



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED
JUNE 30, 2022 AND 2023



PREPARED BY:
FINANCE DEPARTMENT
GOLDEN EMPIRE TRANSIT DISTRICT
BAKERSFIELD, CALIFORNIA

GOLDEN EMPIRE TRANSIT DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

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GOLDEN EMPIRE TRANSIT DISTRICT
BOARD OF DIRECTORS - JUNE 2023



Cindy Parra, Chair
City of Bakersfield Appointee



Charlie Van De Voorde
County of Kern Appointee



Carlos Bello
City of Bakersfield Appointee



Kay Henry
County of Kern Appointee



Leasa Engel, Vice Chair
At Large Appointee

INTRODUCTION SECTION



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Golden Empire Transit District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

December 22, 2023

Board of Directors
Golden Empire Transit District
1830 Golden State Avenue
Bakersfield, California 93301

Members of the Board:

This Comprehensive Financial Report is being issued during a continuing period of recovery from the COVID-19 pandemic. The Report tells us about our performance during Fiscal Year 2022-2023 as we continue to be challenged with worker shortages and supply chain delays. Despite these challenges, the year ended with a strong financial position and innovations that demonstrate GET's resiliency.

Some of the highlights of the year include:

On Demand Microtransit Service. During Fiscal Year 2022-2023 we continued to build on our partnership with software provider Via to take our microtransit service from a pilot program to a first of its kind commingled, app based microtransit service. Ridership for our On Demand service has continued to grow steadily and the area covered by the microtransit zone was expanded in January 2023 to cover all of Golden Empire Transit District's (GET's) service area. Efficiency of the service has steadily improved as we become more proficient at commingling and dispatching the On Demand Service. The number of rides provided remains constrained by the shortage of personnel to operate the service and by the On Demand vehicle fleet size.

Coordinated Transportation Service Agency. On July 1, 2022 GET began operating as the Consolidated Transportation Service Agency (CTSA) commingling this service with other On Demand offerings in a significantly expanded service area. This transition was difficult for many of the former CTSA clients as the service provided by GET is operated curb-to-curb and the former CTSA provider, North of the River Recreation and Park District, operated the service door-through-door. GET offers the CTSA service to low income seniors and people with disabilities.

Non-Emergency Medical Transportation. During Fiscal Year 2022-2023 GET continued to operate MediCal funded Non-Emergency Medical Transportation (NEMT) in partnership with Kern Family Health Systems. Not only is this an important service to the community for getting people to medical appointments and pharmacies, but it has the potential to be a strong revenue generator for GET, being limited during this period, however, by the constrained On Demand service levels. This service is also commingled with other On Demand services.

On Demand Paratransit Service. The fourth leg of the On Demand stool is On Demand paratransit. With the addition of the CTSA service in Fiscal Year 2022-2023, the paratransit zone was also expanded to mirror the CTSA zone. We fully implemented the commingling concept to include paratransit whereby customers with differing trip purposes can be transported on the same vehicle at the same time.

Recruitment and Retention: The COVID-19 pandemic years prior to this report ushered in high employee turnover and difficulty in hiring. This was not unique to GET as employers everywhere struggled to get enough employees to keep their businesses running. This caused us to make some changes in our hiring practices including hiring part-time drivers with Class C driver's licenses. Operating the On-Demand service (which has expanded during this period) does not require a Commercial Driver's License (CDL). This action in turn caused us to update our training practices and our scheduling practices. Nevertheless, GET continued to operate only about two-thirds of its pre-pandemic fixed route service.

Operations and Maintenance Facility Upgrades. During the past year, GET was able to make several improvements to its present operations and maintenance facility. These projects were necessary to keep the aged facility functional for our everyday service demands. Most importantly, we made shop modifications to accommodate the new hydrogen fuel cell buses described below. We also completed a shop expansion project with a new paint booth, a photovoltaic expansion project, and the construction of a hydrogen fueling station.

Zero Emission Buses. During Fiscal Year 2022-2023, GET deployed five additional Zero Emission Buses (ZEB) in compliance with the California Air Resources Board's Innovative Clean Transit (ICT) Rule. This rule requires that all buses owned and operated by the District be ZEBs by the year 2040. The District purchased its first five hydrogen fuel cell buses from New Flyer of America in early Fiscal Year 2021-2022. With the additional five vehicles, it brings the hydrogen fleet to a total of ten buses. This new technology requires extensive training of our maintenance technicians and our bus operators as well as the local fire department.

Hydrogen Fueling Station. In support of the new hydrogen fuel cell bus fleet, GET had a hydrogen fueling station constructed on site. This is the first hydrogen fueling station in Kern County and one of only a handful of hydrogen fueling facilities in the state. In November 2022, we had a ribbon cutting ceremony to mark this landmark development. Hydrogen fuel cell technology continues to evolve and many transit agencies are selecting this technology for their future transition to ZEB. GET is considered a leader among its peers in this field

Expanding Facilities. For the last fifteen years GET has been operating out of facilities that are aged and inadequate to support growing demand for service and new technologies. We have made modifications to our operating and maintenance facilities and have added modular buildings to accommodate additional staffing required to get business done every day. To further this effort in FY2022-2023 GET acquired two buildings adjacent to the downtown transit center. These two buildings, formerly a minimarket and a vape shop, will be remodeled in the coming year to provide additional office space. The GET call center that supports both fixed route and On Demand services will be relocated to this facility along with a "front office" where our customers will be able to conveniently purchase passes, claim lost and found items and get reduced fare identification cards. This will free up office space at the main facility and improve working conditions for the Customer Service Representatives in the new call center.

Long Range Transit Plan. Funding was finally secured in FY 2022-2023 by Kern Council of Governments (Kern COG) to jointly perform an update to GET's Long Range Transit Plan. The Plan was last updated in 2011. It is a recommended best practice to update long range plans at least every ten years. The planning process, being guided by a consultant team from Nelson Nygaard, commenced during FY2022-23 and will be completed in the spring of 2024. While the Existing Conditions Report (the first task of the project) continues to describe strong support for public transit in Bakersfield, there has been a lot of change in the community in which GET operates in the past ten years. The planning horizon for the project is 2043 and

we expect there will be a plethora of recommendations the come from the study to be implemented in the coming years.

As we look forward to the next fiscal year, we do so with excitement and reserve. Reserve because the effects of the pandemic continue to plague us, but also excitement because we have adapted and continue to improve our service. Ever resilient, GET has found new ways to innovate and make our services of even greater value to our community.

Sincerely,

Karen H. King
Chief Executive Officer

November 29, 2023

Board of Directors
Golden Empire Transit District
1830 Golden State Avenue
Bakersfield, California 93301

Members of the Board:

This is Golden Empire Transit District's Annual Comprehensive Financial Report covering the fiscal year ended June 30, 2023.

The Annual Comprehensive Financial Report has been prepared by the Finance Department, working with our independent audit firm, Brown Armstrong, in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). This Department is responsible both for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe that the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of GETD as of June 30, 2023. All disclosures necessary to enable the reader to gain the maximum understanding of GETD financial affairs have been included.

The Annual Comprehensive Report represents the culmination of all budgeting, financial and accounting activities engaged in by GETD during the fiscal year. The Annual Comprehensive Financial Report is organized in three sections:

1. The **Introductory Section** is intended to familiarize the reader with the organizational structure of GETD and the nature and scope of the provided services.
2. The **Financial Section** includes a Management Discussion and Analysis narrative to introduce the financial statements and analyze the financial activities during the fiscal year. This section also includes the Independent Auditor's Report, audited financial statements, disclosure notes, supplementary budget information, supporting statements and schedules necessary to fairly present the financial position and results of the operations of GETD in conformity with generally accepted accounting principles.
3. The **Statistical Section** contains comparative statistical data on GETD's financial, physical, economic and social characteristics.

The preparation of this Annual Comprehensive Financial Report required the cooperation of GETD management, staff and our independent auditors, Brown Armstrong, led by the audit engagement partner, Neeraj Datta, and the lead auditor, Melissa Cabezzas. I wish to express my thanks and appreciation to the GETD Accounting and Finance staff: Controller Melissa Ash, Accounting Supervisor Denise Fiorini, and Accounting Clerks Debbie Ockerman and Leslie Morales. In particular, Ms. Ash's hard work and expertise is most responsible for the Accounting Department's success as GETD's financial and accounting environment continues to grow more complex. This skilled and dedicated group continues to work diligently to keep the agency compliant and moving forward.

Sincerely,

Steve Barnes
Chief Financial Officer

November 29, 2023

To the Members of the Golden Empire Transit District's Board of Directors, CEO and Citizens of the City of Bakersfield:

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published in fulfillment of that requirement for the fiscal year ended June 30, 2023.

This report provides an independently audited account of the financial condition of the District. The financial statements, supplemental schedules, and statistical information are the representation of Golden Empire Transit District's (GETD) management. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Consequently, management assumes full responsibility for their accuracy, completeness and fairness.

Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants, has audited GETD's financial statements for the fiscal years ending June 30, 2023. The goal of the independent audit is to provide reasonable assurance that the financial statements taken as a whole are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that GETD's financial statements for the fiscal year ended June 30, 2023 are fairly represented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The independent audit of the financial statements was a part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The standards governing the Single Audit engagements require the independent auditor to report the fair presentation of the financial statements, the audited internal controls, and compliance with legal requirements. The audit puts an emphasis on internal controls and legal requirements involving the administration of federal funding awards. Those reports are included in a separate Single Audit report.

As stewards of the taxpayer's money, GETD continues to achieve its primary objective of safeguarding the funds entrusted to us. Our primary focus is the planning, securing and controlling of GETD's financial resources.

GETD takes great pride in the fact that previously issued Annual Comprehensive Financial Reports have received a prestigious award by The Government Finance Officers Association (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting. GETD has received the GFOA "Certificate of Achievement in Financial Reporting" ten times. These prior awards and the one we are currently seeking this year evidence the significant improvements regarding the strengthening of internal controls and our compliance with stringent GFOA standards for professional financial reporting. GETD's system of internal control is supported by written policies and procedures and is continually reviewed, evaluated and modified to meet current needs.

General Background

The Golden Empire Transit District was formed in July 1973 as a special district under the California Public Utility Code to satisfy the unmet transit needs of the City of Bakersfield. It is the largest public transit system within a 110 mile radius. The District's legal boundary includes all of the area within the Bakersfield city limits as well as adjacent unincorporated areas. The area within the legal boundary is 160 square miles. The population served by the District is 557,953.

Local Economy

Much like California as a whole, the City of Bakersfield was in an improving economic condition prior to the COVID pandemic. The two pillars of the local economy, oil and agriculture, were providing expanding employment opportunity as the unemployment rate stood at 7.5% in February, 2020. By May, 2020 the unemployment rate had climbed to 18.5%, but has since seen recovery to 7.5% as of October, 2023. The ability of the local economy to fully recover from the effects of the pandemic are indeterminable at this time. This is exacerbated by some vaccine hesitancy in the local area. The rate of full vaccination in California as a whole as of December 2022 is 75%, in Kern County it is 56%. Historically, higher local unemployment has been beneficial for the District as public transit becomes a more affordable transportation option. However, this is dependent on the District's services being perceived as a safe option for public use. The District has taken steps to enhance public safety on our vehicles including enhanced cleaning and installation of protective shields between the drivers and passengers to reduce the risk of viral transmission. The District has routinely communicated these efforts to improve public safety to our riders and the City of Bakersfield as a whole.

Long-Term Financial Planning

GETD continues to plan for the future in its short-term and long-term planning. The short-term planning rarely looks further ahead than the 12 months in the fiscal year. The goal is to ensure that the District has enough cash to pay its bills. In the long-term planning process, the planning horizon is typically 2 – 5 years. The long-term financial planning focuses on the District's long-term goals and the funding that must be secured prior to project implementation.

Major Initiatives

In December 2018, the California Air Resources Board (CARB) adopted the Innovative Clean Transit (ICT) regulation. This regulation, which has been in development since 2015, requires large transit agencies (including the District) to begin purchasing zero-emission buses (ZEBs) as soon as 2023, with the goal of transitioning all transit buses in California to zero-emission technology 2040. The ICT regulation is part of California's holistic plan to address challenging mandates and needs for public health protection, and to meet federal air quality standards and climate protection goals. The District has submitted its ZEB plan to CARB for the conversion of its current fleet of 88 buses. As part of this plan, the District currently has 10 hydrogen fuel cell buses that were placed in service in 2021 and 2022.

The Administration, Operations and Maintenance facility for the District has been identified as the desired location for the Bakersfield terminal of the California High Speed Rail Authority's (CHSRA) Central Valley segment. The selection of this location was made in conjunction with the City of Bakersfield when it approved the Making Bakersfield Station Area Vision Plan and Environmental Impact Report in May 2018. This selection was certified by the CHSRA in October 2018. This will ultimately require the District to sell its existing location to the CHSRA and obtain a replacement property. The District has not yet entered into negotiations with the CHSRA to sell its existing facility nor does it have a defined timetable to complete this process. The District has acquired replacement property in anticipation of a required move.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Golden Empire Transit District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the tenth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Respectfully,

Steve Barnes
Chief Financial Officer



PROFILE OF GOLDEN EMPIRE TRANSIT DISTRICT

GETD is a metropolitan fixed route transit provider and a complementary paratransit service for the City of Bakersfield and portions of the County of Kern. In addition and with the approval of the regional transit service provider, GETD services a small area of Tejon Commercial Center approximately 24 miles south of Bakersfield. Transit origins began back in the mid 1890's as a private transit provider; however, in 1972, the private operator sold its operation and the citizens of the City of Bakersfield elected to form a special district thereafter known as Golden Empire Transit District, under the provisions of the State of California, Public Utilities Code Section 101000-101001.

GETD is governed by a five member Board of Directors. Two members are appointed by the City of Bakersfield and two are appointed by the County of Kern. The four appointed members select a member at large that constitutes the Board.

During the fiscal year July 1, 2022 to June 30, 2023 GETD provided 3.1 million fixed route passenger trips, substantially lower than historic ridership as a result of the COVID pandemic. On October 7, 2012, GETD launched a new fixed route system. This was the first major system re-alignment since fiscal year 1986-87.

GETD owns and operates eighty-eight, forty foot fixed route, seventy-eight of which are compressed natural gas buses and ten of which are hydrogen fuel cell buses; three forty-five foot, compressed natural gas buses; thirty-one, twenty-five foot paratransit compressed natural gas buses; fifteen Transit vans; and thirty-four administrative and support vehicles. Currently GETD employs approximately 341 people in various positions as coach operators, mechanics, vehicle servicers, and facility maintenance staff, dispatchers, supervisors, administrative staff, department managers and Chief Executive Officer.

FACTORS AFFECTING FINANCIAL CONDITION

GETD management is responsible for establishing and maintaining a system of internal financial controls that provide reasonable assurance that assets are protected from loss, theft or misuse. GETD management is responsible for assuring that adequate accounting controls are in place to provide reasonable assurance as to the accuracy of information and data used to prepare this report. The concept of reasonable assurance in internal controls recognizes that the cost of implementing a control should not outweigh the benefits likely to be received, and that the valuation of costs and benefits require estimates and judgment exercised by management.

GETD's commitment is to provide the highest level of efficient service to the greatest number of people within its financial means. To provide a sustainable level of service during various

economic times, GETD has been able to maintain a strong financial position, and a conservative approach towards short-term revenues and expenditures. One of the unique aspects is the community's continued growth in the face of downward economic trends. Local revenues are determined by a portion of the state sales and use tax revenues generated from our service area. Even though overall area sales declined, population increases have offset expected sales tax revenue declines.

GETD does not have local community supported tax revenue, either from local sales tax, property tax or other common voter supported measures. In addition, in 1979 the California voters approved Proposition 13 that constrains property values and tax rates, thereby reducing the potential source funding. Consequently, GETD must look to other forms of financial support.

