits and CNG rebates increased in fiscal year 2022 by \$654,594 compared to fiscal year 2021 due to an increase in outside sales of CNG and increase in emission credit prices.

Operating grants in fiscal year 2022 slightly decreased by \$57,191.

Capital grants in fiscal year 2022 decreased by \$5,005,925 due to decrease in State Transit Assistance. Although the Agency continues to have a large capital program, the decrease is primarily associated to large construction projects in fiscal year 2021 for the operations building replacement and the CNG fueling station.

Interest and other revenues in fiscal year 2022 increased by \$220,451 due to haul pass program reimbursements from the Low-Carbon Transit Operations (LCTOP) program.

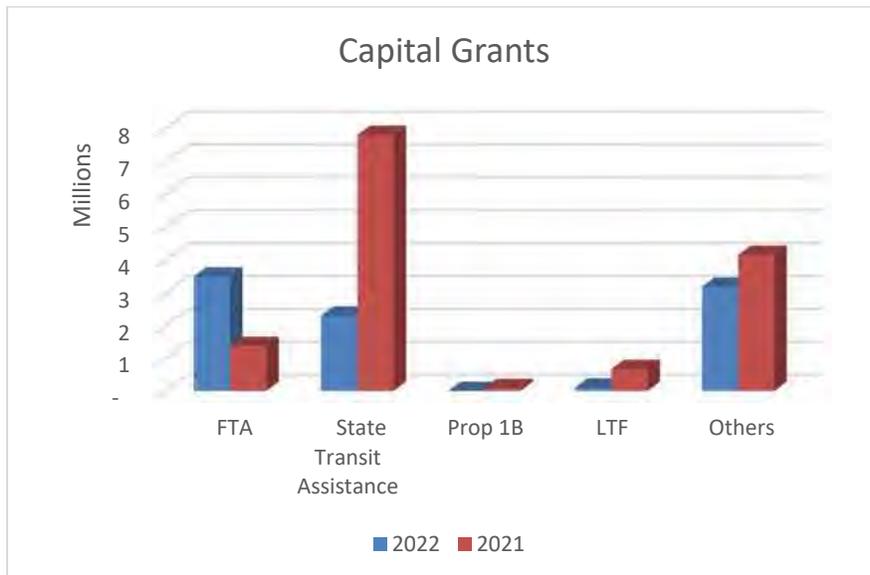
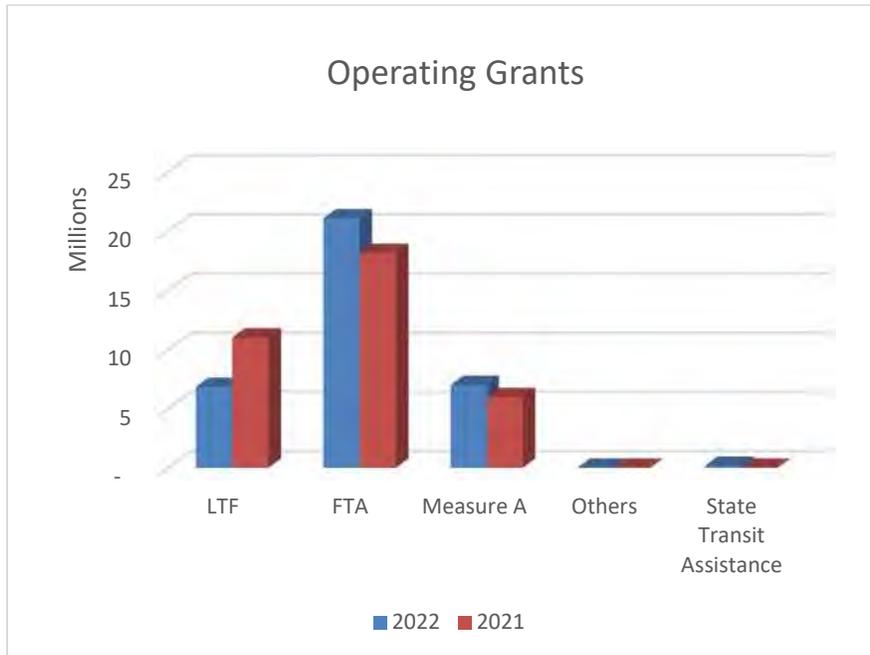
The combined amount of operating and capital grants in fiscal year 2022 and 2021 reflects 89% and 94% of STA's total revenues, respectively. These funds come from a variety of specific funding sources. Each funding source is guided by government regulations regarding the type and use of funds.

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, LCTOP and Federal Transit Administration (FTA).

Capital assets are funded primarily by capital grants from FTA with matching funds from State Transit Assistance, 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, 2022 and 2021.



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 \$36,188,283 during fiscal year 2022, an increase of \$431,834 from fiscal year 2021 of \$35,756,449. The increase attributed mainly to increase in services and utilities.

Services increased in fiscal year 2022 by \$1,649,378 mainly due to an increase in union negotiation costs associated with one (1) contract renewal and one (1) new contract negotiation, an increase in temporary help and professional consulting services related vacancies across the Agency.

Utilities increased in fiscal year 2022 by \$852,940 due to increased usage as well an increase in commodity costs which are driven by similar factors, such as international conflicts, that increase global fuel prices.

A breakdown of operating expenses is reflected on page 8.

CAPITAL ASSETS

STA's capital assets (net of accumulated depreciation), as of June 30, 2022 and 2021, amounted to \$86,898,231 and \$86,636,884 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 2022 included the following:

- Operation Facility Replacement (continued)
- Zero Emissions Maintenance Facility (continued)
- Miscellaneous Maintenance Equipment Projects (continued)
- Facility improvements (continued)
- Information Technology Projects (continued)
- Purchase of Paratransit Vehicles (continued)
- Purchase of Fixed Route Buses
- Purchase and Installation of Bus Stops
- Purchase of Administrative Vehicles

Significant capital asset projects during FY 2021 included the following:

- CNG and Hydrogen Fueling Station (continued)
- Hydrogen Electric Hybrid FCB & Hydrogen Station (continued)
- Operation Facility Replacement (continued)
- Bus rehabilitation and equipment (continued)
- Zero Emissions Maintenance Facility (continued)
- Miscellaneous Maintenance Equipment Projects (continued)
- Facility improvements (continued)
- Information Technology Projects (continued)
- Purchase of Paratransit Vehicles
- Purchase of Four (4) Fixed Route Buses

A summary of the capital assets balances as of June 30, 2022 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. Although the national decreasing ridership trend for fixed route continues to impact the Agency, SunLine is experiencing a higher rate of recovery compared to its transit peers. The proposed operating and capital budgets for FY2023 are \$46,085,647 and \$25,477,005, respectively, which represents an increase of 12.40% in the operating budget and a 69% increase in capital budget over the previous fiscal year's capital budget. The FY2023 budget includes cost increases to improve service and account for industry-wide challenges such as recruitment and retention of employees, ridership recovery, and inflation. 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 FY2023 focuses on the riders, employee equipment and facilities and continuing SunLine's investment in alternative fuel technology for vehicles and infrastructure. There are 12 new capital projects programmed in FY2023. The new projects represent an emphasis on innovation while aligning with the Agency's Board-approved Innovative Clean Transit (ICT) plan. The new projects cover necessities in fleet and facilities. They support the replacement and rehabilitation of existing assets as well as continue the advancement of alternative fuel technology:

- Fleet:
 - Over the Road Hydrogen Fuel Cell Coach
 - CNG Bus Rehab (10) and Hydrogen Bus (4) Purchase

- Facilities, Information Technology (IT) and Equipment:
 - Indio CNG Station Phase II
 - Facility Improvement Projects
 - Liquid Hydrogen Trailer Project
 - Microgrid to Hydrogen Phase IV
 - IT Projects
 - Bus Stops and Amenities
 - Real Time Surveillance System
 - Radio Replacement Phase II and Upgrade to ITS
 - Maintenance Equipment
 - Software Expansion

SunLine relies on operating and capital grants for approximately 94% 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 2022 required farebox recovery ratio was 18.77%; the Agency's actual ratio was 30.02% which exceeded the required ratio.