In 2011 GETD partnered with Kern Council of Government (GETD's oversight agency) to conduct a comprehensive analysis of public transportation services in the greater Bakersfield area, resulting in recommended changes to transit services in the short-term (2013-2020), medium (2021-2025) and long-term (2026-2035) generally known as the Long-Range Plan, LRP. In the short-term, GET's fixed route bus network, which has not been substantially altered in 25 years, was re-configured to reflect population, employment growth and demographic changes since the 1980's in order to improve customer service, ridership and cost-effectiveness. The medium and long-term plans represent possible changes based upon the accuracy of the short-term results. Consequently, the LRP is used for future operating and capital planning.

Systemic Conditions and Regulatory Requirements/Environment

On a nationwide basis, transit ridership has been on the decline for several years and this was exacerbated precipitously by the COVID pandemic beginning in 2020. GETD has not been immune from this trend. Declining ridership has directly resulted in declining fare revenue. Declining revenues coupled with contractually required increases in labor costs have challenged GETD's ability to maintain compliance with its farebox recovery ratio as required by the Transportation Development Act (TDA). Failure to comply with this requirement over multiple years would result in a restriction in GETD's state funding which is the primary source of funding for GETD. In response to this trend, GETD commissioned a study by a consultant to consider best practices regarding alternatives to traditional fixed route transit services. Based on recommendations in this study, GETD began providing microtransit on-demand service in 2019 as a means of enhancing ridership and fare revenue. In 2020, GETD contracted with a local MediCAL insurance entity to provide non-emergency medical transport to its members as an additional means of enhancing ridership and fare revenue.

GETD's financial position was not further eroded as the citizens of California defeated Proposition 6 in the 2018 election. Proposition 6 would have repealed SB 1, a provision that provides \$5.2 billion annually towards state transportation, including transit services. GETD's ability to comply with the efficiency standards of TDA were improved with the passage of AB 149 in 2021 which modified the calculation of the farebox recovery ratio in a manner that was favorable to the District.

Local Economic Conditions / Accomplishments

“Golden Empire Transit District’s mission is to consistently provide safe, accessible, reliable, courteous and affordable public transportation to diverse customers in the greater Bakersfield area”. From this mission, GETD’s operating and capital-planning decisions are guided along with GETD’s LRP and the Short Range Transit Plan (S RTP). This is the primary planning document, which guides the routine decisions associated with operating a public transit service.

Bakersfield continues to experience regional economic challenges. The community’s economic base industries are agriculture, petroleum production and regional/national commercial product distribution centers. Its high unemployment rate is tied directly with seasonal agriculture labor fluctuations, changes in oil production and exploration and national product distribution centers. Employment stability comes from the government sector as Bakersfield is the county seat and much of local business and government activities occur here. In addition, California State University at Bakersfield and Bakersfield College provide significant employment opportunities in the community. With all these effects, GETD continues to provide millions of passenger trips each year.

Balanced Funding Concepts

GETD continually reviews its strategic goals outlined in the LRP to determine the operating and capital requirements for Short Term and Medium Term plans. It is increasingly important to ensure the availability of financial resources not only to maintain existing levels of service, but also to fund planned capital and operating expenditures including rolling stock replacement and additional facilities. GETD uses two major levels of funding resources:

- Locally controlled federal and state funding allocations (funding given to local governments and agencies to spend on operations and/or capital projects),
- Annual Federal Transit Administration budgeted apportionments.

Risk Management

GETD is exposed to a variety of business risks in operating a transit service. General liability to third parties, damage to property, injury to persons and employees, theft, public errors and omissions, mistakes, and natural disasters. To protect against these risks, GETD participates in two state insurance joint powers authorities (JPA) and is partially self-insured. Participation in a JPA allows GETD to reduce insurance cost while obtaining higher coverage limits by pool sharing risk amongst other transit agencies.

Several years ago, GETD experienced a very high frequency of incidents, consuming a large portion of reserves, and requiring substantial increase in future reserves. However, with the

expansion of the Safety and Training Department and intense training and re-training programs, the quantity and severity of claims has diminished considerably, requiring fewer reserves.

GETD takes a conservative approach with liability reserves usually allocating more resources than required to fulfill GAAP requirements.

Budget Controls

Annually the Board of Directors adopts GETD operating and capital budgets that serve as a tool for financial planning and control. The budget is a financial plan governing the fiscal operating and capital investments. The budget matches revenues with the operating and capital project expenditures based on adopted policies and strategic plans from the Board of Directors. The budget process follows three basic steps that provide continuity in decision-making: (1) assess current conditions, needs and develop goals, objectives, policies and plans, (2) prioritize projects and develop a work program, (3) implement identified project plans, and evaluate their effectiveness and successes. GETD maintains budgetary controls to monitor compliance with GETD's authorization and adopted rules. The annual budget is categorized by fund type (operating or capital) and by departments. Department directors may make transfers on line items within their department. Budget transfers between departments require the approval of the Chief Executive Officer. Amendments to an adopted budget require Board approval.

History

The District formed in 1972 with the approval of two-thirds of the voters within its boundaries to provide transit service to the citizens of the Bakersfield metropolitan area as the Golden Empire Transit District (GET). Previously, service was provided by a private company, the Bakersfield Transit Company. Due to losses incurred, the Bakersfield Transit Company was taken over by the City of Bakersfield in 1956 and operated as the Bakersfield Transit Agency. The ownership of the assets and operations of the Bakersfield Transit District transferred to GET as part of its formation.

GET saw substantial ridership increase in the 1970's as the District acquired new buses, created a totally new route system, and installed 300 bus stop signs. In 1979, GET created GET-A-Lift, a curb-to-curb dial-a-ride service for people unable to access the fixed route system due to disabilities.

The 1980's began on a difficult note. From July to September of 1980, an operators' strike halted transit service, stranding 10,000 daily riders. The District rebounded with an expansion of its boundaries in 1981 to provide service to the Greenfield, Rosedale, Olive Drive, and northern Oildale areas. The growth in District operations required additional facilities and in 1983 GET constructed its Golden State Avenue office-maintenance facility that it still occupies currently. The year 1986 saw a major redesign of the route system from a radial system to a cross-town routing design to increase GET's reach and efficiency. The system redesign still focused on downtown Bakersfield as a hub for service and in 1987 GET opened its Downtown Transit Center at 22nd and Chester to provide a more convenient and comfortable experience for our riders.

The 1990's was a decade of record growth for GET. Ridership grew substantially and the District opened its Southwest Transit Center at Valley Plaza Mall in 1994. The "Summer Sizzling Youth Pass" was introduced in 1996 and continues to be offered for customers 18 and younger for unlimited rides during June, July and August. The District demonstrated its commitment to the environment as it began converting its fleet of buses to clean burning compressed natural gas (CNG) in 1997. An on-site CNG fueling station was completed at the Golden State Avenue facility in 1998. This was also the year GET began installing bike racks on its buses to promote this mode of transportation.

The 2000's was a new era with new challenges for the District. In January 2000, GET introduced Sunday and evening service to provide this additional opportunity for mobility to the citizens of Bakersfield. It was also in 2000 that the District ended the use of contracted driver services and instead directly employed all of its drivers. This resulted in driver employment more than doubling. The District's continuing commitment to investing in technology to enhance the customer experience was demonstrated in 2004 with the purchase and installation of an Automatic Vehicle Location (AVL) system that provided schedule adherence and ridership reports. The year 2006 saw the completion of the migration of the bus fleet to CNG propulsion.

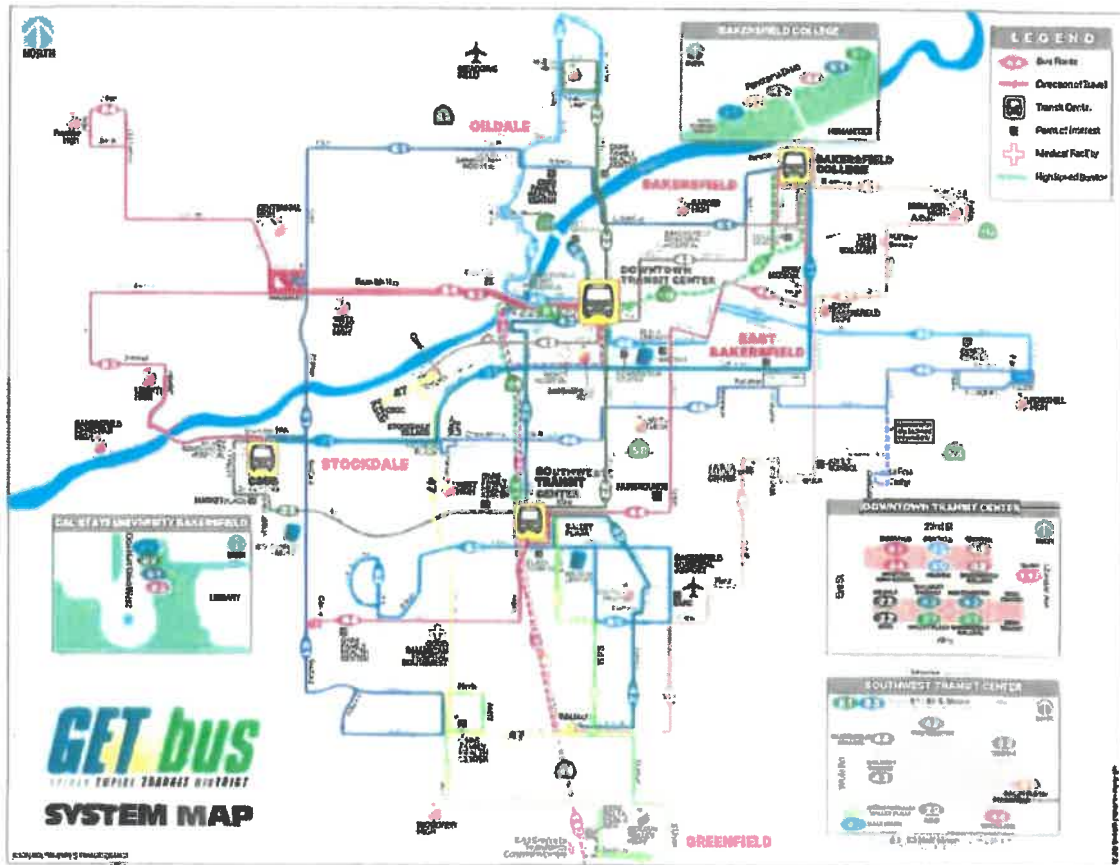
The District's most recent decade began with GET's rebranding as a new logo and bus design were unveiled. In 2012, the Metropolitan Bakersfield Transit System Long Range Plan was completed that recommended short, medium and long-term changes to transit service. The short-term recommendations were implemented with the replacement of the cross-town route system with one that is based on express, rapid or local service. Express service runs between major destinations on the most direct route making a limited number of stops. Rapid service runs more frequently than express and makes more stops between end points. Local routes stop most frequently. Routes were also straightened

for faster service. In 2013, the District began the creation of an Environmental Management System (EMS) to limit GET's environmental impact. The EMS program was certified ISO 14001 compliant in 2015 and was again certified as compliant in 2019 with the ISO 14001:2015 standards. GET was recognized in 2016 for its environmental commitment by its receipt of the Kern Green Award. The year 2016 also saw the District establish its Community Advisory Committee that is composed of citizens of Bakersfield so that they can give direct feedback to the District on its service and to enhance our ability to serve the community. Most recently, GET has initiated the RYDE microtransit pilot program in Southwest Bakersfield. This is an on-demand app driven program that provides door-to-door service and has been integrated into the District's service mix as an innovative approach to deliver convenient, direct and affordable service that supplements GET's fixed route service.

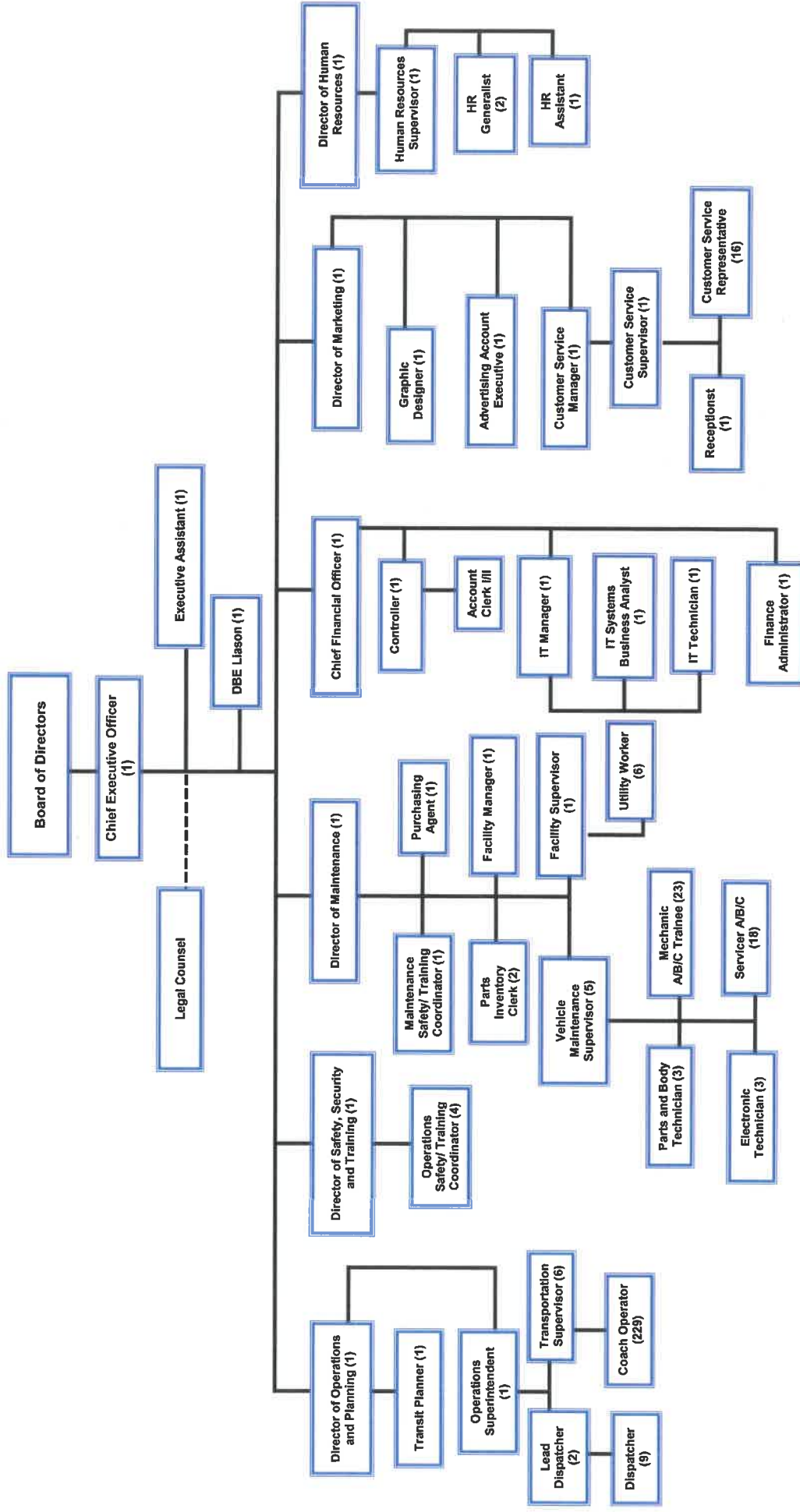
Following a significant downturn in ridership related to the COVID-19 pandemic, GET immediately changed course to support the region's pandemic recovery efforts. In April, Planning staff focused on monitoring the implementation of emergency service reductions put into service in response to the pandemic. Beginning the last week of March, 2020 service levels were reduced by 30% to accommodate shelter in place orders and operator shortages. The impact on fixed route ridership that sourced from the pandemic continues to impact the District currently, exacerbated by labor shortages primarily among bus operators.