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	\$ 6,098,265
Accounts receivable, net	343,865
Due from other governmental agencies	5,362,708
Inventory	1,245,042
Prepaid items	1,015,117
Total current assets	<u>14,064,997</u>
Noncurrent assets	
Deposits	2,662,569
Net pension asset	14,461,729
Capital assets, not depreciated	3,799,654
Capital assets, depreciated	83,098,577
Total noncurrent assets	<u>104,022,529</u>
Total assets	<u>118,087,526</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pension	<u>3,543,354</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	1,233,911
Accrued payroll and related liabilities	279,930
Retention Payable	-
Due to other governmental agency	-
Claims payable - current portion	1,107,302
Unearned revenue	7,750,461
Total current liabilities	<u>10,371,604</u>
Noncurrent liabilities	
Compensated absences	1,844,242
Claims payable - noncurrent portion	2,583,705
Total noncurrent liabilities	<u>4,427,947</u>
Total liabilities	<u>14,799,551</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pension	<u>12,418,125</u>
NET POSITION	
Net investment in capital assets	86,898,231
Unrestricted	7,514,973
Total net position	<u>\$ 94,413,204</u>

See notes to financial statements.

SunLine Transit Agency
Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2022

OPERATING REVENUES	
Passenger fares	\$ 1,590,959
CNG and hydrogen fuel sales	2,666,172
Taxi license fees	204,542
Other	784,131
Total operating revenues	<u>5,245,804</u>
OPERATING EXPENSES	
Salaries and employee benefits	21,377,093
Depreciation	8,771,305
Services	5,118,014
Bad debts	1,643
Casualty and liability costs	3,199,381
Materials and supplies	1,928,798
Utilities	3,400,512
Tires and tubes	195,437
Taxes	86,065
Administrative	99,624
Fuel and lubricants	234,173
Miscellaneous	547,543
Total operating expenses	<u>44,959,588</u>
OPERATING LOSS	<u>(39,713,784)</u>
NONOPERATING REVENUES	
Operating grants:	
Local Transportation Fund	6,826,884
Measure A	7,000,000
Federal Transit Administration - Section 5307	601,141
Federal Transit Administration - Section 5309	107,018
Federal Transit Administration - Section 5310	-
Federal Transit Administration - Section 5311	-
Federal Transit Administration - Section 5311(f)	303,219
Federal Transit Administration - ARPA	14,488,546
Federal Transit Administration - CRRSA	5,011,454
Federal Transit Administration - Others	550,641
Local reimbursement	-
Low-Carbon Transit Operations Program (LCTOP) Grant	162,351
Total operating grants	<u>35,051,254</u>
Interest income	1,449
Gain on sale of capital assets, net	(4,726)
Total nonoperating revenues	<u>35,047,977</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(4,665,807)</u>
CAPITAL CONTRIBUTIONS	
Capital grants:	
Federal Transit Administration	3,479,607
State Transit Assistance	2,289,184
Proposition 1B	-
Local Transportation Fund	101,652
Other	3,170,721
Total capital contributions	<u>9,041,164</u>
CHANGE IN NET POSITION	4,375,357
NET POSITION	
Beginning of year	90,037,847
End of year	<u>\$ 94,413,204</u>

See notes to financial statements.

**SunLine Transit Agency
Statement of Cash Flows
Year ended June 30, 2022**

Cash flows from operating activities	
Cash received from customers	\$ 7,138,189
Cash payments to suppliers for goods and services	(17,029,958)
Cash payments to employees for services	(25,699,177)
Net cash used in operating activities	<u>(35,590,946)</u>
Cash flows from noncapital financing activities	
Cash received from operating grants	<u>35,989,328</u>
Net cash provided by noncapital financing activities	<u>35,989,328</u>
Cash flows from capital and related financing activities	
Cash received from capital grants	10,540,155
Acquisition and construction of capital assets	(9,032,652)
Proceeds from sale of capital assets	(4,726)
Net cash provided by capital and related financing activities	<u>1,502,777</u>
Cash flows from investing activity	
Interest income received	<u>1,449</u>
Net cash provided by investing activity	<u>1,449</u>
Change in cash and cash equivalents	1,902,608
Cash and cash equivalents, beginning of year	<u>4,195,657</u>
Cash and cash equivalents, end of year	<u>\$ 6,098,265</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:	
Operating loss	\$ (39,713,784)
Provision for doubtful accounts	1,643
Depreciation	8,771,305
Changes in operating assets, liabilities and deferred outflows and inflows of resources:	
Accounts receivable	1,892,385
Inventory	(72,334)
Prepaid items	(148,172)
Deposits	68,081
Deferred outflows of resources related to pension	(5,345,408)
Accounts payable and accrued liabilities	(1,308,837)
Accrued payroll and related liabilities	(87,110)
Retention payable	(657,420)
Net pension asset/liability	-
Compensated absences	(82,874)
Claims payable	(201,353)
Deferred inflows of resources related to pension	<u>1,292,932</u>
Net cash used in operating activities	<u>\$ (35,590,946)</u>

See notes to financial statements.

SunLine Transit Agency
Statement of Fiduciary Net Position – Pension Trust Funds
June 30, 2022

	December 31, 2021*
ASSETS	
Cash and cash equivalents	\$ 924,017
Receivables:	
Contributions	116,989
Interest	14
Dividends	35,297
Investments, at fair value:	
Mutual funds	<u>81,771,838</u>
Total assets	<u>82,848,155</u>
NET POSITION	
Fiduciary net position restricted for pension benefits	<u>\$ 82,848,155</u>

**Measurement date used in this report was as of December 31, 2021*

SunLine Transit Agency
Statement of Changes in Fiduciary Net Position – Pension Trust Funds
Year ended June 30, 2022

	Year ended December 31, 2021*
ADDITIONS	
Contributions:	
Employer	\$ 2,782,571
Participants	336,122
Investment income:	
Interest	132
Dividend	1,671,476
Net appreciation in fair value of investments	7,110,689
Total additions	11,900,990
DEDUCTIONS	
Benefits paid to participants and beneficiaries	1,982,512
Administrative expenses	147,441
Total deductions	2,129,953
CHANGE IN NET POSITION	9,771,037
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	73,077,118
End of year	\$ 82,848,155

*Measurement date used in this report was for the year ended December 31, 2021.

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, 2021 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.

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:

Net investment in capital assets – 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.

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 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 Statement No. 101 – *Compensated Absences*. Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No.100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*: Effective Date: For fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 99 – *Omnibus 2022*: Effective Date: related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*: Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

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	5,146,542	344,547	5,491,089
Investments - LAIF	605,976	-	605,976
Total cash and investments	<u>\$ 5,753,618</u>	<u>\$ 344,647</u>	<u>\$ 6,098,265</u>

Reported in Pension Trust Funds (December 31, 2021):

	Bargaining Plan	Non-Bargaining Plan	Total
Cash and cash equivalents	\$ 490,634	\$ 433,383	\$ 924,017
Investments, at fair value	40,853,000	40,918,838	81,771,838
Total cash and investments	<u>\$ 41,343,634</u>	<u>\$ 41,352,221</u>	<u>\$ 82,695,855</u>

Demand Deposits

At fiscal year-end of 2022, the carrying amount of demand deposits was \$5,491,089 and the bank balance was \$7,731,902 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 Issuer
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, 2022 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, 2022, 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, 2022, the Agency's investment in LAIF had a contractual withdrawal value of \$605,976.

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, 2022 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, 2022, due from other governmental agencies consisted of the following:

Federal Transit Administration (FTA)	\$	2,813,920
State Transit Assistance		381,135
Measure A		583,333
Local Transportation Fund (LTF)		80,681
Others		1,503,639
Total	\$	5,362,708

Federal Transit 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.

NOTE 5 CAPITAL ASSETS

Summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Transfers/ Adjustments	Balance June 30, 2022
Non-depreciable assets					
Land	\$ 3,141,003	\$ 54,000	\$ -	\$ -	\$ 3,195,003
Construction in progress	29,770,482	8,905,586	-	(38,071,417)	604,651
Total nondepreciable assets	<u>32,911,485</u>	<u>8,959,586</u>	<u>-</u>	<u>(38,071,417)</u>	<u>3,799,654</u>
Depreciable assets					
Buildings	29,473,481	-	(189,135)	24,385,472	53,669,818
Land improvements	4,535,315	-	(14,073)	-	4,521,242
Facility improvements	4,292,108	24,031	(3,143)	402,831	4,715,827
Office furniture and equipment	7,941,354	32,071	(13,517)	368,955	8,328,863
Vehicles	81,909,122	-	(9,037,253)	12,325,275	85,197,144
Equipment	6,502,926	25,475	(10,263)	588,884	7,107,022
Total depreciable assets	134,654,306	81,577	(9,267,384)	38,071,417	163,539,916
Less accumulated depreciation	(80,928,907)	(8,771,305)	9,258,873	-	(80,441,339)
Total depreciable assets, net	53,725,399	(8,689,728)	(8,511)	38,071,417	83,098,577
Total capital assets, net	<u>\$ 86,636,884</u>	<u>\$ 269,858</u>	<u>\$ (8,511)</u>	<u>\$ -</u>	<u>\$ 86,898,231</u>

Depreciation expense for the year ended June 30, 2022 comprised of:

	<u>2022</u>
SunLine Transit Agency	\$ 8,770,980
SunLine Services Group	325
Total	<u><u>\$ 8,771,305</u></u>

Changes in capital assets by funding source for the year ended June 30, 2022 were as follows:

	Federal Funds	State Transit / Prop 1B Funds	SGR Funds	TDA Funds	Measure A	Operator/ Other	Total
Balance at July 1, 2021	\$ 61,461,028	\$ 73,337,461	\$ 249,889	\$ 16,176,834	\$ 10,000	\$ 16,330,579	\$ 167,565,791
Additions	3,425,607	2,289,184	5,974	101,652	-	3,218,747	9,041,164
Transfers/adjustments	-	-	-	-	-	-	-
Deletions	(3,910,270)	(742,732)	-	(13,014)	-	(4,601,369)	(9,267,385)
Balance at June 30, 2022	<u>\$ 60,976,365</u>	<u>\$ 74,883,913</u>	<u>\$ 255,863</u>	<u>\$ 16,265,472</u>	<u>\$ 10,000</u>	<u>\$ 14,947,957</u>	<u>\$ 167,339,570</u>

NOTE 6 UNEARNED REVENUE

Unearned revenue represents excess capital and operating assistance. The following represent the amounts at June 30, 2022:

Capital Assistance		
State Transit Assistance	\$	192,464
Proposition 1B		55,868
Low Carbon Transit Operations Program		2,573,998
Transportation Development Act		116,025
Operators/Others		<u>2,300,436</u>
Total capital assistance		<u>5,238,791</u>
Operating Assistance		
Low Carbon Transit Operations Program		346,177
Transportation Development Act		1,920,866
Operator/Others		<u>244,627</u>
Total operating assistance		<u>2,511,670</u>
Total	\$	<u><u>7,750,461</u></u>

Capital Assistance

Changes in unearned revenue by funding source for the year ended June 30, 2022 were as follows:

	Federal Funds	State Transit Funds	Prop 1 B Funds	LCTOP Funds	TDA Funds	SGR Funds	Operator/ Other Funds	Total
Excess capital funds at July 1, 2021	\$ -	\$ 8,099	\$ 55,775	\$ 2,060,933	\$ 106,216	\$ -	\$ 1,508,777	\$ 3,739,800
Interest earned	-	-	93	-	-	-	-	93
Allocation received/deferred	<u>3,425,607</u>	<u>2,473,548</u>	<u>-</u>	<u>567,065</u>	<u>111,461</u>	<u>5,974</u>	<u>3,956,408</u>	<u>10,540,063</u>
Funds available	3,425,607	2,481,647	55,868	2,627,998	217,677	5,974	5,465,185	14,279,956
Less: eligible costs - capitalized	<u>(3,425,607)</u>	<u>(2,289,183)</u>	<u>-</u>	<u>(54,000)</u>	<u>(101,652)</u>	<u>(5,974)</u>	<u>(3,164,749)</u>	<u>(9,041,165)</u>
Excess capital funds at June 30, 2022	<u>\$ -</u>	<u>\$ 192,464</u>	<u>\$ 55,868</u>	<u>\$ 2,573,998</u>	<u>\$ 116,025</u>	<u>\$ -</u>	<u>\$ 2,300,436</u>	<u>\$ 5,238,791</u>

Operating Assistance

Changes in unearned revenue by funding source for the year ended June 30, 2022 was as follows:

	Federal Funds	TDA Funds	LCTOP Funds	Operator/ Other Funds	Total
Excess operating funds at July 1, 2021	\$ -	\$ 6,658,353	\$ 508,528	\$ 183,004	\$ 7,349,885
Allocation received/deferred	<u>21,062,019</u>	<u>6,826,884</u>	<u>-</u>	<u>142,388</u>	<u>28,031,291</u>
Funds available	21,062,019	13,485,237	508,528	325,392	35,381,176
Eligible costs	<u>(21,062,019)</u>	<u>(11,564,371)</u>	<u>(162,351)</u>	<u>(80,765)</u>	<u>(32,869,506)</u>
Excess operating funds at June 30, 2022	<u>\$ -</u>	<u>\$ 1,920,866</u>	<u>\$ 346,177</u>	<u>\$ 244,627</u>	<u>\$ 2,511,670</u>

NOTE 7 LONG-TERM OBLIGATIONS

Summary of changes in long-term obligations for the year ended June 30, 2022 was as follows:

	Balance			Balance	Due Within	Due In More
	July 1, 2021	Additions	Reductions	June 30, 2022	One Year	Than One Year
Claims payable	\$ 3,892,360	\$ 290,535	\$ (491,888)	\$ 3,691,007	\$ 1,107,302	\$ 2,583,705
Compensated absences	1,927,116	2,755,973	(2,838,847)	1,844,242	-	1,844,242
Net pension liability (asset)	(4,201,636)	(3,569,294)	-	(7,770,930)	-	(7,770,930)
Net pension liability (asset)	(3,030,008)	(3,660,791)	-	(6,690,799)	-	(6,690,799)
Total	\$ (1,412,168)	\$ (4,183,577)	\$ (3,330,735)	\$ (8,926,480)	\$ 1,107,302	\$ (10,033,782)

Claims Payable

Claims payable at June 30, 2022, amounted to \$3,691,007. 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.

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.

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.

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Plan Description (Continued)

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, 2022, 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	3%	3%
Required employer contribution rates	12.30%	21.60%

Employees Covered – At December 31, 2021, valuation date, the following employees were covered by the benefit terms of each Plan:

	Bargaining	Non-Bargaining
Inactive employees or beneficiaries currently receiving benefits	111	63
Inactive employees entitled to but not yet receiving benefits	105	117
Active employees	248	104
	464	284

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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:

	<u>Target</u>
Cash and cash equivalent	0%
Fixed income	40%
Equities	60%
	<u>100%</u>

Plans' Investments – US Bank was the custodian for all of the Plans' investments at December 31, 2021. 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, 2021:

		<u>Bargaining</u>	<u>Non-Bargaining</u>	<u>Total</u>
JOHCM International Select Fund	Mutual Fund \$	1,874,777	\$ 1,878,227	\$ 3,753,004
Vanguard Total International Stock Index Admiral Fund	Mutual Fund	2,706,111	2,708,082	5,414,193
Vanguard Total Stock Market Index Admiral Fund	Mutual Fund	13,003,717	13,008,546	26,012,263
Baird Core Plus Bond Institutional Fund	Mutual Fund	3,560,285	3,563,852	7,124,137
DoubleLine Core Fixed Income I Fund	Mutual Fund	1,758,640	1,777,084	3,535,724
Voya Intermediate Bond Fund Class R6	Mutual Fund	2,265,291	2,270,881	4,536,172
Harding Loevner International Equity	Mutual Fund	2,081,550	2,082,649	4,164,199
Jensen Quality Growthn Fund Class Y	Mutual Fund	1,652,630	-	1,652,630
PGIM Total Return Bond CL R6	Mutual Fund	4,386,706	4,401,184	8,787,890
		<u>33,289,707</u>	<u>31,690,505</u>	<u>64,980,212</u>
Aggregate of non-participant directed investments less than five percent of the Plan's fiduciary net position:		<u>7,563,293</u>	<u>9,228,333</u>	<u>16,791,626</u>
		<u>\$ 40,853,000</u>	<u>\$ 40,918,838</u>	<u>\$ 81,771,838</u>

NOTE 9 EMPLOYEE RETIREMENT PLANS (CONTINUED)***Plans' Investments (Continued)***

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, 2021 were 11.95% and 11.96%, 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, 2021, 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, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Bargaining	Non-Bargaining
Valuation Date	January 1, 2021	January 1, 2021
Measurement Date	December 31, 2021	December 31, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Discount Rate	6.0%	6.0%
Cost-of-living Increases	None	3.0%
Inflation	2.75%	2.75%
Projected Salary	3.0% ⁽¹⁾	4.0% ⁽¹⁾
Investment Rate of Return	6.0% ⁽²⁾	6.0% ⁽²⁾
Mortality	Generational mortality based on the SOA's public plan mortality study published in January 2019. For employees and retirees, the SOA Public healthy general participant tables (PubG-2010) with generational mortality improvements based on MP-2020. For disabled participants, the mortality rates for disabled non-safety participants (PubNS-2010) with generational mortality improvements based on MP-2020.	Generational mortality based on the SOA's public plan mortality study published in January 2019. For employees and retirees, the SOA Public healthy general participant tables (PubG-2010) with generational mortality improvements based on MP-2020. For disabled participants, the mortality rates for disabled non-safety participants (PubNS-2010) with generational mortality improvements based on MP-2020.