In December 2018, the California Air Resources Board issued its Innovative Clean Transit (ICT) regulation. The regulation requires all public transit agencies to gradually transition to a 100-percent zero-emission bus (ZEB) fleet. In 2021, the District acquired its first five hydrogen fuel cell buses to begin compliance with ICT and as an investment in improving the air quality of the City of Bakersfield. In 2022, the District acquired an additional five hydrogen buses as a continuing investment in this environmentally friendly technology and inaugurated the first hydrogen fueling station in Kern County. The current fiscal year represents the fiftieth anniversary of GET's service to the community of Bakersfield and the District looks forward to continuing to meet the transportation needs of its citizens.

SYSTEM MAP



Golden Empire Transit District
Organizational Chart
June 2023



FINANCIAL SECTION

**GOLDEN EMPIRE TRANSIT DISTRICT
BAKERSFIELD, CALIFORNIA**

**FINANCIAL STATEMENTS
WITH
AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022**

**GOLDEN EMPIRE TRANSIT DISTRICT
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Golden Empire Transit District
Bakersfield, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Golden Empire Transit District (the District) as of and for the fiscal years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the District's ability to continue as a going concern for twelve months beyond the financial statement 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 opinions. 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 District'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 the District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of operating expenses by function and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 schedules of operating expenses by function and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 3, 2023

Basic Financial Statements

**GOLDEN EMPIRE TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2023 AND 2022**

The discussion and analysis of the financial performance of the Golden Empire Transit District (the District) provides an overview of the District's financial activities for the fiscal years ended June 30, 2023 and 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; users of these financial statements should read this discussion and analysis in conjunction with the District's basic financial statements following this section to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of fiscal years 2023 and 2022 by \$62,044,298 and \$59,832,434, respectively (net position).
- The District's net position increased \$2,211,864 in 2023 and increased \$17,444,810 in 2022.

FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The District is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated (except land and construction in progress) over their useful lives on a straight-line basis less salvage.

FINANCIAL POSITION SUMMARY

Total net position serves as a useful indicator of the District's financial condition over time. The District's assets exceed liabilities by \$62,044,298 at June 30, 2023, and \$59,832,434 at June 30, 2022.

A condensed summary of the District's net position at June 30 is shown below:

	2023	2022	Increase/Decrease		2021	Increase/Decrease	
			Amount	%		Amount	%
ASSETS:							
Current assets	\$ 25,008,400	\$ 19,268,548	\$ 5,739,852	30%	\$ 25,199,048	\$ (5,930,500)	-24%
Capital assets, net of accumulated depreciation	54,138,667	51,927,209	2,211,458	4%	36,614,595	15,312,614	42%
Total assets	79,147,067	71,195,757	7,951,310	11%	61,813,643	9,382,114	15%
LIABILITIES:							
Current liabilities	12,144,646	6,138,710	6,005,936	98%	14,342,124	(8,203,414)	-57%
Long-term liabilities	4,958,123	5,224,613	(266,490)	-5%	5,083,895	140,718	3%
Total liabilities	17,102,769	11,363,323	5,739,446	51%	19,426,019	(8,062,696)	-42%
NET POSITION:							
Net invested in capital assets	54,053,379	51,744,127	2,309,252	4%	36,614,595	15,129,532	41%
Unrestricted	7,990,919	8,088,307	(97,388)	-1%	5,773,029	2,315,278	40%
Total net position	\$ 62,044,298	\$ 59,832,434	\$ 2,211,864	4%	\$ 42,387,624	\$ 17,444,810	41%

The largest portion of the District's net position at June 30, 2023 and 2022, represents its investment in capital assets (e.g., land, buses, building, improvements, transit centers, and equipment). The District uses these capital assets to provide services to its patrons and passengers; consequently, the net investment in capital assets is not available for future spending. A large portion of the District's liabilities equating to 45.7% at June 30, 2023, 14.1% at June 30, 2022, and 46.5% at June 30, 2021, represents unearned revenues (funds that have been received or accrued but not yet earned). Advances on grants related to these funds accounted for a \$6,218,986 increase in liabilities at June 30, 2023, from 2022, and a \$7,436,633 decrease in liabilities at June 30, 2022, from 2021. Accounts payable and accrued expenses, including payroll, other advances, and current portion of lease liability and self-insured claims and judgments, make up the majority of the District's remaining liabilities and decreased \$280,844 from June 30, 2022, and decreased \$698,987 from June 30, 2021. An actuarial review of the self-insured claims and judgments is performed biannually. The results of this review are recorded in the District's June 30, 2023, financial records.

FINANCIAL OPERATION HIGHLIGHTS

A condensed summary of the District's changes in net position for the fiscal years 2023, 2022, and 2021, is as follows:

	2023	2022	2021
Revenues			
Passenger Fares	\$ 3,663,195	\$ 3,479,041	\$ 2,906,355
Operating Funds	30,124,449	29,662,627	26,233,560
Capital Funds	9,670,951	25,218,710	6,344,146
Investment Income and Other Revenue	2,766,744	873,603	2,292,140
Total Revenues	\$ 46,225,339	\$ 59,233,981	\$ 37,776,201
Expenses			
Operations	16,806,078	16,316,903	15,234,695
Vehicle maintenance	9,175,246	7,696,914	6,974,361
Non-vehicle maintenance	1,933,648	1,865,739	1,652,204
Administration	8,639,415	8,135,721	7,570,793
Depreciation and amortization expense	7,459,088	7,773,894	6,050,064
Total Expenses	\$ 44,013,475	\$ 41,789,171	\$ 37,482,117
Change in Net Position	2,211,864	17,444,810	294,084
Net position, beginning of year	59,832,434	42,387,624	42,093,540
Net position, end of year	\$ 62,044,298	\$ 59,832,434	\$ 42,387,624

Operating revenues decreased by 3.88% from the previous year. Operating expenses increased 5.32%, as compared to 2022. Labor and employee benefit costs increased 0.46%, outside services increased 3.81%, and insurance and claims costs decreased 15.72%. Materials and supplies increased 62.68%.

- Capital contributions decreased approximately \$15,547,759 in fiscal year 2023 compared with 2022 acquisitions and increased \$18,874,564 in fiscal year 2022 compared with 2021 acquisitions.
- Net nonoperating revenues increased 10.12% for the fiscal year ended June 30, 2023, and 5.07% increase for the fiscal year ended June 30, 2022. Transportation Development Act (TDA) revenues and Federal Transit Administration (FTA) operating funds increased \$461,822 from 2022 and \$3,429,067 from 2021.

- The resulting net change in net position for fiscal year 2023 compared with fiscal year 2022 was an increase of \$2,211,864 or 3.70%. The resulting net change in net position for fiscal year 2022 compared with fiscal year 2021 was an increase of \$17,444,810 or 41.16%

REVENUES

A summary of revenues for the fiscal years ended June 30, 2023 and 2022, and the amount and percentage of change in relation to prior year amounts are as follows:

	2023 Amount	Percent of Total	Increase/ Decrease from 2022	Increase/ Decrease %	2022 Amount	Percent of Total	Increase/ Decrease from 2021	Increase/ Decrease %
OPERATING								
Fixed route fares	\$ 2,803,901	6.07%	\$ 33,057	1.19%	\$ 2,770,844	4.68%	\$ (65,417)	-2.31%
On demand fares	859,294	1.86%	151,097	21.34%	708,197	1.20%	638,103	910.35%
Other	2,539,878	5.49%	(434,356)	-14.60%	2,974,234	5.02%	681,331	29.71%
Total operating	6,203,073	13.42%	(250,202)	-3.88%	6,453,275	10.89%	1,254,017	24.12%
NONOPERATING								
TDA assistance	24,414,031	52.82%	17,124,606	234.92%	7,289,425	12.31%	2,060,214	39.40%
FTA assistance	5,710,418	12.35%	(16,662,784)	-74.48%	22,373,202	37.77%	1,368,853	6.52%
Interest income/other	226,866	0.49%	2,327,497	110.80%	(2,100,631)	-3.55%	(2,099,868)	275212.06%
Total nonoperating	30,351,315	65.66%	2,789,319	10.12%	27,561,996	46.53%	1,329,199	5.07%
CAPITAL CONTRIBUTIONS	9,670,951	20.92%	(15,547,759)	-61.65%	25,218,710	42.57%	18,874,564	297.51%
TOTAL REVENUES	\$ 46,225,339	100.00%	\$ (13,008,642)	-21.96%	\$ 59,233,981	100.00%	\$ 21,457,780	56.80%

TDA assistance (composed of Local Transportation Funds and State Transit Assistance Funds) increased 234.92% between June 30, 2023 and 2022, and increased 39.40% between June 30, 2022 and 2021. Federal assistance for general operations decreased by 74.48% between June 30, 2023 and 2022, and increased by 6.52% between June 30, 2022 and 2021. TDA assistance will increase or decrease in proportion to eligible expenses not covered by operating revenue or federal nonoperating revenue.

Interest and other income (expenses) are derived from funds held by the Kern County Treasurer and gain (loss) on the sale of capital assets. Capital contributions decreased between fiscal years 2023 and 2022 by 61.65%, and increased 297.51% between June 30, 2022 and 2021.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital assets are capitalized at cost. Acquisitions are funded using a variety of financing techniques, such as Federal grants, State TDA funding, District reserve funds, and District revenues. Additional information on the District's capital assets can be found in Note 5 to the financial statements.

LEASE PAYABLE

At June 30, 2023, the District's balance of lease payable was \$85,288. Please refer to Note 6 in the notes to the financial statements for further details.

ECONOMIC FACTORS AND CONDITIONS AFFECTING NEXT YEAR

The effects of the COVID pandemic have been impactful on the District. Contemporaneous with Governor Newsom's March 19, 2020 statewide lockdown order, the District saw ridership declines of approximately 60% that persisted through the end of the 2019-20 fiscal year with some modest improvement in each of the 2020-21, 2021-22 and 2022-23 fiscal years. In response to the decreased demand, the District reduced service levels with this reduction in effect as of the date of these financial statements. This precipitous decline exacerbated a trend of decreased ridership that has continued over the past several years. This trend has affected not just the District, but has been systemic throughout the nation. It is currently indeterminable what the duration or severity of the health crisis will be to District ridership. This condition has been worsened by a labor shortage that also exists as of the date of these financial statements. An inability to hire and retain bus operators and maintenance employees is affecting the

District's ability to provide even the reduced service levels. This labor shortage has most affected the District's On Demand paratransit, microtransit and NEMT services. Contingency plans are being formulated for potential adjustments to District operations in the event there is no near-term recovery of COVID-affected ridership or improvement in labor availability.

In addition to the direct effect of reduced fares from reduced ridership, the District's revenues have also been impacted indirectly by the pandemic. The only routine source of operating subsidy comes from Kern County's share of local retail sales taxes collected by the State Board of Equalization and returned to Kern County pursuant to the TDA. In normal circumstances, the expanding county population has made this an increasing source of nonoperating revenue; however, due to the negative impact of the pandemic on economic activity at both the state and county levels, it is uncertain to what degree sales tax collections could be impacted or for what duration. TDA allocated funding for the 2022-23 fiscal year was representative of pre-pandemic funding levels.

To qualify for full receipt of funding under the TDA, the District must meet certain fare recovery requirements. Fare recovery is the amount of passenger fares charged and other related revenues compared to operating expenses. The 2020-21 fiscal year fare recovery was 17.1% for fixed route services and 15.2% for paratransit service. The minimum TDA required recovery was 20% and 10%, respectively. The District's recovery ratio has been declining the last several years. The key factor causing a lower ratio is ridership demand during a period of inflating operating costs. During the past several years, ridership and fares collected have steadily declined, not just for the District, but as a national trend. Historically this has happened before and recovered. The District continues to seek methods to reverse the trend in decreased ridership. The District is allowed to include certain auxiliary revenues in calculating the farebox recovery ratio. These include interest income, advertising income, fuel sales to third parties, and sales of Low Carbon Fuel Standard credits and Renewable Identification Number credits from the District's use of renewable natural gas to fuel the fleet. The District continues to seek additional sources of auxiliary revenue to supplement its ridership fare revenue. Passenger fares are set by the Board of Directors (Board) and changed when determined necessary by the Board. The District most recently implemented limited fare increases in January 2023. In response to the impacts of the pandemic on all transit agencies in California, Assembly Bill (AB) 90 was passed into law with one of its provisions being the elimination of financial penalties for failure to meet farebox recovery requirements for the fiscal years 2019-20 and 2020-21. More recently, AB 149 was passed which further extended relief from financial penalties associated with failing to meet farebox recovery requirements for two additional years or through 2022-23. AB 149 also changed the calculation of the farebox recovery ratio to allow all non-state operating grants to be treated as auxiliary revenue. As a large part of the District's preventive maintenance cost is Federally funded, these grant funds would be eligible for inclusion in the calculation of the District's farebox recovery ratio for fiscal years 2021-22 and forward. Consequently, for the 2021-22 fiscal year, the District had farebox recovery ratios of 86.0% and 78.2% for fixed route and demand response, respectively. These ratios are substantially impacted by the use of American Rescue Plan funds for District operations. Had this calculation methodology been effective for fiscal year 2020-21, the District's fixed route ratio would have increased from 17.1% to 37.5% and demand response would have increased from 15.2% to 20.1%. The District anticipates that this calculation adjustment will allow it to be fully compliant with both fixed route and paratransit farebox recovery requirements for the foreseeable future.

To partially alleviate the economic consequences of the pandemic, the Federal government passed the CARES Act on March 27, 2020. This act provided in excess of \$2 trillion in economic relief, including \$25 billion for transit. The allocation of these funds to specific transit agencies resulted in approximately \$23.8 million in relief funding for the District. These funds were available for both the operating and capital needs of the District, although the District opted to utilize them solely for its operating needs to offset lost revenue and additional costs incurred to respond to the pandemic. These funds were used to support operations during the 2019-20 and 2020-21 fiscal years. Subsequently, in March 2021, the Federal government passed the American Rescue Plan totaling \$1.9 trillion to support the American economy through the pandemic and provided \$30.5 billion in relief funding to transit. The District was allocated \$16.8 million from the act that it used to support operations during the 2021-22 fiscal year. The combined \$40.6 million under these two acts allowed the District to preserve TDA funding that would otherwise have been needed to support operations so that it may be used for future operating and capital needs. In the State of California's 2023-24 budget, a one-time allocation of \$5.1 billion to transit under the Transit and Intercity Rail Capital Program, the objective of which is to fund programs to restore ridership, and the Zero Emission Transit Capital Program, the objective of which is to assist agencies in

the transition to zero emission vehicles and the supporting infrastructure. The District expects to receive approximately \$64 million in funding under these programs for the four fiscal years beginning 2023-24 and ending 2026-27. Planning to utilize these funds to achieve the stated goals is currently being developed as of the date of these financial statements.

The State of California continues its efforts to fund transportation and successfully approved State Senate Bill (SB) 1 in April 2017. The bill increased the tax on gasoline and diesel sales as well as assessed increased fees for vehicle license renewal and a substantial increase for electric vehicles for its ten-year term. This additional income will provide significant increased funding for state transportation. The Local Transportation Fund (LTF), as provided by the State, is the District's most important source of operating funds. Because the LTF is sourced from sales tax receipts and due to the unknown extent or duration of the pandemic on economic activity that would directly affect sales tax collections, the impact on LTF allocable to the District is unknown. The District also receives State Transit Assistance (STA) and State of Good Repair (SGR) funding from the State that are significant to meeting operating needs.