⁽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 \$280,000 per year. 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, 2021 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income equities securities	40%	1.00%
Domestic equities	50%	4.60%
International equities	10%	4.70%
Cash	0%	0.00%
	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.

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 Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
	\$	\$	\$
Balance at 12/31/2020	\$ 33,363,408	\$ 36,393,416	\$ (3,030,008)
Changes recognized for the measurement period:			
Service cost	1,207,067	-	1,207,067
Interest	2,048,466	-	2,048,466
Differences between expected and actual experiences	(934,699)	-	(934,699)
Changes of assumptions	(155,027)	-	(155,027)
Contributions from the employer	-	1,389,133	(1,389,133)
Contributions from the employee	-	136,158	(136,158)
Net Investment Income	-	4,383,472	(4,383,472)
Administrative expenses	-	(82,165)	82,165
Benefit payments, including refunds of employee contributions	(858,741)	(858,741)	-
Net changes during 2021	1,307,066	4,967,857	(3,660,791)
Balance at 12/31/2021	\$ 34,670,474	\$ 41,361,273	\$ (6,690,799)

	Non-Bargaining Plan Increase(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)
	\$	\$	\$
Balance at 12/31/2020	\$ 32,371,287	\$ 36,572,923	\$ (4,201,636)
Changes recognized for the measurement period:			
Service cost	1,380,011	-	1,380,011
Interest	1,991,365	-	1,991,365
Differences between expected and actual experiences	(722,460)	-	(722,460)
Changes of assumptions	(297,465)	-	(297,465)
Contributions from the employer	-	1,399,272	(1,399,272)
Contributions from the employee	-	187,922	(187,922)
Net Investment Income	-	4,398,827	(4,398,827)
Administrative expenses	-	(65,276)	65,276
Benefit payments, including refunds of employee contributions	(1,123,771)	(1,123,771)	-
Net changes during 2021	1,227,680	4,796,974	(3,569,294)
Balance at 12/31/2021	\$ 33,598,967	\$ 41,369,897	\$ (7,770,930)

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:

		<u>Bargaining</u>	<u>Non-Bargaining</u>
1% Decrease		5.00%	5.00%
Net Pension Liability	\$	(1,972,167)	\$ (2,920,438)
Current Discount Rate		6.00%	6.00%
Net Pension Liability (Asset)	\$	(6,690,799)	\$ (7,770,930)
1% Increase		7.00%	7.00%
Net Pension Liability (Asset)	\$	(10,601,352)	\$ (11,737,294)

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, 2022, STA recognized total pension expense of (\$1,322,266). At June 30, 2022, STA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Pension contribution subsequent to measurement date	\$ 1,262,384	\$ -
Differences between expected and actual experience	161,665	(1,562,579)
Changes in assumptions	893,555	(521,913)
Net differences between projected and actual earnings on pension plan investments	<u>1,225,750</u>	<u>(10,333,633)</u>
Total	<u>\$ 3,543,354</u>	<u>\$ (12,418,125)</u>

Pension contribution made subsequent to measurement date amounting to \$1,262,384 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, 2022.

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:

<u>December 31</u>	<u>Amount</u>
2022	\$ (2,467,088)
2023	(3,982,057)
2024	(2,449,798)
2025	(1,056,591)
2026	(181,621)
Thereafter	-

Payable to the Pension Plan

At June 30, 2022, 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, 2022. 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, 2022 are as follows:

	<u>Amount</u>	<u>Cumulative Expenses</u>	<u>Unexpended</u>
	<u>Authorized</u>	<u>June 30, 2022</u>	<u>Commitments</u>
Project			
Bus and van purchases	\$ 5,578,034	\$ 936,313	\$ 4,641,721
Facility improvements	104,440	71,867	32,573
CNG & Hydrogen Fueling Infrastructure	2,286,344	1,849,339	437,005
Equipment and other	1,254,287	867,472	386,815
	<u>\$ 9,223,105</u>	<u>\$ 3,724,990</u>	<u>\$ 5,498,115</u>

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 18.77% in 2022 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, 2022 was 30.02%, as calculated below. STA is in compliance with the provisions of PUC Section 99270.1.

Farebox and other revenues	\$	5,036,536
Measure A		7,000,000
Interest		1,449
Total revenues		<u>12,037,985</u>
Net revenues	\$	<u>12,037,985</u>
Operating expenses	\$	44,816,194
Less:		
Depreciation		8,770,980
Pension expense (GASB 68 adjustment)		<u>(4,052,476)</u>
Net operating expenses	\$	<u>40,097,690</u>
Fare ratio		<u>30.02%</u>
Target ratio		<u>18.77%</u>

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, 2022 was as follows:

	<u>PTMISEA</u>	<u>TSSSDRA</u>	<u>Total</u>
Unspent Prop 1B funds at July 1, 2021	\$ 55,914	\$ -	\$ 55,914
Prop 1 B transferred to Operating Account	(137)	-	(137)
Prop 1 B funds spent	-	-	-
Interest revenue earned on unspent Prop 1B funds	93	-	93
Unspent Prop 1B funds at June 30, 2022	<u>\$ 55,870</u>	<u>\$ -</u>	<u>\$ 55,870</u>

NOTE 13 IMPACT OF THE CORONAVIRUS ON THE ORGANIZATION'S OPERATIONS

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. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies of many countries including the geographical area where the Agency operates.

It is unknown how long this condition will last and what the complete financial effect will be to the Agency. However, management believes that the financial impact, if any, did not materially affect its June 30, 2022 financial statements.

NOTE 14 SUBSEQUENT EVENTS

The Agency has evaluated events subsequent to June 30, 2022 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through **REPORT DATE**, 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.

REQUIRED SUPPLEMENTARY INFORMATION

Sunline Transit Agency
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, 2022
Last Ten Years*

	Reporting Period 2022		Reporting Period 2021	
	<u>Bargaining</u>	<u>Non- Bargaining</u>	<u>Bargaining</u>	<u>Non- Bargaining</u>
Total Pension Liability				
Service cost	\$ 1,207,067	\$ 1,380,011	\$ 1,213,301	\$ 1,286,954
Interest	2,048,466	1,991,365	1,910,847	1,861,389
Differences between expected and actual experience	(934,699)	(722,460)	-	-
Changes of assumptions	(155,027)	(297,465)	-	-
Benefits payments, including refunds of employee contributions	<u>(858,741)</u>	<u>(1,123,771)</u>	<u>(789,772)</u>	<u>(1,026,502)</u>
Net change in total pension liability	1,307,066	1,227,680	2,334,376	2,121,841
Total pension liability - beginning	<u>33,363,408</u>	<u>32,371,287</u>	<u>31,029,032</u>	<u>30,249,446</u>
Total pension liability - ending ^(a)	<u>\$ 34,670,474</u>	<u>\$ 33,598,967</u>	<u>\$ 33,363,408</u>	<u>\$ 32,371,287</u>
Plan fiduciary net pension				
Contributions from the employer	\$ 1,389,133	\$ 1,399,272	\$ 1,007,430	\$ 1,214,312
Contributions from the employee	136,158	187,922	323,330	202,300
Net investment income	4,383,472	4,398,827	5,145,119	5,175,214
Benefits payments, including refunds of employee contributions	(858,741)	(1,123,771)	(789,772)	(1,026,502)
Administrative expenses	<u>(82,165)</u>	<u>(65,276)</u>	<u>(79,683)</u>	<u>(76,046)</u>
Net change in plan fiduciary net position	\$ 4,967,857	\$ 4,796,974	\$ 5,606,424	\$ 5,489,278
Plan fiduciary net position - beginning	<u>36,393,416</u>	<u>36,572,923</u>	<u>30,786,992</u>	<u>31,083,645</u>
Plan fiduciary net position - ending ^(b)	<u>\$ 41,361,273</u>	<u>\$ 41,369,897</u>	<u>\$ 36,393,416</u>	<u>\$ 36,572,923</u>
Net pension liability (asset) - ending ^{(a) - (b)}	<u>\$ (6,690,799)</u>	<u>\$ (7,770,930)</u>	<u>\$ (3,030,008)</u>	<u>\$ (4,201,636)</u>
Plan fiduciary net position as a percentage of the total pension liability	119.30%	123.13%	109.08%	112.98%
Covered - employee payroll	\$ 11,240,877	\$ 6,487,132	\$ 11,332,605	\$ 6,016,305
Net pension liability (asset) as a percentage of covered - employee payroll	-59.52%	-119.79%	-26.74%	-69.84%

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, 2022
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	<u>(751,313)</u>	<u>(1,038,556)</u>	<u>(723,427)</u>	<u>(880,536)</u>
Net change in total pension liability	3,456,897	2,903,968	1,686,797	1,776,075
Total pension liability - beginning	<u>27,572,135</u>	<u>27,345,478</u>	<u>25,885,338</u>	<u>25,569,403</u>
Total pension liability - ending ^(a)	<u>\$ 31,029,032</u>	<u>\$ 30,249,446</u>	<u>\$ 27,572,135</u>	<u>\$ 27,345,478</u>
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	<u>(77,740)</u>	<u>(68,989)</u>	<u>(89,608)</u>	<u>(89,087)</u>
Net change in plan fiduciary net position	\$ 5,556,936	\$ 5,429,583	\$ (925,652)	\$ (1,132,153)
Plan fiduciary net position - beginning	<u>25,230,056</u>	<u>25,654,062</u>	<u>26,155,708</u>	<u>26,786,215</u>
Plan fiduciary net position - ending ^(b)	<u>\$ 30,786,992</u>	<u>\$ 31,083,645</u>	<u>\$ 25,230,056</u>	<u>\$ 25,654,062</u>
Net pension liability (asset) - ending ^{(a) - (b)}	<u>\$ 242,040</u>	<u>\$ (834,199)</u>	<u>\$ 2,342,079</u>	<u>\$ 1,691,416</u>
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 (asset) 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

Sunline Transit Agency
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
As of June 30, 2022
Last Ten Years*

	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)
Changes of assumptions	-	-	-	-
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)	<u>\$ 25,885,338</u>	<u>\$ 25,569,403</u>	<u>\$ 24,327,197</u>	<u>\$ 24,255,666</u>
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)	<u>\$ 26,155,708</u>	<u>\$ 26,786,215</u>	<u>\$ 22,500,194</u>	<u>\$ 23,301,112</u>
Net pension liability (asset) - ending ^{(a) - (b)}	<u>\$ (270,370)</u>	<u>\$ (1,216,812)</u>	<u>\$ 1,827,003</u>	<u>\$ 954,554</u>
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 (asset) 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, 2022
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 on total pension liability	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)
Changes of assumptions	(565,426)	(130,456)	948,715	1,267,953
Benefits payments, including refunds of employee contributions	<u>(452,533)</u>	<u>(718,599)</u>	<u>(415,646)</u>	<u>(603,943)</u>
Net change in total pension liability	1,131,153	908,726	2,462,633	2,253,842
Total pension liability - beginning	<u>21,428,042</u>	<u>22,524,235</u>	<u>18,965,409</u>	<u>20,270,393</u>
Total pension liability - ending (a)	<u>\$ 22,559,195</u>	<u>\$ 23,432,961</u>	<u>\$ 21,428,042</u>	<u>\$ 22,524,235</u>
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	<u>(162,245)</u>	<u>(172,502)</u>	<u>(16,569)</u>	<u>(16,079)</u>
Net change in plan fiduciary net position	\$ 267,940	\$ 64,759	\$ 1,233,529	\$ 1,229,475
Plan fiduciary net position - beginning	<u>20,182,636</u>	<u>21,370,082</u>	<u>18,949,107</u>	<u>20,140,607</u>
Plan fiduciary net position - ending (b)	<u>\$ 20,450,576</u>	<u>\$ 21,434,841</u>	<u>\$ 20,182,636</u>	<u>\$ 21,370,082</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,108,619</u>	<u>\$ 1,998,120</u>	<u>\$ 1,245,406</u>	<u>\$ 1,154,153</u>
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

**SunLine Transit Agency
Schedule of Contributions – 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
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%
2020	1,233,598	1,007,430	226,168	11,332,605	8.89%
2021	992,105	1,379,571	(387,466)	11,240,877	12.30%

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	Generational mortality based on the SOA's public plan mortality study published in January 2019. For employees and retirees, the SOA Public healthy general participant tables (PubG-2010) with generational mortality improvements based on MP-2020. For disabled participants, the mortality rates for disabled non-safety participants (PubNS-2010) with generational mortality improvements based on MP-2020.

**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
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%
2020	1,363,614	1,214,312	149,302	6,016,305	20.18%
2021	1,229,797	1,403,000	(173,203)	6,487,132	21.60%

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	Generational mortality based on the SOA's public plan mortality study published in January 2019. For employees and retirees, the SOA Public healthy general participant tables (PubG-2010) with generational mortality improvements based on MP-2020. For disabled participants, the mortality rates for disabled non-safety participants (PubNS-2010) with generational mortality improvements based on MP-2020.

SUPPLEMENTARY INFORMATION

SunLine Transit Agency
Combining Statements of Net Position
June 30, 2022

	STA	SSG	Total
ASSETS			
Current assets:			
Cash and investments	\$ 5,753,618	\$ 344,647	\$ 6,098,265
Accounts receivable, net	302,462	41,403	343,865
Due from other governmental agencies	5,362,708	-	5,362,708
Inventory	1,245,042	-	1,245,042
Prepaid items	1,015,117	-	1,015,117
Total current assets	13,678,947	386,050	14,064,997
Noncurrent assets:			
Deposits	2,662,569	-	2,662,569
Net pension asset	14,461,729	-	14,461,729
Capital assets, not depreciated	3,799,654	-	3,799,654
Capital assets, depreciated	83,097,933	644	83,098,577
Total noncurrent assets	104,021,885	644	104,022,529
Total assets	117,700,832	386,694	118,087,526
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pension	3,543,354	-	3,543,354
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,231,690	2,221	1,233,911
Accrued payroll and related liabilities	268,640	11,290	279,930
Claims payable - current portion	1,107,302	-	1,107,302
Unearned revenue	7,750,461	-	7,750,461
Total current liabilities	10,358,093	13,511	10,371,604
Noncurrent liabilities:			
Compensated absences	1,842,037	2,205	1,844,242
Claims payable - noncurrent portion	2,583,705	-	2,583,705
Total noncurrent liabilities	4,425,742	2,205	4,427,947
Total liabilities	14,783,835	15,716	14,799,551
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	12,418,125	-	12,418,125
NET POSITION			
Net investment in capital assets	86,897,587	644	86,898,231
Unrestricted	7,144,639	370,334	7,514,973
Total net position	\$ 94,042,226	\$ 370,978	\$ 94,413,204

See independent auditor's report.

SunLine Transit Agency
Combining Statements of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2022

	STA	SSG	Total
OPERATING REVENUES			
Passenger fares	\$ 1,590,959	\$ -	\$ 1,590,959
CNG and hydrogen fuel sales	2,666,172	-	2,666,172
Taxi license fees	-	204,542	204,542
Other	784,131	-	784,131
Total operating revenues	5,041,262	204,542	5,245,804
Operating expenses			
Salaries and employee benefits	21,377,093	-	21,377,093
Depreciation	8,770,980	325	8,771,305
Services	5,089,285	28,729	5,118,014
Bad debts	1,643	-	1,643
Casualty and liability costs	3,193,892	5,489	3,199,381
Materials and supplies	1,926,406	2,392	1,928,798
Utilities	3,395,825	4,687	3,400,512
Tires and tubes	195,437	-	195,437
Taxes	86,065	-	86,065
Administrative	-	99,624	99,624
Fuel and lubricants	234,173	-	234,173
Miscellaneous	545,395	2,148	547,543
Total operating expenses	44,816,194	143,394	44,959,588
OPERATING LOSS	(39,774,932)	61,148	(39,713,784)
NONOPERATING REVENUES			
Operating grants:			
Local Transportation Fund	6,826,884	-	6,826,884
Measure A	7,000,000	-	7,000,000
Federal Transit Administration -Section 5307	601,141	-	601,141
Federal Transit Administration -Section 5309	107,018	-	107,018
Federal Transit Administration -Section 5311(f)	303,219	-	303,219
Federal Transit Administration - ARPA	14,488,546	-	14,488,546
Federal Transit Administration - CRRSA	5,011,454	-	5,011,454
Federal Transit Administration - Others	550,641	-	550,641
Low-Carbon Transit Operations Program (LCTOP) Grant	162,351	-	162,351
Total operating grants	35,051,254	-	35,051,254
Interest income	1,449	-	1,449
Gain on sale of capital assets, net	(4,726)	-	(4,726)
Total nonoperating revenues	35,047,977	-	35,047,977
LOSS BEFORE CAPITAL CONTRIBUTIONS	(4,726,955)	61,148	(4,665,807)
CAPITAL CONTRIBUTIONS			
Capital grants:			
Federal Transit Administration	3,479,607	-	3,479,607
State Transit Assistance	2,289,184	-	2,289,184
Proposition 1B	-	-	-
Local Transportation Fund	101,652	-	101,652
Other	3,170,721	-	3,170,721
Total capital contributions	9,041,164	-	9,041,164
CHANGE IN NET POSITION	4,314,209	61,148	4,375,357
NET POSITION			
Beginning of year	89,728,017	309,830	90,037,847
End of year	<u>\$ 94,042,226</u>	<u>\$ 370,978</u>	<u>\$ 94,413,204</u>

See independent auditor's report.