Federal funding is the second largest source of District operating revenue. On November 6, 2021, President Biden signed into law the Infrastructure Investment and Jobs Act (IIJA). This law replaced the Fixing America's Surface Transportation Act, or "FAST Act." The IIJA will act as the surface transportation funding authorization for its five-year term. Over its five-year term it is to provide \$89.9 billion in guaranteed funding for public transit – the largest Federal investment in public transit in history. The District relies on Federal Section 5307 formula funding for capital and preventive maintenance projects, and Section 5339 major capital improvement funding for project specific financing.

As the District looks forward to the 2023-24 operating year, the focus will be on strengthening fixed route service and attracting more ridership. To this end, the District implemented a free fare for students program beginning in January 2023. This program allows all students from kindergarten through college to ride free on the District's fixed route system from January through full utilization of the funding provided by an LCTOP grant. If successful in expanding ridership, this program may be continued for future periods. The District will also continue to look for opportunities to extend the reach of its On Demand services. On Demand is the brand name that acts as an umbrella for the District's paratransit service, its microtransit service, as well its non-emergency medical transportation service. Effective July 1, 2022 the District added a fourth service to On Demand. On that date the District became the Consolidated Transportation Services Agency for the County of Kern. Additionally on January 1, 2023, the District expanded the zone for its microtransit service to include the entirety of the City of Bakersfield.

Effective April 1, 2022, the District and Teamsters Local 517 agreed on a two-year collective bargaining agreement extending through March 31, 2024. Bus operators and maintenance employees enjoyed modest to significant wage increases and few changes to benefits. Wages and benefits under the new agreement will have a significant impact on financials as these represent the largest category of operating expenses for the District. The District will enter into new negotiations with Teamsters Local 517 in early 2024 and the effects of those negotiations and the duration of the collective bargaining agreement cannot be determined at this time.

The District planned to replace and expand its main office and bus facilities at its current location. Staff procured architectural and engineering services with local TDA funding to provide construction designs and cost estimates. However, the California High Speed Rail Authority (CHSRA), with the support of the City of Bakersfield and the County of Kern, proposed an alternative alignment. The original alignment for the high speed rail was centered in the downtown corridor. The alternative alignment now displaces the District's administration, operations, and maintenance facilities, as well as the adjoining property where new facilities were planned. The CHSRA has accepted this alternative, has had public hearings, and its board has certified a final supplemental environment impact report (EIR). Certification of the EIR allows the CHSRA to take additional steps toward advancing major work on the project, including negotiations for the purchase of the District's administrative location. It is anticipated that this process could take multiple years. The District has acquired replacement property on which to build a new operations, maintenance, and administration facility in anticipation of the eventual acquisition of the existing facility by the CHSRA.

In December 2018, the California Air Resources Board adopted its Innovative Clean Transit (ICT) regulation that requires all public transit agencies to gradually transition to a 100 percent zero-emission bus (ZEB) fleet. Beginning in 2029, 100% of new purchases must be ZEBs, with a goal for full transition by 2040. As of the date of these financial statements, the District has acquired 10 hydrogen fuel cell buses out of its current fleet of 88 full size fixed route buses and 45 cutaways and vans that service On Demand. Due to the higher marginal cost of ZEBs and the necessary supporting infrastructure, this will require a substantial future devotion of District resources to comply with ICT over the designated transition period.

The coming year will certainly be challenging for the District. Improved service changes and asset acquisitions are planned. We are financially capable of accomplishing these goals.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mr. Steve Barnes, Chief Financial Officer, Golden Empire Transit District, 1830 Golden State Avenue, Bakersfield, CA 93301-1012 or (661) 324-9874.

**GOLDEN EMPIRE TRANSIT DISTRICT
STATEMENTS OF NET POSITION
BUSINESS-TYPE ACTIVITY – ENTERPRISE FUND
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents, and investments	\$ 16,471,681	\$ 13,206,864
Accounts receivable	1,106,577	784,041
Due from other governmental agencies	5,821,733	3,879,844
Inventories	1,336,775	1,222,372
Prepaid expenses	271,634	175,427
Total Current Assets	25,008,400	19,268,548
NONCURRENT ASSETS:		
Capital assets, not being depreciated	13,050,511	10,113,578
Right-to-use lease asset, net of accumulated amortization	79,113	138,447
Capital assets, net of accumulated depreciation	41,009,043	41,675,184
Total Noncurrent Assets	54,138,667	51,927,209
Total Assets	\$ 79,147,067	\$ 71,195,757
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,218,896	\$ 1,020,497
Accrued payroll and related taxes	1,786,951	2,464,865
Advances on grants		
State of Good Repair (SGR)	122,250	1,186,563
Transportation Development Act (TDA)	6,276,194	-
Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds	1,424,900	417,795
Current portion of lease liability	64,495	67,794
Current portion of claims and judgments payable	1,250,960	1,048,990
Total Current Liabilities	12,144,646	6,206,504
LONG-TERM LIABILITIES:		
Lease liability	20,793	85,288
Claims and judgments payable	4,937,330	5,071,531
Total Long-Term Liabilities	4,958,123	5,156,819
Total Liabilities	17,102,769	11,363,323
NET POSITION		
NET POSITION:		
Net investment in capital assets	54,053,379	51,774,127
Unrestricted	7,990,919	8,058,307
Total Net Position	\$ 62,044,298	\$ 59,832,434
Total Liabilities and Net Position	\$ 79,147,067	\$ 71,195,757

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

**GOLDEN EMPIRE TRANSIT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITY – ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
OPERATING REVENUES:		
Passenger fares	\$ 3,663,195	\$ 3,479,041
Other	2,539,878	2,974,234
Total Operating Revenues	6,203,073	6,453,275
OPERATING EXPENSES:		
Operations	16,806,078	16,316,903
Vehicle maintenance	9,175,246	7,696,914
Non-vehicle maintenance	1,933,648	1,865,739
Administration	8,639,415	8,135,721
Depreciation and amortization expense	7,459,088	7,773,894
Total Operating Expenses	44,013,475	41,789,171
OPERATING LOSS	(37,810,402)	(35,335,896)
NONOPERATING REVENUES:		
Operating funds:		
Local Transportation Fund	24,414,031	7,289,425
Federal Transit Administration Fund	5,710,418	22,373,202
Total Operating Funds	30,124,449	29,662,627
Interest	197,767	91,158
Gain (Loss) on sale of capital assets	29,099	(2,191,789)
Total interest and gain (loss) on sale of capital assets	226,866	(2,100,631)
Total Nonoperating Revenues	30,351,315	27,561,996
CAPITAL CONTRIBUTION FUNDS:		
Local Transportation Fund	755,805	5,362,518
Other miscellaneous grants	-	1,200,000
Other state grants	3,293,309	3,984,498
Federal Transit Administration grants	5,621,837	14,671,694
Total Capital Contribution Funds	9,670,951	25,218,710
Change in Net Position	2,211,864	17,444,810
NET POSITION:		
Net position, beginning of year	59,832,434	42,387,624
Net position, end of year	\$ 62,044,298	\$ 59,832,434

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

**GOLDEN EMPIRE TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS
BUSINESS-TYPE ACTIVITY – ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 3,340,659	\$ 3,335,102
Payments to suppliers for goods or services	(10,560,769)	(9,570,630)
Payments to employees for services	(25,444,329)	(23,938,963)
Insurance claims	(1,171,645)	(1,483,401)
Other receipts	2,539,878	2,974,234
Net Cash Used by Operating Activities	<u>(31,296,206)</u>	<u>(28,683,658)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Local Transportation Fund	32,811,153	(1,918,156)
Federal operating grants	1,590,393	21,403,332
Net Cash Provided by Noncapital Financing Activities	<u>34,401,546</u>	<u>19,485,176</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions	9,670,951	25,218,710
Payments on the acquisition of capital assets	(9,738,749)	(25,233,954)
Proceeds from the sale of capital assets	29,508	108,739
Net Cash (Used) Provided by Capital and Related Financing Activities	<u>(38,290)</u>	<u>93,495</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	197,767	91,158
Net Cash Provided by Investing Activities	<u>197,767</u>	<u>91,158</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Investments	<u>3,264,817</u>	<u>(9,013,829)</u>
CASH, CASH EQUIVALENTS, AND INVESTMENTS:		
Beginning balance	13,206,864	22,220,693
Ending balance	<u>\$ 16,471,681</u>	<u>\$ 13,206,864</u>
FINANCIAL STATEMENT PRESENTATION:		
Cash, cash equivalents, and investments	<u>\$ 16,471,681</u>	<u>\$ 13,206,864</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 16,471,681</u>	<u>\$ 13,206,864</u>

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

**GOLDEN EMPIRE TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
BUSINESS-TYPE ACTIVITY – ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (37,810,402)	\$ (35,335,896)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	7,459,088	7,773,894
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(322,536)	(143,939)
(Increase) in inventories	(114,403)	(145,622)
(Increase) in prepaid expenses	<u>(96,207)</u>	<u>(52,950)</u>
Increase in current operating assets, net	<u>6,925,942</u>	<u>7,431,383</u>
Increase/(Decrease) in accounts payable and accrued expenses	198,399	(901,833)
(Decrease)/Increase in accrued payroll and related taxes	(677,914)	135,052
(Decrease) in claims and judgments payable	<u>67,769</u>	<u>(12,364)</u>
(Decrease) in current operating liabilities, net	<u>(411,746)</u>	<u>(779,145)</u>
Net Cash Used by Operating Activities	<u><u>\$ (31,296,206)</u></u>	<u><u>\$ (28,683,658)</u></u>

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

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Golden Empire Transit District (the District) was created pursuant to state legislation adopted in September of 1971 (Part 13, Division 10, Public Utilities Code (PUC)). The purpose of the District is to satisfy unmet transit needs in the City of Bakersfield (the City) and certain portions of the unincorporated area of the County of Kern (the County).

The District is governed by a five-member Board of Directors (the Board). Of the five members, two are appointed by the County Board of Supervisors, two are appointed by the City Council, and one is appointed by majority vote of the other four members of the Board.

Reporting Entity

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*. This statement sets forth accountability of a government's elected officials to their constituents as the basic criteria for inclusion of an organization in a governmental reporting entity. The governmental reporting entity consists of the District as the primary government.

Basis of Presentation

The basic financial statements provide information about the District's enterprise fund. The basic 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 the related cash flows.

Enterprise Fund (proprietary fund) – The account of the District is organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues, and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's cost of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to passengers for services provided. Operating expenses include the cost of services, administrative expenses, and depreciation/amortization on capital assets. All revenues, including federal and state grants, and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's financial statements are accounted for as a Business-Type Activity, as defined by GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers deposits with the County Treasurer and all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Cash and Investments

The District maintains its operating cash account on deposit with the County Treasurer that is available for general use. The District applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which require governmental entities to report certain investments at fair value in the statement of net position and recognize the corresponding change in fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the District has reported its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

Under provisions of the Investment Policy, the District may invest in the following types of investments subject to the restrictions in the California Government Code Section 53601:

- (a) Obligations of the U.S. Treasury
- (b) Government agencies and instrumentalities
- (c) Kern County Treasury Pool

Pension Plan

The District's pension plan provides retirement benefits for all qualifying union and non-union employees. Cash and investments in the pension plan are restricted by the Board to provide for the future payment of pension benefits and related expenses.

The District applies the provisions of GASB Statement No. 50, *Pension Disclosures—an Amendment of GASB Statements No. 25 and No. 27*. This statement establishes standards for the measurement, recognition, and display of pension expense and related liabilities, note disclosures, and required supplementary information.

Inventory

Inventory consists primarily of bus replacement parts and fuel and is stated at cost using the weighted-average method. Inventories are charged to expense, on a weighted-average basis, at the time that individual items are withdrawn from inventory.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost and are depreciated and amortized using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	25 to 40 years
Vehicles	4 to 12 years
Equipment	3 to 8 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

The District's policy is to capitalize all property and equipment with a cost greater than \$1,000 and a useful life of more than one year.

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for non-vested accumulated rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

Capital Contributions

The District receives grants from the Federal Transit Administration (FTA) and state and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recognized when the cost of the related assets is included in property and equipment.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category. The District has no outstanding debt related to capital assets.
- Restricted Net Position – This category presents amounts with external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position at fiscal year-end because Transportation Development Act (TDA) funds received, but not earned, have been reported as advances on grants in the statements of net position.
- Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available, unrestricted resources are used only after the restricted resources are depleted.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Newly Implemented GASB Statements

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for fiscal years beginning after December 15, 2021. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 94 – *Public-Private and Public-Private Partnership and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, and all fiscal years thereafter. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all fiscal years thereafter. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

Future GASB Statements

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement for paragraphs related to Statement No. 87 and implementation guide 2019-3, reinsurance recoveries, to implement with GASB Statement No. 87; all others are effective for fiscal years beginning June 15, 2022. Early application is encouraged. The District will implement GASB Statement No. 92 if and where applicable.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Early application is encouraged. The District will implement GASB Statement No. 93 if and where applicable.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The District will implement GASB Statement No. 99 if and where applicable.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future GASB Statements (Continued)

GASB Statement No. 100 – Accounting Changes and Error Corrections. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District will implement GASB Statement No. 100 if and where applicable.

GASB Statement No. 101 – Compensated Absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District will implement GASB Statement No. 101 if and where applicable.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments as of June 30, 2023 and 2022, are classified in the accompanying financial statements as follows:

	2023	2022
Deposits in County Investment Pool	\$ 13,194,520	\$ 10,317,676
Cash in bank	3,240,954	2,887,673
Cash held by banks for insurance claims	31,557	(4,060)
Cash on hand	4,650	5,575
Total Cash, Cash Equivalents, and Investments	<u>\$ 16,471,681</u>	<u>\$ 13,206,864</u>

Cash, cash equivalents, and investments as of June 30, 2023 and 2022, consist of the following:

	2023	2022
Statements of Net Position:		
Primary Government		
Cash and investments	<u>\$ 16,471,681</u>	<u>\$ 13,206,864</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 16,471,681</u>	<u>\$ 13,206,864</u>

Deposits

At June 30, 2023 and 2022, the carrying amount of the District's deposits was \$3,272,511 and \$2,883,613, respectively. At June 30, 2023 and 2022, the corresponding bank balances were \$3,301,036 and \$2,924,786, respectively. The difference between bank balances and carrying amount resulted from outstanding checks and deposits in transit. All deposits are fully collateralized in accordance with Section 53652 of the California Government Code. The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Collateral is held by the pledging financial institution's trust department and is considered held in the District's name. The District may waive collateral requirements for deposits that are fully insured up to \$250,000 by the federal depository

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits (Continued)

insurance corporation. The District has \$250,000 that is covered by the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2023, and \$250,000 as of June 30, 2022. The remaining balance of \$3,051,036 and \$2,674,786, respectively, is collateralized as described above.

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the **investment types** that are authorized for the District by the California Government Code (or the District's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's Investment Policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's Investment Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to 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.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity as of June 30:

2023		Remaining Maturity (in Months)
Investment Type	Amount	12 Months or Less
County Investment Pool	\$ 13,194,520	\$ 13,194,520

2022		Remaining Maturity (in Months)
Investment Type	Amount	12 Months or Less
County Investment Pool	\$ 10,317,676	\$ 10,317,676

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District's investments were not considered to be highly sensitive to interest rate fluctuations as of June 30, 2023 and 2022.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's Investment Policy, and the actual rating as of year-end for the investment type as of June 30:

2023		Minimum Legal Rating	Rating as of Year-End Not Rated
Investment Type	Amount		
County Investment Pool	\$ 13,194,520	N/A	\$ 13,194,520

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits (Continued)

Disclosures Relating to Credit Risk (Continued)

2022		Minimum Legal Rating	Rating as of Year-End
Investment Type	Amount		Not Rated
County Investment Pool	\$ 10,317,676	N/A	\$ 10,317,676

Concentration of Credit Risk

The Investment Policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District did not have any investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments at June 30, 2023 or 2022.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District'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 following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the County Treasury).