SunLine Transit Agency
Combining Statements of Cash Flows
Year ended June 30, 2022

	STA	SSG	Total
Cash flows from operating activities			
Cash received from customers	\$ 6,974,803	\$ 163,386	\$ 7,138,189
Cash payments to suppliers for goods and services	(16,978,978)	(50,980)	(17,029,958)
Cash payments to employees for services	(25,592,977)	(106,200)	(25,699,177)
Net cash provided by (used in) operating activities	<u>(35,597,152)</u>	<u>6,206</u>	<u>(35,590,946)</u>
Cash flows from noncapital financing activities			
Cash received from operating grants	35,989,328	-	35,989,328
Cash provided by noncapital financing activities	<u>35,989,328</u>	<u>-</u>	<u>35,989,328</u>
Cash flows from capital and related financing activities			
Cash received from capital grants	10,540,155	-	10,540,155
Acquisition and construction of capital assets	(9,032,652)	-	(9,032,652)
Proceeds from sale of capital assets	(4,726)	-	(4,726)
Net cash provided by capital and related financing activities	<u>1,502,777</u>	<u>-</u>	<u>1,502,777</u>
Cash flows from investing activity			
Interest income received	1,449	-	1,449
Cash provided by investing activity	<u>1,449</u>	<u>-</u>	<u>1,449</u>
Change in cash and cash equivalents	1,896,402	6,206	1,902,608
Cash and cash equivalents, beginning of year	<u>3,857,216</u>	<u>338,441</u>	<u>4,195,657</u>
Cash and cash equivalents, end of year	<u>\$ 5,753,618</u>	<u>\$ 344,647</u>	<u>\$ 6,098,265</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (39,774,932)	\$ 61,148	\$ (39,713,784)
Write off of bad debts	1,643	-	1,643
Depreciation	8,770,980	325	8,771,305
Changes in operating assets, liabilities and deferred outflows and inflows of resources:			
Accounts receivable	1,933,541	(41,156)	1,892,385
Inventory	(72,334)	-	(72,334)
Prepaid items	(148,172)	-	(148,172)
Deposits	68,081	-	68,081
Deferred outflows of resources related to pension	(5,345,408)	-	(5,345,408)
Accounts payable and accrued liabilities	(1,301,302)	(7,535)	(1,308,837)
Accrued payroll and related liabilities	(91,692)	4,582	(87,110)
Retention payable	(657,420)	-	(657,420)
Compensated absences	(71,716)	(11,158)	(82,874)
Claims payable	(201,353)	-	(201,353)
Deferred inflows of resources related to pension	1,292,932	-	1,292,932
Net cash provided by (used in) operating activities	<u>\$ (35,597,152)</u>	<u>\$ 6,206</u>	<u>\$ (35,590,946)</u>

See independent auditor's report.

SunLine Transit Agency
Combining Statements of Fiduciary Net Position – Pension Trust Funds
June 30, 2022

	As of December 31, 2021*		
	Bargaining	Non-Bargaining	Total
ASSETS			
Cash and cash equivalents	\$ 490,634	\$ 433,383	\$ 924,017
Receivables:			
Contributions	56,626	60,363	116,989
Interest	7	7	14
Dividends	17,630	17,667	35,297
Investments, at fair value:			
Mutual funds	40,853,000	40,918,838	81,771,838
Total assets	41,417,897	41,430,258	82,848,155
NET POSITION			
Fiduciary net position restricted for pension benefits	\$ 41,417,897	\$ 41,430,258	\$ 82,848,155

**Measurement date used in this report was as of December 31, 2021.*

SunLine Transit Agency
Combining Statements of Changes in Fiduciary Net Position – Pension Trust Funds
Year ended June 30, 2022

	Year ended December 31, 2021*		
	Bargaining	Non-Bargaining	Total
ADDITIONS			
Contributions:			
Employer	\$ 1,379,571	\$ 1,403,000	\$ 2,782,571
Participants	148,450	187,672	336,122
Investment income:			
Interest	68	64	132
Dividend	834,923	836,553	1,671,476
Net appreciation in fair value of investments	3,548,482	3,562,207	7,110,689
Total additions	<u>5,911,494</u>	<u>5,989,496</u>	<u>11,900,990</u>
DEDUCTIONS			
Benefits paid to participants and beneficiaries	858,741	1,123,771	1,982,512
Administrative expenses	82,165	65,276	147,441
Total deductions	<u>940,906</u>	<u>1,189,047</u>	<u>2,129,953</u>
CHANGES IN NET POSITION	4,970,588	4,800,449	9,771,037
NET POSITION RESTRICTED FOR PENSION BENEFITS			
Beginning of year	36,447,309	36,629,809	73,077,118
End of year	<u>\$ 41,417,897</u>	<u>\$ 41,430,258</u>	<u>\$ 82,848,155</u>

*Measurement date used in this report was for the year ended December 31, 2021.



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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, 2022, 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 **REPORT DATE**.

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

REPORT DATE



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SunLine Services Group
Audited Financial Statements
As of and for the Year Ended June 30, 2022
with Independent Auditor's Report



Draft 11.29.2022

SunLine Services Group
Audited Financial Statements
As of and for the Year Ended June 30, 2022
with Independent Auditor's Report

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Independent Auditor's Report

Board of Directors
SunLine Services Group
Thousand Palms, California 92276

Report on the Financial Statements

Opinion

We have audited the financial statements of the SunLine Services Group (SSG), a component unit of SunLine Transit Agency (STA), which comprise the statements of net position as of June 30, 2022, 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 (collectively the financial statements).

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

Basis for Opinion

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





Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **REPORT DATE** 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
REPORT DATE

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, 2022. 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 \$370,978 in 2022 and \$309,830 in 2021. At June 30, 2022, net position consisted of \$644 net investment in capital assets and \$370,334 of unrestricted net position. Accordingly, operating revenue and operating expenses decreased during the year.
- SSG's net position increased in FY 2022 by \$61,148. The increase in net position in FY 2022 when compared to FY 2021 was due to the decrease in administrative expenses as a result of decrease in the number of employees and group health insurance.

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
- 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.

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, 2022, SSG's assets exceeded liabilities by \$370,978, a \$61,148 increase from June 30, 2021. A condensed summary of the Statements of Net Position as of June 30, 2022 and 2021 is shown below:

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
Current assets	\$ 386,050	\$ 338,688	\$ 47,362	14%
Capital assets	644	969	(325)	-34%
Total assets	<u>386,694</u>	<u>339,657</u>	<u>47,037</u>	14%
Current liabilities	15,716	29,827	(14,111)	-47%
Total liabilities	<u>15,716</u>	<u>29,827</u>	<u>(14,111)</u>	-47%
Net position:				
Net investment in capital assets	644	969	(325)	-34%
Unrestricted	<u>370,334</u>	<u>308,861</u>	<u>61,473</u>	20%
Total net position	<u>\$ 370,978</u>	<u>\$ 309,830</u>	<u>\$ 61,148</u>	20%

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 \$325 in net investment in capital assets at June 30, 2022, 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 increased by \$61,473 due to the decrease in administrative expenses as a result of decrease in the number of employees and group health insurance.

Changes in Net Position

For the fiscal years ended June 30, 2022 and 2021, SSG's revenues were \$204,542 and \$198,792, respectively, while the total expenses, excluding depreciation, were \$143,069 and \$222,041, respectively. The table below presents financial data related to the increase of \$61,148 and decrease in net position of \$23,694 during the fiscal years ended June 30, 2022 and 2021, respectively. The change in net position in 2022 was primarily due to decrease in expenses related to employee salaries and group health insurance.