Investment in County Investment Pool

The District is a voluntary participant in the County Investment Pool. The County Investment Pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27143. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County, which are recorded on an amortized cost basis.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits (Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

Investments in the County Investment Pool totaling \$13,194,520 and \$10,317,676 as of June 30, 2023 and 2022, respectively, are measured at amortized cost, which approximates fair value.

NOTE 3 – DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Federal (FTA):		
Capital	\$ 5,821,733	\$ 1,701,708
Local Transportation Fund (LTF):		
Other Grants	<u>-</u>	<u>2,178,136</u>
Total	<u>\$ 5,821,733</u>	<u>\$ 3,879,844</u>

Federal

Under provisions of the FTA, funds are available to the District for maintenance costs; transportation planning; and the acquisition, construction, improvement, and maintenance of transit facilities, transit vehicles, and equipment.

Local

The State of California Local Transportation Fund (LTF) monies under the TDA, as amended, are available for transit operations and development. The Kern Council of Governments (KCOG) administers these funds on behalf of the County. Funds are apportioned to eligible transit operators based on the percentage of the County's population that lies within each operator's service area.

GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 4 – INVENTORIES

Inventories consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Parts	\$ 1,304,912	\$ 1,191,409
Oil	31,863	30,963
Total	<u>\$ 1,336,775</u>	<u>\$ 1,222,372</u>

The following is a summary of capital assets activity for the fiscal years ended June 30, 2023 and 2022:

NOTE 5 – CAPITAL ASSETS

	June 30, 2022	Additions	Dispositions	Adjustments	June 30, 2023
Nondepreciable Capital Assets:					
Land	\$ 5,154,081	\$ -	\$ -	\$ -	\$ 5,154,081
Construction in progress	4,959,497	2,926,573	-	10,360	7,896,430
Total Nondepreciable Capital Assets	<u>10,113,578</u>	<u>2,926,573</u>	<u>-</u>	<u>10,360</u>	<u>13,050,511</u>
Depreciable Capital Assets:					
Buildings and improvements	14,684,842	32,842	(337,840)	(10,360)	14,369,484
Vehicles	59,684,282	6,225,703	(3,520,360)	-	62,389,625
Equipment	15,951,105	485,837	(18,379)	-	16,418,563
Right-to-use lease asset	178,004	-	-	-	178,004
Total Capital Assets, Being Depreciated and Amortized	<u>90,498,233</u>	<u>6,744,382</u>	<u>(3,876,579)</u>	<u>(10,360)</u>	<u>93,355,676</u>
Less: Accumulated Depreciation and Amortization for:					
Buildings and improvements	(12,027,936)	(793,712)	337,724	-	(12,483,924)
Vehicles	(26,477,487)	(5,213,000)	3,520,360	-	(28,170,127)
Equipment	(10,139,622)	(1,393,042)	18,086	-	(11,514,578)
Right-to-use lease asset	(39,557)	(59,334)	-	-	(98,891)
Total Accumulated Depreciation and Amortization	<u>(48,684,602)</u>	<u>(7,459,088)</u>	<u>3,876,170</u>	<u>-</u>	<u>(52,267,520)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation and Amortization	<u>41,813,631</u>	<u>(714,706)</u>	<u>(409)</u>	<u>(10,360)</u>	<u>41,088,156</u>
Capital Assets, Net of Accumulated Depreciation and Amortization	<u>\$ 51,927,209</u>	<u>\$ 2,211,867</u>	<u>\$ (409)</u>	<u>\$ -</u>	<u>\$ 54,138,667</u>

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 5 – CAPITAL ASSETS (Continued)

	June 30, 2021	Additions	Dispositions	Adjustments	June 30, 2022
Nondepreciable Capital Assets:					
Land	\$ 2,552,395	\$ 2,579,026	\$ -	\$ 22,660	\$ 5,154,081
Construction in progress	2,114,291	5,123,506	-	(2,278,300)	4,959,497
Total Nondepreciable Capital Assets	4,666,686	7,702,532	-	(2,255,640)	10,113,578
Depreciable Capital Assets:					
Buildings and improvements	16,362,222	166,248	(2,068,567)	224,939	14,684,842
Vehicles	52,081,930	16,909,435	(10,436,014)	1,128,931	59,684,282
Equipment	14,826,378	430,817	(207,860)	901,770	15,951,105
Right-to-use lease asset	-	178,004	-	-	178,004
Total Capital Assets, Being Depreciated and Amortized	83,270,530	17,684,504	(12,712,441)	2,255,640	90,498,233
Less: Accumulated Depreciation and Amortization for:					
Buildings and improvements	(11,312,212)	(830,836)	115,112	-	(12,027,936)
Vehicles	(31,156,093)	(5,460,616)	10,139,222	-	(26,477,487)
Equipment	(8,854,316)	(1,442,885)	157,579	-	(10,139,622)
Right-to-use lease asset	-	(39,557)	-	-	(39,557)
Total Accumulated Depreciation and Amortization	(51,322,621)	(7,773,894)	10,411,913	-	(48,684,602)
Depreciable Capital Assets, Net of Accumulated Depreciation and Amortization	31,947,909	9,910,610	(2,300,528)	2,255,640	41,813,631
Capital Assets, Net of Accumulated Depreciation	\$ 36,614,595	\$ 17,613,142	\$ (2,300,528)	\$ -	\$ 51,927,209

Depreciation and amortization expense for the fiscal years ended June 30, 2023 and 2022, was \$7,459,088 and \$7,773,894, respectively.

NOTE 6 – LONG-TERM LIABILITY

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease	\$ 153,082	\$ -	\$ (67,794)	\$ 85,288	\$ 64,495
Total long-term debt	\$ 153,082	\$ -	\$ (67,794)	\$ 85,288	\$ 64,495

Lease

On October 27, 2021, the District entered into a contract to lease approximately 8,000 square feet of building space, including approximately 1,000 square feet of office space. The term is for three years, commencing November 1, 2021, and expiring October 31, 2024. Base rent of \$6,000 is payable per month, due by the first day of each month commencing November 1, 2021. In accordance with GASB Statement No. 87, the District recognized a right-to-use lease asset net of related accumulated amortization of \$79,113 and \$138,447, respectively. Refer to Note 5 of the financial statements.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7 – ADVANCES ON GRANTS

The combined change in advances on grants for the fiscal years ended June 30, 2023 and 2022, is summarized as follows:

	<u>2023</u>	<u>2022</u>
Advances on grants, beginning	\$ 1,604,358	\$ 9,040,991
Operating and capital funds received	35,139,747	9,965,741
Transfer	(2,165,658)	-
Interest accrued	3,628	244
Refunded to the State	-	(220,021)
Funds expended	<u>(26,758,731)</u>	<u>(17,182,597)</u>
Advances on grants, ending	<u>\$ 7,823,344</u>	<u>\$ 1,604,358</u>

TDA OPERATING AND CAPITAL GRANT FUNDS

The District records all unearned TDA operating and capital grant funds as advances on grants. The District earns TDA funds by incurring operating expenses in excess of fares and other revenues.

The change in advanced TDA funds for the fiscal years ended June 30, 2023 and 2022, is summarized as follows:

	<u>2023</u>	<u>2022</u>
Advances on TDA grants, beginning	\$ -	\$ 4,217,501
TDA operating and capital funds received	33,602,092	8,434,442
Transfer	(2,165,658)	-
TDA funds earned	<u>(25,160,240)</u>	<u>(12,651,943)</u>
Advances on TDA grants, ending	<u>\$ 6,276,194</u>	<u>\$ -</u>

STATE OF GOOD REPAIR (SGR)

The District records all unearned SGR operating and capital grant funds as advances on grants. The District earns SGR funds by incurring operating expenses in excess of fares and other revenues.

The change in advanced SGR funds for the fiscal years ended June 30, 2023 and 2022, is summarized as follows:

	<u>2023</u>	<u>2022</u>
Advances on SGR grants, beginning	\$ 1,186,563	\$ 250,887
SGR capital funds received	90,525	968,537
Transfer	-	273,063
Interest accrued on SGR capital funds	1,458	89
SGR funds expended	<u>(1,156,296)</u>	<u>(306,013)</u>
Advances on SGR grants, ending	<u>\$ 122,250</u>	<u>\$ 1,186,563</u>

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7 – ADVANCES ON GRANTS (Continued)

PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA) FUNDS

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

The audit of public transportation operator finances, pursuant to Section 99245 of the PUC and required under the TDA, was expanded to include verification of receipt and appropriate expenditure of PTMISEA bond funds.

During the fiscal years ended June 30, 2023 and 2022, the District applied for and received \$1,447,130 and \$562,762, respectively, from the State's PTMISEA account. \$273,063 was transferred to advances on TDA grants for State of Good Repair (SGR) and \$220,021 was refunded to the State in the fiscal year ended June 30, 2022. Interest was accrued for \$2,170 and \$155 during the fiscal years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, PTMISEA funds received and expended were verified in the course of our audit as follows:

	2023	2022
Advances on PTMISEA grants, beginning	\$ 417,795	\$ 4,572,603
PTMISEA capital funds received	1,447,130	562,762
Transfer	-	(273,063)
Interest accrued on PTMISEA funds	2,170	155
Refunded to the State	-	(220,021)
PTMISEA funds expended	(442,195)	(4,224,641)
Advances on PTMISEA grants, ending	<u>\$ 1,424,900</u>	<u>\$ 417,795</u>

NOTE 8 – OPERATING ASSISTANCE

Local and State Operating Assistance – The TDA provides operating assistance through two major sources of funding for the public transportation: the LTF, which has been in existence since 1972 (Senate Bill (SB) 325), and the State Transit Assistance (STA) Fund, which was created in 1980.

LTF funds are derived from a ¼-cent of the retail sales tax collected statewide. The State Board of Equalization returns the ¼-cent to each county according to the amount of tax collected in that county. Funds are apportioned to the City and the County based on population of areas within the County. Of the LTF funds claimed by the District for the fiscal years ended June 30, 2023 and 2022, the City funds 73.45% and 71.89%, respectively, and the County funds 26.55% and 28.11%, respectively. Total LTF funds received and accrued for the fiscal years ended June 30, 2023 and 2022, were \$24,166,205 and \$7,289,425, respectively.

Federal Funding Sources – The District has four grant contracts in process with the FTA that provide federal funds for operating assistance. The District recognized \$5,710,418 and \$22,373,202 of revenue related to the grants for the fiscal years ended June 30, 2023 and 2022, respectively.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 9 – CAPITAL ASSISTANCE

FTA Grants

For the fiscal years ended June 30, 2023 and 2022, the District had several grant contracts in process with the FTA that provide federal funds for the acquisition of buses and other equipment and improvements. The District recognized \$5,621,837 and \$14,671,694 in capital contributions related to these grants for the fiscal years ended June 30, 2023 and 2022, respectively. Under the terms of the grants, proceeds from equipment sold or retired are refundable to the federal government in proportion to the original federal capital grant funds, net of the related depreciation. No such refunds occurred for the fiscal years ended June 30, 2023 and 2022.

TDA Grants

For the fiscal years ended June 30, 2023 and 2022, the District received TDA funds for the acquisition of buses and other equipment and improvements. The District recognized \$755,805 and \$5,362,518 in capital contributions related to these grants for the fiscal years ended June 30, 2023 and 2022, respectively.

NOTE 10 – FARE REVENUE RATIO

The District is required under the TDA to maintain a fare revenue ratio of 10% for the elderly/handicapped Demand Response System and 20% for the Fixed Route System. The calculations of the ratios for 2023 and 2022 are as follows:

	Demand Response	Fixed Route	Combined
Operating revenues	\$ 859,294	\$ 2,803,901	\$ 3,663,195
Add: Preventative Maintenance	217,291	5,493,127	5,710,418
Add: Other local revenues	91,698	2,448,180	2,539,878
Add: Interest income	-	197,767	197,767
Total revenue	<u>\$ 1,168,283</u>	<u>\$ 10,942,975</u>	<u>\$ 12,111,258</u>
Operating expenses	\$ 6,082,231	\$ 37,931,244	\$ 44,013,475
Less: Pass through City/County	-	(33,133)	(33,133)
Less: Depreciation and amortization	<u>(781,304)</u>	<u>(6,677,784)</u>	<u>(7,459,088)</u>
Net operating costs	<u>\$ 5,300,927</u>	<u>\$ 31,220,327</u>	<u>\$ 36,521,254</u>
Fare revenue ratio - June 30, 2023	<u>22.0%</u>	<u>35.1%</u>	<u>33.2%</u>

Per the calculation, the District is in compliance with the required fare revenue ratio in fiscal year 2023.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 10 – FARE REVENUE RATIO (Continued)

	Demand Response	Fixed Route	Combined
Operating revenues	\$ 708,197	\$ 2,770,844	\$ 3,479,041
Add: American Rescue Funds	2,295,700	14,513,225	16,808,925
Add: Preventative Maintenance	156,457	5,407,820	5,564,277
Add: Other local revenues	88,136	2,886,098	2,974,234
Add: Interest income	-	91,158	91,158
	<u>\$ 3,248,490</u>	<u>\$ 25,669,145</u>	<u>\$ 28,917,635</u>
Operating expenses	\$ 5,013,559	\$ 36,775,612	\$ 41,789,171
Less: Pass through City/County	-	(21,013)	(21,013)
Less: Depreciation and amortization	(859,780)	(6,914,114)	(7,773,894)
	<u>\$ 4,153,779</u>	<u>\$ 29,840,485</u>	<u>\$ 33,994,264</u>
Net operating costs			
	<u>\$ 4,153,779</u>	<u>\$ 29,840,485</u>	<u>\$ 33,994,264</u>
Fare revenue ratio - June 30, 2022	<u>78.2%</u>	<u>86.0%</u>	<u>85.1%</u>

Per the calculation, the District is in compliance with the required fare revenue ratio in fiscal year 2022.

NOTE 11 – PENSION PLAN

On January 1, 1987, the District established the Pension Plan (the Plan). The Plan is a defined contribution plan, which provides for participation by substantially all of the employees of the District. The Plan allows employees to become eligible to participate in the Plan upon the completion of one hour of service with the District. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan is a self-administered, trustee profit sharing plan established under Internal Revenue Code Sections 401 through 417 and Section 501. An Administrative Committee, which represents the employees of the District, is responsible for the Plan and the Plan document, which is the authority under which all requirements are established and amended.

Each participating employee is required to contribute 6% of his or her compensation from the District to the Plan. The District is required to contribute an amount equal to 6% of each participating employee's compensation from the District. Contribution rates may be amended with approval of the Administrative Committee.

During the fiscal years ended June 30, 2023 and 2022, the District's required and actual contributions amounted to \$506,265 and \$481,908, respectively. District contributions amounted to 6% of the District's covered payroll for both fiscal years. Employees' required and actual contributions amounted to \$506,971 and \$481,908, which was 6% of the District's covered payroll for both fiscal years. The District's total covered payroll for the fiscal years ended June 30, 2023 and 2022, was \$8,449,517 and \$8,031,795, respectively.

The Plan held no securities of the District during the fiscal years ended June 30, 2023 and 2022, or at the close of the fiscal years.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for public liability and property damage up to \$250,000 per occurrence. Claims between \$250,000 and \$10,000,000 are insured through the California Transit Systems Joint Powers Authority (CalTIP), a joint powers agency (risk sharing pool) established in 1987 to provide an independently managed self-insurance program for member transit operators. Claims in excess of the pool limit are covered by excess insurance purchased by CalTIP up to \$15 million per occurrence. Specifically, the District has the following forms of coverage through CalTIP:

- bodily injury liability,
- property damage liability,
- public officials' errors and omissions liability, and
- personal injury liability.

The purpose of CalTIP is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense.

The District is self-insured for workers' compensation benefits. The District is a member of CSAC Excess Insurance Authority, a joint powers authority established to provide workers' compensation benefits above self-insured levels. The District's self-insured retention is \$500,000, and the pool with excess insurance can cover statutory limits.

Accounting principles generally accepted in the United States of America require accrual of the estimated claims loss payable (including incurred but not reported claims and related loss adjustment expenses) as of June 30, 2023 and 2022. The District contracts with an independent actuary to compute the estimated liabilities of the District's self-insurance workers' compensation program. The liability for unpaid claims for workers' compensation is discounted to reflect anticipated future investment earnings, assuming a three percent interest rate. The amount for public liability is estimated by management based on current information. While the ultimate amounts of losses incurred through June 30, 2023 and 2022, are dependent on future developments, based upon information provided from the actuary, outside counsel, and others involved with the administration of the program, the District's management believes that the aggregate accrual is adequate to cover such losses.

Changes in the reported liability resulted from the following:

	Workers' Compensation Liability	Public Liability	Total
Balance at July 1, 2022	\$ 5,142,615	\$ 977,906	\$ 6,120,521
Claims and changes in estimates	(632,565)	(435,515)	(1,068,080)
Claims payments	926,950	208,899	1,135,849
Balance at June 30, 2023	<u>\$ 5,437,000</u>	<u>\$ 751,290</u>	<u>\$ 6,188,290</u>

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 12 – RISK MANAGEMENT (Continued)

	Workers' Compensation Liability	Public Liability	Total
Balance at July 1, 2021	\$ 5,001,610	\$ 1,131,275	\$ 6,132,885
Claims and changes in estimates	(642,903)	(539,491)	(1,182,394)
Claims payments	783,908	386,122	1,170,030
Balance at June 30, 2022	<u>\$ 5,142,615</u>	<u>\$ 977,906</u>	<u>\$ 6,120,521</u>

NOTE 13 – CONTINGENCIES

The District has received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, the District believes that any required reimbursement will not be material.

Additionally, the District is party to various claims and litigation in the normal course of business. In the opinion of management and legal counsel, any ultimate losses have been adequately provided for in the financial statements.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 3, 2023, the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**GOLDEN EMPIRE TRANSIT DISTRICT
SCHEDULES OF OPERATING EXPENSES BY FUNCTION –
FIXED ROUTE SYSTEM
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

June 30, 2023

	Operations	Vehicle Maintenance	Non-Vehicle Maintenance	Administration	Total
Labor:					
Operator salaries and wages	\$ 7,387,639	\$ 1,308,167	\$ 291,230	\$ -	\$ 8,987,036
Other salaries and wages	623,218	906,265	124,595	2,364,744	4,018,822
Fringe benefits	4,608,414	1,354,762	229,199	1,158,470	7,350,845
Services	158,258	405,617	509,730	1,484,885	2,558,490
Materials and supplies:					
Fuel, tires, and lubricants	-	2,975,853	594,565	-	3,570,418
Other materials and supplies	45,172	1,322,364	183,522	93,672	1,644,730
Schedules	-	-	-	66,013	66,013
Utilities	-	-	-	490,899	490,899
Casualty and liability costs	-	-	-	1,178,546	1,178,546
City/Council contributions	-	-	-	33,133	33,133
Miscellaneous	11,168	246,353	807	1,082,135	1,340,463
Depreciation and amortization	4,996,049	202,639	6,911	1,472,185	6,677,784
Total	\$ 17,829,918	\$ 8,722,020	\$ 1,940,559	\$ 9,424,682	\$ 37,917,179

June 30, 2022

	Operations	Vehicle Maintenance	Non-Vehicle Maintenance	Administration	Total
Labor:					
Operator salaries and wages	\$ 7,659,273	\$ 1,409,749	\$ 325,811	\$ -	\$ 9,394,833
Other salaries and wages	578,799	815,434	133,050	2,383,233	3,910,516
Fringe benefits	4,430,119	1,407,903	271,707	1,228,700	7,338,429
Services	168,255	378,141	534,283	1,445,464	2,526,143
Materials and supplies:					
Fuel, tires, and lubricants	-	1,597,160	374,522	-	1,971,682
Other materials and supplies	91,483	1,044,847	221,699	59,504	1,417,533
Schedules	-	-	-	9,425	9,425
Utilities	-	-	-	433,268	433,268
Casualty and liability costs	-	-	-	1,373,547	1,373,547
City/Council contributions	-	-	-	21,013	21,013
Miscellaneous	9,460	222,557	1,215	790,762	1,023,994
Depreciation and amortization	5,152,280	160,587	8,568	1,592,679	6,914,114
Total	\$ 18,089,669	\$ 7,036,378	\$ 1,870,855	\$ 9,337,595	\$ 36,334,497

**GOLDEN EMPIRE TRANSIT DISTRICT
SCHEDULES OF OPERATING EXPENSES BY FUNCTION –
DEMAND RESPONSE SYSTEM
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022**

June 30, 2022

	Operations	Vehicle Maintenance	Non-Vehicle Maintenance	Administration	Total
Labor:					
Operator salaries and wages	\$ 2,370,636	\$ -	\$ -	\$ 391,006	\$ 2,761,642
Other salaries and wages	447,309	101,764	-	-	549,073
Fringe benefits	901,139	23,437	-	174,421	1,098,997
Services	125,006	21,594	-	-	146,600
Materials and supplies:					
Fuel, tires, and lubricants	117,836	384,249	-	-	502,085
Other materials and supplies	5,444	124,821	-	-	130,265
Utilities	-	-	-	32,861	32,861
Depreciation and amortization	781,304	-	-	-	781,304
Miscellaneous	4,839	-	-	27,762	32,601
Casualty and liability costs	-	-	-	60,868	60,868
Total	\$ 4,753,513	\$ 655,865	\$ -	\$ 686,918	\$ 6,096,296

June 30, 2022

	Operations	Vehicle Maintenance	Non-Vehicle Maintenance	Administration	Total
Labor:					
Operator salaries and wages	\$ 1,853,968	\$ -	\$ -	\$ 164,652	\$ 2,018,620
Other salaries and wages	495,397	80,163	-	-	575,560
Fringe benefits	772,817	18,461	-	44,779	836,057
Services	120,459	26,476	-	-	146,935
Materials and supplies:					
Fuel, tires, and lubricants	571,359	187,890	-	-	759,249
Other materials and supplies	1,306	70,470	-	-	71,776
Utilities	-	-	-	38,884	38,884
Depreciation and amortization	859,780	-	-	-	859,780
Miscellaneous	5,323	-	-	45,000	50,323
Casualty and liability costs	-	-	-	97,490	97,490
Total	\$ 4,680,409	\$ 383,460	\$ -	\$ 390,805	\$ 5,454,674

**GOLDEN EMPIRE TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Program Description	Assistance Listing Number	Grant Number	Passed Through to Sub-Recipients	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster				
Buses and Bus and Facilities Formula, Competitive and Low or No Emissions Programs Grants:				
Preventative Maint./ON Demand Software 5307/5339	20.526	CA-2020-172-00	\$ -	\$ 4,257,431
Hydrogen Infrastructure 5339	20.526	CA-2022-025-00	-	769,475
Total Bus and Facilities Formula Competitive and Low or No Emissions Programs Grants			-	5,026,906
Federal Transit Formula Grants:				
2 CNG Buses, 2 Electric Buses, Fare Subsidy CMAQ 5307	20.507	CA-2018-123-00	-	111,413
CSUB Terminal Construction/Solar Conversion System 5307	20.507	CA-2016-048	-	(31,817)
Bus stop shades/computer replacement/signs/shop mod/scaffolding	20.507	CA-2023-040-00	-	116,634
DT/SW bathroom remodel	20.507	CA-2019-059	-	277,304
2022-2023 PREVENTATIVE MAINT	20.507	CA- 2023-215-00	-	5,710,420
Total Federal Transit Formula Grants			-	6,183,954
Federal Transit Capital Investment Grants:				
Long range it plan/ prev. maint 18-19 19-20 shelters	20.500	CA-2019-055	-	104,893
Total Federal Transit Cluster			-	11,315,753
Metropolitan Transportation Planning and State and Non- Metropolitan Planning and Research				
	20.505	CA-2022-019	-	128,180
TOTAL FEDERAL AWARDS			\$ -	\$ 11,443,933

See accompanying notes to the schedule of expenditures of federal awards.

**GOLDEN EMPIRE TRANSIT DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs of the Golden Empire Transit District (the District). Federal capital grants and operating assistance funds are used to purchase capital assets and to support operations.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA has been prepared on the accrual basis of accounting.

NOTE 3 – INDIRECT COST RATE

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

STATISTICAL SECTION

This section of Golden Empire Transit District's (GET) Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about GET's overall financial health. This information has not been audited by the independent auditors.

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Financial Trends.....35

These schedules contain trend information to assist readers in understanding and assessing how GET's financial position has changed over time.

Revenue Capacity Information43

These schedules contain information to assist readers in understanding and assessing the factors affecting GET's ability to generate passenger fares.

Operating Information45

These schedules contain contextual information about GET's operations and resources to assist readers in using financial statement information to understand and assess GET's economic condition.

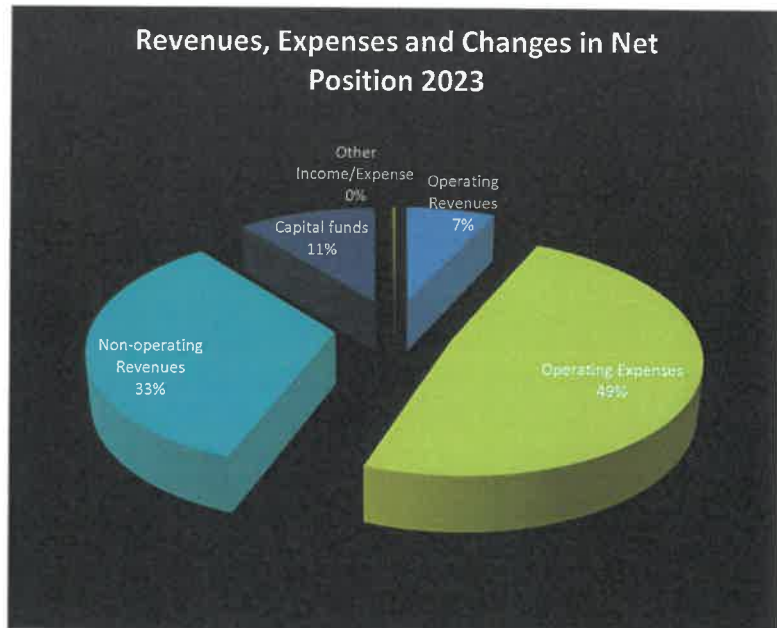
Financial Trends

GOLDEN EMPIRE TRANSIT DISTRICT

Comparative Analysis of Revenues, Expenses and Changes in Fund Net Position

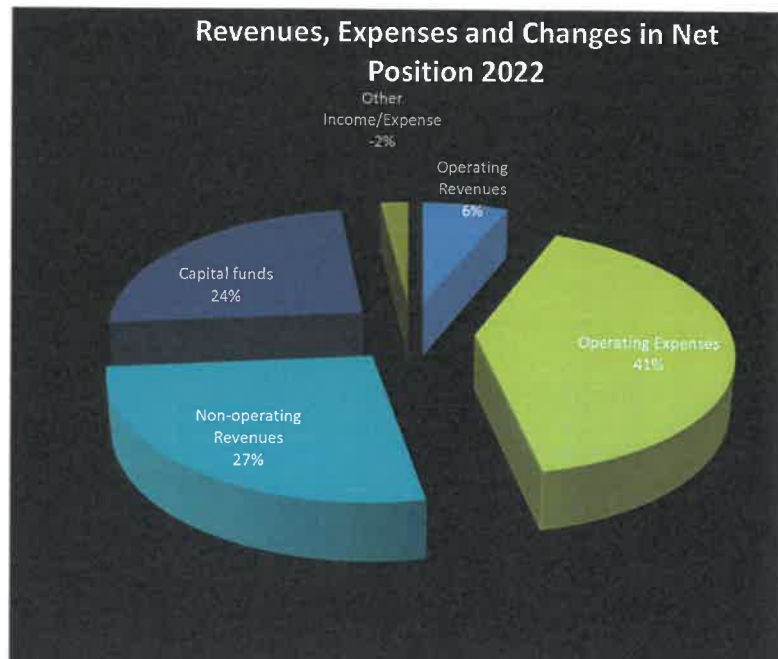
June 30, 2023

Operating Revenues	\$6,203,073
Operating Expenses	\$44,013,475
Non-operating Revenue	\$30,351,315
Capital funds	\$9,670,951
Other Income/Expense	\$226,866



June 30, 2022

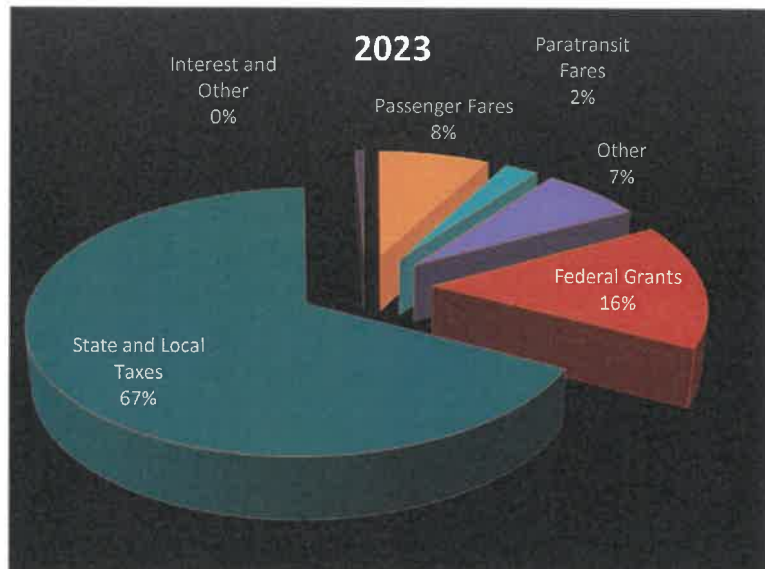
Operating Revenues	\$6,453,275
Operating Expenses	\$41,789,171
Non-operating Revenue	\$27,561,996
Capital funds	\$25,218,710
Other Income/Expense	-\$2,100,631



GOLDEN EMPIRE TRANSIT DISTRICT Revenue Analysis

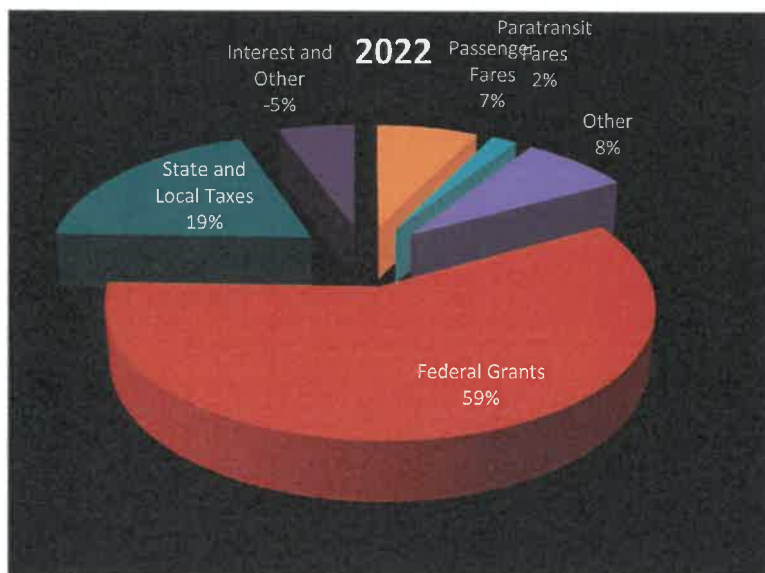
June 30, 2023

Passenger Fares	\$2,803,901
Paratransit Fares	\$859,294
Other	\$2,539,878
Federal Grants	\$5,710,418
State and Local Taxes	\$24,414,031
Interest and Other	\$226,866