	Years ended June 30		Increase (Decrease)	
	2022	2021	Amount	%
OPERATING REVENUES				
Operating vehicle permit fees	\$ 96,561	\$ 71,857	\$ 24,704	34%
Taxi business permit fees	97,526	120,000	(22,474)	-19%
Driving permits and inspection fees	3,710	2,925	785	27%
Operator application fees	-	1,500	(1,500)	100%
Other	6,745	2,510	4,235	169%
Total operating revenues	204,542	198,792	5,750	3%
CONTROLLABLE OPERATING EXPENSES				
Administrative	99,624	161,788	(62,164)	-38%
Services	28,729	28,929	(200)	-1%
Bad debts	-	12,342	(12,342)	-100%
Casualty and liability	5,489	7,894	(2,405)	-30%
Utilities	4,687	4,488	199	4%
Materials and supplies	2,392	2,726	(334)	-12%
Miscellaneous	2,148	3,874	(1,726)	-45%
Total controllable operating expenses	143,069	222,041	(78,972)	-36%
Depreciation	325	445	(120)	-27%
Total expenses	143,394	222,486	(79,092)	-36%
CHANGE IN NET POSITION	61,148	(23,694)	84,842	-358%
NET POSITION				
Beginning of year	309,830	333,524	(23,694)	-7%
End of year	\$ <u>370,978</u>	\$ <u>309,830</u>	\$ <u>61,148</u>	20%

Revenues

Operating revenues during FY 2022 increased by \$5,750 from FY 2021 due to the increase in operating vehicle permit fees relating to higher taxi vehicles in service.

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 \$143,069 and \$222,041 during the fiscal years ended June 30, 2022 and 2021, respectively. Operating expenses before depreciation in FY 2022 decreased by \$78,972 from FY 2021. The decrease is primarily due to decrease in administrative expenses.

Capital assets

SSG's investment in capital assets amounted to \$644 and \$969 (net of accumulated depreciation), as of June 30, 2022 and 2021, 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 2023:

- 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 salary expenses and conducting a taxi study.

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.

ASSETS	
Current assets	
Cash and cash equivalents	\$ 344,647
Accounts receivable	41,403
Total current assets	<u>386,050</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	644
Total assets	<u>386,694</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	2,221
Accrued payroll and related liabilities	11,290
Compensated absences	2,205
Total current liabilities	<u>15,716</u>
NET POSITION	
Net investment in capital assets	644
Unrestricted	370,334
Total net position \$	<u><u>370,978</u></u>

See notes to financial statements.

SunLine Services Group
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2022

OPERATING REVENUES

Operating vehicle permit fees	\$ 96,561
Taxi business permit fees	97,526
Driving permits and inspection fees	3,710
Operator application fees	-
Other	6,745
Total operating revenues	<u>204,542</u>

CONTROLLABLE OPERATING EXPENSES

Administrative	99,624
Services	28,729
Bad debts	-
Casualty and liability	5,489
Utilities	4,687
Materials and supplies	2,392
Miscellaneous	2,148
Total controllable operating expenses	<u>143,069</u>
Depreciation	325
Total expenses	<u>143,394</u>

CHANGE IN NET POSITION

61,148

NET POSITION

Beginning of year	<u>309,830</u>
End of year	<u>\$ 370,978</u>

See notes to financial statements.

Cash flows from operating activities:

Cash received from customers	\$ 163,386
Cash payments to suppliers for goods and services	(50,980)
Cash payments to employees for services	(106,200)
Net cash provided by operating activities	<u>6,206</u>

Change in cash and cash equivalents 6,206

Cash and cash equivalents, beginning of year 338,441

Cash and cash equivalents, end of year \$ 344,647

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 61,148
Depreciation	325
Change in operating assets and liabilities:	
Accounts receivable	(41,156)
Accounts payable and accrued liabilities	(7,535)
Accrued payroll and related liabilities	4,582
Compensated absences	(11,158)
Net cash provided by operating activities	<u><u>\$ 6,206</u></u>

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 \$344,647 at June 30, 2022. Bank balance at June 30, 2022 was \$350,812, 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, 2022 is as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Depreciable assets:				
Vehicles	\$ 290,606	\$ -	\$ -	\$ 290,606
Equipment	50,087	-	-	50,087
Total depreciable assets	340,693	-	-	340,693
Accumulated depreciation	(339,724)	(325)	-	(340,049)
Net capital assets	\$ 969	\$ (325)	\$ -	\$ 644

Depreciation expense was \$325 for the year ended June 30, 2022.

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, 2022, STA charged SSG \$99,624, for administrative services.

NOTE 6 COMPENSATED ABSENCES

Compensated absences at June 30, 2022, amounted to \$2,205. 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, 2022 are displayed in the financial statements of STA in the amount of \$3,691,007. 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 IMPACT OF CORONAVIRUS TO THE PLAN'S OPERATIONS

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. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies of many countries including the geographical area where the SSG operates.

It is unknown how long this condition will last and what the complete financial effect will be to the SSG. However, management believes that the financial impact, if any, did not materially affect its June 30, 2022 financial statements.

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through **REPORT DATE**, the date which the financial statements were available to be issued and concluded that, other than the matter described in Note 6, there were no material subsequent events that required disclosure or adjustment to the accompanying financial statements.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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, 2022, 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 **REPORT DATE**.

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

REPORT DATE



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SunLine Transit Agency
Single Audit Report
Year Ended June 30, 2022
with Independent Auditor's Report

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**SunLine Transit Agency
Single Audit Report
Year Ended June 30, 2022
with Independent Auditor's Report**

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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, 2022, 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 **OPEN DATE**.

Report on 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.





Report on 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 STA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Glendale, California

OPEN DATE

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**Independent Auditor's Report 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

Opinion on Each Major Federal Program

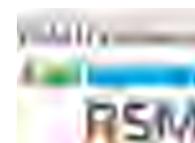
We have audited SunLine Transit Agency's (STA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of STA's major federal programs for the year ended June 30, 2022. STA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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





Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of SunLine Transit Agency as of and for the year ended June 30, 2022 and have issued our report thereon dated **<DATE OPEN>**, which contained an unmodified opinion on those financial statements. Our audit was performed 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
<DATE OPEN>.

SunLine Transit Agency
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing 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-Y964	\$ -	\$ 331
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z036	-	907
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z225	-	76,969
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z341	-	53,946
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z374	-	52,584
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-4051	-	48,591
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z455	-	1,494,069
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-90-Z460	-	601,141
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.507	CA-95-0076	-	303,492
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-90-4158	-	5,011,454
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-90-4188	-	14,488,546
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Operating)	20.507	CA-95-X327	-	215,648
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.526	CA-34-0119	-	3,568
Federal Transit - Formula Grants (Urbanized Area Formula Program) (Capital)	20.526	CA-34-0192	-	593,070
Subtotal - Federal Transit - Formula Grants (Urbanized Area Formula Program)			-	22,944,316
Federal Transit - Capital Investment Grants	20.500	CA-55-0006	-	107,018
Passed through from the Southern California Association of Governments Formula Grant for Other Than Urbanized Areas (Capital)	20.526	M-008-016	-	46,552
Total Federal Transit Cluster			-	23,097,886
Formula Grants for Rural Areas				
Passed through from the State of California, Department of Transportation Formula Grants for Rural Areas (Operating)	20.509	64B020-01455	-	303,219
Total Formula Grants for Rural Areas			-	303,219
Public Transportation, Technical Assistance and Training				
Direct Assistance:				
Federal Transit - Research, Demonstration and Innovation	20.514	CA-26-1017	-	31,501
Passed through from the Southern California Association of Governments Five Hydrogen Electric Fuel Cell Buses	20.514	M-008-016	-	1,054,571
Total Public Transportation Research, Technical Assistance, and Training			-	1,086,072
Total Expenditures of Federal Programs			\$ -	\$ 24,487,177

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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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, 2022, 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 OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE 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?	No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.500/20.507/20.526	Federal Transit Cluster
20.514	Public Transportation, Technical Assistance and Training

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, 2022.

DRAFT

Section III – Federal Award Findings

There were no federal award findings noted during the fiscal year ended June 30, 2022.

DRAFT

No findings were reported for the year ended June 30, 2021.

DRAFT

DRAFT



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SunLine Transit Agency

DATE: December 7, 2022 **ACTION**

TO: Finance/Audit Committee
Board of Directors

FROM: Luis Garcia, Controller/Assistant Chief Financial Officer

RE: Ratification of Legal Services Agreement

Recommendation

Recommend that the Board of Directors ratify an agreement for one (1) option year for a total cost not to exceed \$320,000 with Burke, Williams & Sorensen, LLP for legal services related to SunLine Transit Agency (STA) and SunLine Services Group (SSG).