June 30, 2022

Passenger Fares	\$2,770,844
Paratransit Fares	\$708,197
Other	\$2,974,234
Federal Grants	\$22,373,202
State and Local Taxes	\$7,289,425
Interest and Other	(\$2,100,631)

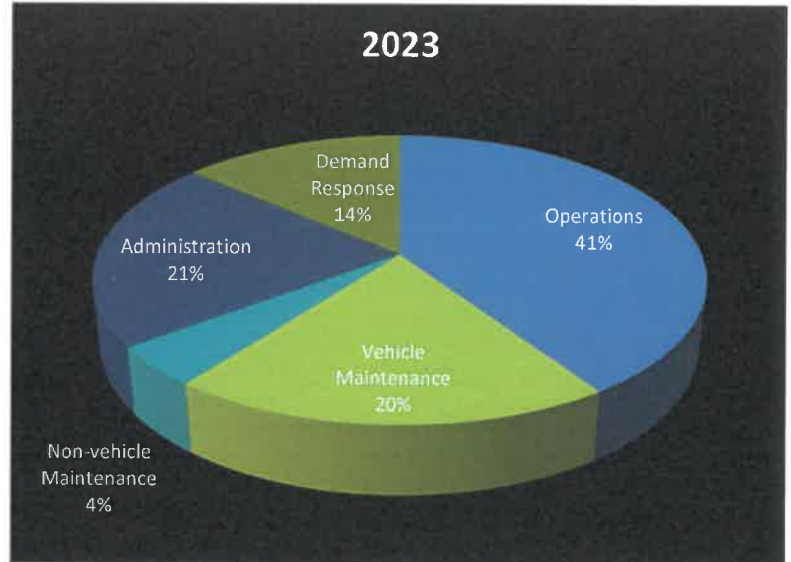


GOLDEN EMPIRE TRANSIT DISTRICT

Comparative Analysis of Operating Expenses by Function

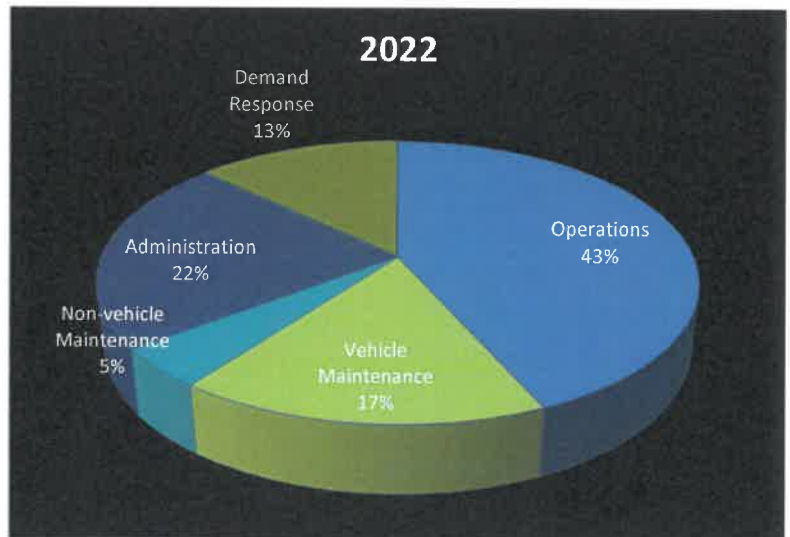
June 30, 2023

Operations	\$17,829,918
Vehicle Maintenance	\$8,722,020
Non-vehicle Maintenance	\$1,940,559
Administration	\$9,424,682
Demand Response	\$6,096,296



June 30, 2022

Operations	\$18,089,669
Vehicle Maintenance	\$7,036,378
Non-vehicle Maintenance	\$1,870,855
Administration	\$9,337,595
Demand Response	\$5,454,674



GOLDEN EMPIRE TRANSIT DISTRICT

FINANCIAL TRENDS

SCHEDULE OF NET POSITION

Previous ten fiscal years

NET POSITION	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net investment in Capital Assets	\$54,053,379	\$51,744,127	\$36,614,595	\$36,406,589	\$36,840,950
Unrestricted	<u>\$7,990,919</u>	<u>\$8,088,307</u>	<u>\$5,773,029</u>	<u>\$5,686,951</u>	<u>\$5,665,009</u>
Total	\$62,044,298	\$59,832,434	\$42,387,624	\$42,093,540	\$42,505,959
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net investment in Capital Assets	\$27,984,921	\$30,977,273	\$32,712,289	\$36,979,829	\$40,029,097
Unrestricted	<u>\$5,656,378</u>	<u>\$5,655,608</u>	<u>\$5,608,680</u>	<u>\$4,754,985</u>	<u>\$5,599,588</u>
Total	\$33,641,299	\$36,632,881	\$38,320,969	\$41,734,814	\$45,628,685

GOLDEN EMPIRE TRANSIT DISTRICT

FINANCIAL TRENDS

SCHEDULE OF CHANGES IN NET POSITION

Previous ten fiscal years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Operating Revenue</u>					
Total Operating Revenue	\$6,203,073	\$6,453,275	\$5,199,258	\$7,875,936	\$5,854,324
<u>Operating Expenses</u>					
Operations	\$16,806,078	\$16,316,903	\$15,234,695	\$15,819,513	\$13,920,316
Vehicle maintenance	\$9,175,246	\$7,696,914	\$6,974,361	\$7,465,028	\$7,685,193
Non-vehicle maintenance	\$1,933,648	\$1,865,739	\$1,652,204	\$1,642,360	\$1,417,611
Administration	\$8,639,415	\$8,135,721	\$7,570,793	\$7,278,664	\$6,944,492
Total Operating Expenses	<u>(44,013,475)</u>	<u>(41,789,171)</u>	<u>(37,482,117)</u>	<u>(37,933,225)</u>	<u>(35,104,099)</u>
Operating Loss	<u>(37,810,402)</u>	<u>(35,335,896)</u>	<u>(32,282,859)</u>	<u>(30,057,289)</u>	<u>(29,249,775)</u>
Total Nonoperating Revenue	<u>30,351,315</u>	<u>27,561,996</u>	<u>26,232,797</u>	<u>24,329,629</u>	<u>24,213,287</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(7,459,087)</u>	<u>(7,773,900)</u>	<u>(6,050,062)</u>	<u>(5,727,660)</u>	<u>(5,036,488)</u>
Total Capital Contributions	<u>9,670,951</u>	<u>25,218,710</u>	<u>6,344,146</u>	<u>5,315,241</u>	<u>13,901,148</u>
CHANGES IN NET POSITION	<u>\$2,211,864</u>	<u>\$17,444,810</u>	<u>\$294,084</u>	<u>(\$412,419)</u>	<u>\$8,864,660</u>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Operating Revenue</u>					
Total Operating Revenue	\$6,228,913	\$4,998,382	\$5,154,293	\$4,583,163	\$5,167,963
<u>Operating Expenses</u>					
Operations	\$14,162,724	\$17,444,054	\$16,810,723	\$15,670,944	\$15,805,373
Vehicle maintenance	\$7,803,791	\$7,855,241	\$6,527,783	\$6,851,321	\$7,707,868
Non-vehicle maintenance	\$1,454,872	\$1,300,407	\$1,090,168	\$1,144,859	\$1,271,670
Administration	\$6,418,983	\$6,411,632	\$5,614,146	\$5,171,112	\$5,053,986
Total Operating Expenses	<u>(35,154,535)</u>	<u>(33,011,334)</u>	<u>(30,042,820)</u>	<u>(28,838,236)</u>	<u>(29,838,897)</u>
Operating Loss	<u>(28,925,622)</u>	<u>(28,012,952)</u>	<u>(24,888,527)</u>	<u>(24,255,073)</u>	<u>(24,670,934)</u>
Total Nonoperating Revenue	<u>23,611,460</u>	<u>22,619,747</u>	<u>19,628,754</u>	<u>18,658,565</u>	<u>19,157,971</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(5,314,162)</u>	<u>(5,393,205)</u>	<u>(5,259,773)</u>	<u>(5,596,508)</u>	<u>(5,512,963)</u>
Total Capital Contributions	<u>2,322,580</u>	<u>3,705,117</u>	<u>1,845,928</u>	<u>1,702,637</u>	<u>12,524,198</u>
CHANGES IN NET POSITION	<u>(\$2,991,582)</u>	<u>(\$1,688,088)</u>	<u>(\$3,413,845)</u>	<u>(\$3,893,871)</u>	<u>\$7,011,235</u>

GOLDEN EMPIRE TRANSIT DISTRICT

FINANCIAL TRENDS

SCHEDULE OF CHANGES IN REVENUE

Previous ten fiscal years

Fiscal Year	Passenger Fares	Paratransit Fares	Other	TOTAL OPERATING REVENUES	Federal Grants	Local Taxes	Interest & Other	TOTAL NON- OPERATING REVENUES
2023	\$2,803,901	\$859,294	\$2,539,878	\$6,203,073	\$5,710,418	\$24,414,031	\$226,866	\$30,351,315
2022	\$2,770,844	\$708,197	\$2,974,234	\$6,453,275	\$22,373,202	\$7,289,425	(\$2,100,631)	\$27,561,996
2021	\$2,832,144	\$481,823	\$2,292,903	\$5,606,870	\$21,004,349	\$5,229,211	(\$763)	\$26,232,797
2020	\$4,454,128	\$115,458	\$3,306,350	\$7,875,936	\$14,659,737	\$9,394,540	\$275,352	\$24,329,629
2019	\$4,364,070	\$157,712	\$1,332,542	\$5,854,324	\$5,866,998	\$18,874,854	\$267,252	\$25,009,104
2018	\$4,319,327	\$156,246	\$1,753,340	\$6,228,913	\$5,851,129	\$17,631,122	\$129,209	\$23,611,460
2017	\$4,339,196	\$164,644	\$494,542	\$4,998,382	\$5,428,507	\$17,058,457	\$132,783	\$22,619,747
2016	\$4,700,684	\$158,102	\$295,506	\$5,154,292	\$5,894,682	\$13,712,287	\$21,785	\$19,628,754
2015	\$4,075,710	\$122,459	\$384,994	\$4,583,163	\$4,583,464	\$14,027,151	\$47,950	\$18,658,565
2014	\$4,593,591	\$128,334	\$446,038	\$5,167,963	\$5,085,366	\$14,011,621	\$60,984	\$19,157,971

GOLDEN EMPIRE TRANSIT DISTRICT

FINANCIAL TRENDS SCHEDULE OF OPERATING EXPENSES - FIXED ROUTE Previous ten fiscal years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING EXPENSES					
Bus Operator's Salaries	\$8,987,036	\$9,394,833	\$8,918,278	\$9,908,065	\$10,023,904
Other Salaries	4,018,822	3,910,516	3,712,311	3,832,123	3,835,761
Fringe Benefits	7,350,845	7,338,429	7,078,220	7,455,944	6,005,126
Contract Services	2,558,490	2,526,143	2,270,362	2,128,433	1,831,422
Fuel, Lubricants & Tires	3,570,418	1,971,682	1,226,196	1,364,732	1,819,217
Other Materials and Supplies	1,644,730	1,417,533	1,730,303	2,046,332	1,878,558
Schedules	66,013	9,425	39,187	48,869	37,671
Utilities	490,899	433,268	413,894	266,658	228,172
Casualty & liability costs	1,178,546	1,373,547	1,377,644	1,292,501	1,255,679
Miscellaneous	1,373,596	1,045,007	939,242	866,568	1,030,975
Depreciation	<u>6,677,784</u>	<u>6,914,114</u>	<u>5,406,769</u>	<u>5,334,303</u>	<u>4,847,084</u>
Total Operating Expenses	\$37,917,179	\$36,334,497	\$33,112,406	\$34,544,528	\$32,793,569

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPERATING EXPENSES					
Bus Operator's Salaries	\$9,118,101	\$8,798,908	\$8,539,444	\$7,320,508	\$7,726,217
Other Salaries	3,382,347	3,293,439	3,174,410	2,966,754	2,935,299
Fringe Benefits	7,111,484	6,180,026	5,608,374	5,574,810	5,818,556
Contract Services	1,478,957	1,331,301	1,354,986	1,202,593	1,126,763
Fuel, Lubricants & Tires	1,938,186	1,471,026	209,562	1,317,642	1,492,291
Other Materials and Supplies	2,173,141	2,083,205	2,062,627	1,851,690	2,185,105
Schedules	88,084	48,531	72,506	64,062	67,052
Utilities	200,487	226,754	196,783	194,717	192,450
Casualty & liability costs	648,071	703,696	666,600	474,581	255,303
Miscellaneous	1,592,761	1,306,930	742,679	547,298	670,905
- Depreciation	<u>4,867,166</u>	<u>5,010,938</u>	<u>4,969,523</u>	<u>5,203,868</u>	<u>5,171,785</u>
Total Operating Expenses	\$32,598,785	\$ 30,454,754	\$ 27,597,494	\$ 26,718,523	\$ 27,641,726

GOLDEN EMPIRE TRANSIT DISTRICT

FINANCIAL TRENDS SCHEDULE OF OPERATING EXPENSES - PARATRANSIT Previous ten fiscal years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING EXPENSES					
Bus Operator's Salaries	\$2,761,642	\$2,018,620	\$1,882,566	\$1,459,142	\$1,007,056
Other Salaries	549,073	575,560	432,269	311,741	234,163
Fringe Benefits	1,098,997	836,057	718,720	600,177	454,625
Contract Services	146,600	146,935	80,047	126,609	41,550
Fuel, Lubricants & Tires	502,085	759,249	228,878	82,339	105,401
Other Materials and Supplies	130,265	71,776	98,422	96,130	91,150
Utilities	32,861	38,884	30,247		
Casualty & liability costs	60,868	97,490	140,519	138,921	87,182
Miscellaneous	32,601	50,323	114,748	80,223	
Depreciation	<u>781,304</u>	<u>859,780</u>	<u>643,295</u>	<u>393,357</u>	<u>289,403</u>
Total Operating Expenses	\$6,096,296	\$5,454,674	\$4,369,711	\$3,288,639	\$2,310,530

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
OPERATING EXPENSES					
Bus Operator's Salaries	\$1,254,988	\$1,236,923	\$750,464	\$897,840	\$1,005,527
Other Salaries	279,492	277,476	293,973	286,809	281,319
Fringe Benefits	384,583	357,220	342,015	322,900	328,608
Contract Services	39,696	28,782	40,135	56,594	45,868
Fuel, Lubricants & Tires	98,473	100,224	64,161	88,265	81,337
Other Materials and Supplies	72,256	103,495	110,365	31,191	63,741
Utilities					
Casualty & liability costs	61,032	43,949	41,103	43,473	49,593
Miscellaneous					
Depreciation	<u>446,998</u>	<u>408,511</u>	<u>391,251</u>	<u>392,641</u>	<u>341,178</u>
Total Operating Expenses	\$2,637,518	\$2,556,580	\$2,033,466	\$2,119,713	\$2,197,171

Revenue Capacity

GOLDEN EMPIRE TRANSIT DISTRICT

REVENUE CAPACITY

SERVICE CONSUMPTION

Previous ten fiscal years

Fiscal Year	Annual Passenger Miles	Unlinked Passenger Miles	Unlinked Passenger Trips	Unlinked Passenger Trips
	Fixed Routes	Paratransit	Fixed Routes	Paratransit
2023	11,754,703	1,185,123	3,130,678	162,915
2022	10,731,475	593,029	3,094,249	106,797
2021	9,646,095	424,120	2,783,880	78,556
2020	18,066,396	458,150	5,245,726	78,845
2019	21,351,877	390,043	6,196,795	55,655
2018	21,948,633	397,522	6,377,043	58,241
2017	18,501,223	396,101	5,157,702	61,148
2016	19,729,024	443,920	5,457,266	62,660
2015	19,709,902	374,079	5,454,224	54,856
2014	21,841,003	399,801	6,046,195	56,983

Passenger miles: the cumulative sum of all distances by each passenger.