Background

SunLine issued a Request for Proposals regarding legal services on July 19, 2021. Based on the solicitation results, the Board of Directors approved a one (1) year contract with four (4) options year periods for a total amount not to exceed \$1,600,000 with Burke, Williams & Sorensen, LLP on September 29, 2021. The first year was executed for the period of November 4, 2021 through November 3, 2022.

Legal counsel reports directly to the Board of Directors and at their discretion. The Board of Directors makes the decision to exercise option years of the legal services contract. The ratification of year one (1) of four (4) options years of legal services will enable Burke, Williams & Sorensen, LLP to provide continued legal services related to SunLine Transit Agency (STA) and SunLine Services Group (SSG).

The award of the first option year was exercised under the CEO/GM's authority under Chapter 2, section 1.2.2 of the procurement policy by consulting with the Chairperson of the Finance/Audit Committee. However, this action still needs to be presented to the Board for ratification.

Financial Impact

The total financial impact of \$320,000 will span both FY23 and FY24. The expenses have been included in the Agency's operating budget for the remainder of FY23 and will be budgeted accordingly for FY24.

SunLine Transit Agency

DATE: December 7, 2022 **ACTION**

TO: Finance/Audit Committee
Board of Directors

FROM: Eric Vail, General Counsel

RE: California Environmental Quality Act (CEQA) Exemption Solar
Microgrid

Recommend

Recommend that the Board of Directors take the following actions:

- 1) Approve the use of the 5.57 acres of real property on Ramon Road for the construction of the proposed Solar Microgrid project; and
- 2) Find that the Solar Microgrid project is a project to construct or maintain infrastructure to charge or refuel zero emission transit buses, is exempt from CEQA under Public Resources Code § 21080.25(b)(6); and
- 3) Direct staff to file a Notice of Exemption with the County Clerk that is in substantial conformance with the proposed resolution; and
- 4) Authorize the CEO/General Manager to utilize remaining funds from the Low Carbon Transit Operations Program to commence engineering and development of the Solar Microgrid project; and
- 5) Authorize staff to pursue and apply for grants to complete the Solar Microgrid project; and
- 6) Approve the proposed Resolution Number 0802 memorializing these proposed actions.

Background

Agency staff applied for and was granted funding from the Low Carbon Transit Operations Program (LCTOP) in the amount of \$4,127,998 for the acquisition of land and development of a microgrid to support its zero emissions charging program (the “Project”).

On May 25, 2022, the Board of Directors approved the purchase of 5.57 acres of vacant real property on Ramon Road (“Property”) to the North of SunLine’s Division 1. As part of

the approval of the purchase and sale agreement, SunLine agreed to address the CEQA requirements prior to developing a project on the vacant land. During the escrow period, SunLine engaged an engineering firm to complete an American Land Title Association survey, Phase 1 environmental review and zoning review of the property. This consultant investigated the entitlement and Project permitting process that would be required for the Project and determined that no approvals from the County or other public agencies would be required for the Project. The next phase of the Project consists of the engineering and design of the microgrid and land surveys and civil work.

SunLine wishes to begin the engineering efforts necessary to develop this site and begin developing the land for use in support of SunLine's fueling efforts. The Project will directly contribute to the reduction of fueling costs for SunLine's fleet of hydrogen electric vehicles and add to the resilience of SunLine's energy needs. This Project also has the potential to reduce the charging costs of battery electric vehicles. These steps are necessary to meet the mandate by California Air Resources Board (CARB) for transit operators to be 100 percent zero emissions by the year 2040.

Under Senate Bill 288 and Public Resources Code § 21080.25(b)(6), a project to construct or maintain infrastructure to charge or refuel zero emission transit buses is exempt from CEQA, provided the project is carried out by a public transit agency that is subject to, and in compliance with, the State Air Resources Board's Innovative Clean Transit regulations ("Clean Transit Regulations") and the project is located on property owned by the transit agency. Here, the purpose of the Project is to construct a microgrid to charge or refuel zero emission transit buses. Further, as required by the exemption, SunLine is subject to and in compliance with the Clean Transit Regulations, and the Project will be located on the Property, which will be owned by SunLine.

\$1,700,000 of the LCTOP funding has been appropriated for the purchase of the Property. Staff will utilize the remaining LCTOP funding to further pursue the Project, including the engineering and design work for the microgrid and the performance of any land surveys and civil work necessary for the Project. Staff is also applying for discretionary grants to complete the balance of the Project which consists of construction of solar panels, battery storage, and related equipment.

Financial Impact

Aside from the use of LCTOP funding already obtained by SunLine, there is no financial impact as a result of this item.

Attachments:

- [Item 11a](#) – Resolution No. 0802

SUNLINE TRANSIT AGENCY

RESOLUTION NO. 0802

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUNLINE TRANSIT AGENCY APPROVING THE INITIATION OF PHASE ONE OF THE MICROGRID AND FINDING THE PROJECT EXEMPT FROM CEQA

WHEREAS, Agency staff applied for and was granted funding from the Low Carbon Transit Operations Program (LCTOP) in the amount of \$4,127,998 for the acquisition of land and development of a microgrid to support its zero emissions charging program (the “Project”).

WHEREAS, SunLine has received the funding from the California Department of Transportation.

WHEREAS, SunLine has committed to implement this Project within the timelines provided by the LCTOP Guidelines.

WHEREAS, SunLine has already appropriated \$1,700,000 of the LCTOP funding for the acquisition of 5.57 acres of real property on Ramon Road (“Property”). On March 7, 2022, SunLine entered into a Vacant Land Purchase Agreement to purchase the Property, which was approved by the SunLine Board of Directors on May 25, 2022.

WHEREAS, in approving the purchase of the Property, SunLine committed to complying with the California Environmental Quality Act (CEQA) prior to the initiation of the Project. In accordance with the escrow instructions, SunLine engaged an engineering firm to complete an American Land Title Association survey, Phase 1 Environmental review and zoning review of the property.

WHEREAS, as part of its due diligence investigation of the Property, SunLine’s consultant investigated the entitlement and Project permitting process that would be required for the Project and determined that no approvals from the County or other public agencies would be required for the Project.

WHEREAS, the next phase of the Project consists of the engineering and design of the microgrid and land surveys and civil work.

WHEREAS, SunLine is applying for discretionary grants to complete the balance of the microgrid Project which consists of construction of solar panels, battery storage, and related equipment.

WHEREAS, the Board of Directors desires to approve the Project and provide direction to SunLine staff.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of SunLine Transit Agency:

Section 1. The recitals set forth above are true and correct and are incorporated as findings herein.

Section 2. The Board of Directors approves the use of the Property for the construction of the Project. The Board of Directors finds that the Project is exempt from CEQA under Senate Bill 288 and Public Resources Code § 21080.25(b)(6). Under that section a project to construct or maintain infrastructure to charge or refuel zero-emission transit buses is exempt from CEQA, provided the project is carried out by a public transit agency that is subject to, and in compliance with, the State Air Resources Board's Innovative Clean Transit regulations ("Clean Transit Regulations") and the project is located on property owned by the transit agency. Here, the purpose of the Project is to construct a microgrid to charge or refuel zero-emission transit buses. Further, as required by the exemption, SunLine is subject to and in compliance with the Clean Transit Regulations, and the Project will be located on the Property, which will be owned in fee by SunLine. Agency staff is directed to file a Notice of Exemption with the County Clerk that is in substantial conformance with this resolution and the form Notice of Exemption attached as Appendix E to the CEQA Guidelines.

Section 3. The Board of Directors authorizes the CEO/General Manager to utilize the balance of LCTOP funding to further pursue the Project, including, but not limited to, using the funding for the engineering and design of the microgrid and the performance of any land surveys and civil work necessary for the Project. The Board further authorizes Agency staff to pursue and apply for grants to complete the balance of the microgrid Project.

PASSED, APPROVED AND ADOPTED by the Board of Directors of SunLine Transit Agency on this 7th day of December, 2022.

Edith Hernandez
Clerk of the Board
SunLine Transit Agency

Glenn Miller
Chairperson of the Board
SunLine Transit Agency

APPROVED AS TO FORM:

Eric Vail, General Counsel

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
SUNLINE TRANSIT AGENCY)

I, Edith Hernandez, Clerk of the Board of SunLine Transit Agency, hereby certify that Resolution No. _____ was adopted by the Board of Directors of the SunLine Transit Agency at a regular meeting held on the 7th day of December, 2022, and that the same was adopted by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

EDITH HERNANDEZ
CLERK OF THE BOARD