Unlinked Passenger Trips: the number of passengers who board public transportation vehicles.
(Passengers were counted each time they board vehicles regardless of the number of vehicles passengers use).

Source: National Transit Database

**GOLDEN EMPIRE TRANSIT DISTRICT
STATISTICAL SECTION**

REVENUE CAPACITY

**PASSENGER FARES
Effective June 30, 2023**

	2023	2022	2021	2020	2019
FIXED ROUTES					
RIDES:					
Single ride	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65
Reduced Fare Single Ride	\$0.80	\$0.80	\$0.80	\$0.80	\$0.80
Express Single Ride	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
ONE DAY PASSES:					
Day Pass	\$3.55	\$3.55	\$3.55	\$3.55	\$3.55
Reduced Fare Day Pass	\$1.70	\$1.70	\$1.70	\$1.70	\$1.70
Express Day Pass	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
VOLUME DAY PASSES:					
31 Day Pass (31 consecutive days use)	\$57.00	\$45.00	\$45.00	\$45.00	\$45.00
Express 31 Day Pass (31 consecutive days use)	\$75.00	\$60.00	\$60.00	\$60.00	\$60.00
Reduced Fare 31 Day Pass (31 Consecutive days use)	\$28.00	\$22.00	\$22.00	\$22.00	\$22.00
*15 Day Pass (15 consecutive days use)	\$38.00	\$30.00	\$30.00	\$30.00	\$30.00
*Reduced Fare 15 Day Pass (15 consecutive rides for a month)	\$19.00	\$13.75	\$13.75	\$13.75	\$13.75
Summer Youth Pass (18 years old and younger)	N/A	\$20.00	\$20.00	\$20.00	\$20.00

PARATRANSIT (GET-A-Lift)					
Single Ride	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
10 Ride Pass	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00

MICROTRANSIT					
Single Ride 0-3	\$3.00	\$3.00	\$3.50	\$3.50	
Single Ride 3-7 miles	\$5.00	\$5.00			
Single Ride 7-10 Miles	\$7.00	\$7.00			
Single Ride 10+ Miles	\$0.00	\$10.00			
Single Ride 10+ to 12 Miles	\$10.00				
Single Ride 12+ Miles	\$15.00				

	2018	2017	2016	2015	2014
FIXED ROUTES					
RIDES:					
Single ride	\$1.65	\$1.55	\$1.50	\$1.50	\$1.50
Reduced Fare Single Ride	\$0.80	\$0.80	\$0.75	\$0.75	\$0.75
Express Single Ride	\$4.00	\$3.50	\$3.00	\$3.00	\$3.00
ONE DAY PASSES:					
Day Pass	\$3.55	\$3.30	\$3.25	\$3.25	\$3.25
Reduced Fare Day Pass	\$1.70	\$1.70	\$1.65	\$1.65	\$1.65
Express Day Pass	\$8.00	\$7.00	\$6.00	\$6.00	\$6.00
VOLUME DAY PASSES:					
31 Day Pass (31 consecutive days use)	\$45.00	\$42.00	\$40.00	\$40.00	\$40.00
Express 31 Day Pass (31 consecutive days use)	\$60.00	\$57.00	\$55.00	\$55.00	\$55.00
Reduced Fare 31 Day Pass (31 Consecutive days use)	\$22.00	\$21.00	\$20.00	\$20.00	\$20.00
*15 Day Pass (15 consecutive days use)	\$30.00	\$27.00	\$25.00	\$25.00	
*Reduced Fare 15 Day Pass (15 consecutive rides for a month)	\$13.75	\$13.00	\$12.50	\$12.50	
Summer Youth Pass (18 years old and younger)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00

PARATRANSIT (GET-A-Lift)					
Single Ride	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
10 Ride Pass	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00

**GOLDEN EMPIRE TRANSIT DISTRICT
STATISTICAL SECTION**

OPERATIONAL PROFILE

As of June 30, 2023

General Statistics and Service Information

	2023	2022	2021	2020	2019
Service area, in square miles	160	160	160	160	160
Service Population	552,749	510,049	507,007	503,983	500,977
Buses available for fixed route service	98	96	87	90	90
Buses used in fixed route service	52	51	61	69(52 in COVID)	69
Paratransit vehicles available for service	46	48	35	19	19
Paratransit vehicles used in service	38	36	30	16 (12 in COVID)	16
Employees	341	315	329	339	351

	2018	2017	2016	2015	2014
Service area, in square miles	160	160	160	160	160
Service Population	497,989	495,019	492,067	479,501	486,214
Buses available for fixed route service	90	90	88	88	88
Buses used in fixed route service	69	69	69	65	65
Paratransit vehicles available for service	19	19	19	19	19
Paratransit vehicles used in service	16	16	16	16	16
Employees	333	331	334	333	323

Statistical Information

**GOLDEN EMPIRE TRANSIT DISTRICT
STATISTICAL SECTION
OPERATING INFORMATION**

COMPARATIVE 2022 and 2023 OPERATING BUDGETS

	<u>2023</u>	<u>2022</u>	<u>Difference</u>	<u>% Change</u>
<u>REVENUES</u>				
Passenger fares	\$3,176,757	\$4,427,244	(\$1,250,487)	-28.25%
Operating Assistance:				
State Transportation Development Act	\$26,907,176	\$22,810,161	\$4,097,015	17.96%
Federal grants	\$7,509,817	\$6,570,715	\$939,102	14.29%
Interest income	\$90,000	\$90,000	\$0	0.00%
Advertising	\$1,000,000	\$630,000	\$370,000	58.73%
CNG sales and other non-transit revenues	<u>\$1,515,048</u>	<u>\$1,437,050</u>	<u>\$77,998</u>	<u>5.43%</u>
TOTAL REVENUES	<u><u>\$40,198,798</u></u>	<u><u>\$35,965,170</u></u>	<u><u>\$4,233,628</u></u>	<u><u>11.77%</u></u>
<u>EXPENDITURES</u>				
Salaries, wages and fringe benefits	\$28,865,519	\$26,169,691	\$2,695,828	10.30%
Professional, contract and outside services	\$2,798,626	\$2,685,950	\$112,676	4.20%
Insurance and self-insured	\$1,677,934	\$1,429,474	\$248,460	17.38%
Parts, materials and supplies	\$1,839,983	\$1,761,883	\$78,100	4.43%
Fuels, tires and lubricants	\$3,465,955	\$2,676,850	\$789,105	29.48%
Advertising	\$441,000	\$361,300	\$79,700	22.06%
Utilities	\$370,086	\$422,760	(\$52,674)	-12.46%
Schedules, tickets, and ofc. supplies	\$99,000	\$111,000	(\$12,000)	-10.81%
Other operating expenses	<u>\$340,695</u>	<u>\$346,262</u>	<u>(\$5,567)</u>	<u>-1.61%</u>
TOTAL OPERATING EXPENDITURES	<u><u>\$39,898,798</u></u>	<u><u>\$35,965,170</u></u>	<u><u>\$3,933,628</u></u>	<u><u>10.94%</u></u>

**GOLDEN EMPIRE TRANSIT DISTRICT
STATISTICAL SECTION
OPERATING INFORMATION
Funding Sources**

The following section provides a description of the major funding resources used by GETD and their available uses.

Fare Revenue

GETD collects fares from passengers to ride the bus. The current fares are displayed on page 45.

FTA Section 5307

The Federal Transit Administration (FTA) defines Section 5307 program as:

The program (49 U.S.C.) makes Federal resources available to urbanized areas and to Governors for transit capital and operating assistance in urbanized areas for transportation related planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census.

Eligible purposes include planning, engineering design and evaluation of transit projects and other technical transportation-related studies. Also include are capital investment in buses and bus-related activities such as replacement of buses, overhaul of buses, rebuilding of buses, crime prevention, and security equipment and construction of maintenance and passenger facilities and capital investments in new and existing fixed guide way systems including rolling stock, overhaul and rebuilding of vehicles, track signals, communications, and computer hardware and software. All preventive maintenance and some Americans with Disabilities Act complimentary paratransit service costs considered capital costs.

For urbanized areas with 200,000 populations and over, funds are apportioned and flow directly to a designated recipient selected locally to apply for and receive federal funds. For urbanized areas, fewer than 200,000 in population have been designated as transportation management areas and receive apportionments directly.

For urbanized areas with populations of 200,000 or more, operating assistance is not an eligible expense. In these areas, at least one percent of the funding apportioned to each must be used for transit enhancement activities such as historical preservation, landscaping, public art, pedestrian access, bicycle access, and enhanced access for persons with disabilities.

The FTA distributes Section 5307 funds annually based on a formula based on population, density, and transit operating statistics. GETD uses Section 5307 funding apportionments for both capital projects and fleet and facilities preventive maintenance. Transit related capital projects are eligible and may include multi-jurisdictional cooperation. The availability of funds for capital use is subject to local prioritization and project selection at the regional level through the Kern Council of Governments. GETD uses a minimum of 1% of FTA funding for security projects.

FTA COVID Relief Funding

The Federal government, in response to the global COVID pandemic, appropriated funding through various pieces of legislation to provide emergency assistance and health care response for individuals, families and businesses. Public transit and the District in particular were allocated funding pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the American Rescue Plan (ARP). Funding under each of these Acts was provided at a 100-percent Federal share, with no local match required, and was

available to support capital, operating and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19. The District opted to apply funding from each of the Acts to reimburse for operating expenses incurred

Transportation Development ACT (TDA)

The TDA is a dedicated funding source available to public transit, and it is the primary source of GETD operating revenues. The TDA provides two sources of funding for public transportation, the Local Transportation Fund (LTF) and the State Transit Assistance (STA) funding. The STA receives a portion of the state's sales tax on diesel revenues through within the County and apportioned to GETD, however these funds may be available to the State in times of fiscal crisis, and are not as reliable in a declining economy.

The LTF is funded from one quarter of one cent of the six and a quarter cents of Kern County's one percent sales and use tax collected per dollar of retail receipts. The allocated portion for LTF is returned to each county based on the amount of tax dollars collected in that County. The Kern Council of Governments, the regional planning agency, apportions LTF receipts by population to all county claimants.

The STA is funded from the statewide sales tax on diesel fuels. The State allocates these funds based on a complex population and operations formula for each County. The formula allocates 50% of the funds according to population and the remaining to transit operator revenues. GETD uses these funds to balance the annual budget, as STA revenues are eligible for all operating categories.

Congestion Mitigation and Air Quality (CMAQ)

The State apportions Federal CMAQ funding for projects that will contribute to meeting the attainment of national ambient air quality standards for ozone and/or carbon monoxide in Clean Air Act non-attainment areas. The Kern Council of Governments (Kern COG) is responsible to select and prioritize projects for funding. In consultation with the State for this program, GETD uses CMAQ funds for capital and operating projects that support the program goals including the purchase of vehicles that have fewer emissions.

State Transportation Improvement Program (STIP)-Transportation Enhancement (TE)

The State Transportation Improvement Program (STIP) is a multi-year capital improvement program of transportation projects on and off the State Highway System, funded with revenues from the State Highway Account and other funding sources. STIP programming generally occurs every two years. The programming cycle begins with the release of a proposed fund estimate in July of odd-numbered years, followed by California Transportation Commission (CTC) adoption of the fund estimate in August (odd years). The fund estimate serves to identify the amount of new funds available for the programming of transportation projects. After adopting the fund estimate, Caltrans and the regional planning agencies prepare transportation improvement plans for submittal by December 15 (odd years). Caltrans prepares the Interregional Improvement Plan (IIP) and regional agencies prepare Regional Improvement Plans (RIP). Public hearings are held in January (even years) in both northern and southern California. The STIP is adopted by the CTC by April (even years). Transportation Enhancement (TE) projects are a subset of the STIP and are programmed as regional project enhancements for roadway segments including improved pedestrian facilities and aesthetic improvements.

Proposition 1B

In November 2006, California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion of state general obligation bonds for specified purposes. GETD receives funding for capital projects under two of these categories: The Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security, and Disaster Response Account (TSSSDRA).

Bus Advertising

GETD currently provides advertising displays on its revenue vehicles and its transit facilities and is compensated for such service by its advertising customers. This service is performed by District staff and represents an enhanced revenue source as compared to the use of a third party contractor that the District employed in prior fiscal years.

Other

GETD is pursuing optional funding sources that would assist with operating or capital improvements. GETD will continue to pursue Public/Private Partnership (PPP) and sponsorships for specific operations assistance. Examples of this include maintaining agreements with school districts, secondary education districts, and local governments to develop agreements for service and purchase of discounted monthly passes for retail sale to the public. GETD anticipates expanding PPP opportunities to fully fund specific public transportation support services in downtown Bakersfield.

Compliance Reports

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

To the Board of Directors of the
Golden Empire Transit District
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Golden Empire Transit District (the District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 the District'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 the District'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 District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, others within the District, and the grant oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 3, 2023

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

To the Board of Directors of the
Golden Empire Transit District
Bakersfield, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Golden Empire Transit District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2023. The District'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, the District 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 fiscal year ended June 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibility 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 the District 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 of our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibility 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 District's major 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 the District'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 auditing standards generally accepted in the United States of America, *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 judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 the District'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 the District'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 the District'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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 3, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH THE STATUTES, RULES, AND REGULATIONS OF THE
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT AND THE ALLOCATION
INSTRUCTIONS AND RESOLUTIONS OF THE TRANSPORTATION COMMISSION**

To the Board of Directors of the
Golden Empire Transit District
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Golden Empire Transit District (the District) as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated November 3, 2023.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations made and expenditures paid by the District were made in accordance with the allocation instructions and resolutions of the Transportation Commission, and in conformance with the statutes, rules, and regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Transportation Commission. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6666 and 6667 that are applicable to the District. In connection with our audit, nothing came to our attention that caused us to believe the District failed to comply with the statutes, rules, and regulations of the California Transportation Development Act and the allocation instructions and resolutions of the Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Also as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

Other Matters

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State of California as instructed by statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Program. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal year ended June 30, 2023, the District applied for and received \$1,447,130, from the State's PTMISEA account. Interest was accrued for \$2,170 during the fiscal year ended June 30, 2023. As of June 30, 2023, PTMISEA funds received and expended were verified in the course of our audit as follows:

Schedule of PTMISEA Proposition 1B Funds For the Year Ended June 30, 2023	
Description	Amount
Balance - Beginning of Year	\$ 417,795
Revenue:	
Receipts Deposited	1,447,130
Interest Accrued through June 30, 2023	2,170
Expenses:	
PTMISEA Related Expenses	(442,195)
Balance - End of Year	<u>\$ 1,424,900</u>
Reconciliation to the Financial Statements	Amount
Advances on Grants:	
PTMISEA Proposition 1B Funds	\$ 1,424,900
Other Advances on Grants	6,398,444
Total Advances on Grants	<u>\$ 7,823,344</u>

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

Purpose of this Report

The purpose of this report is solely to describe the scope of our internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

The report is intended for the information of management, the Board of Directors, the State Controller's Office, the U.S. Department of Transportation, and officials of applicable grantor agencies. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 3, 2023

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Directors of the
Golden Empire Transit District
Bakersfield, California

Report on Compliance with Transportation Development Act Requirements

We have audited the Golden Empire Transit District's (the District) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Transportation Commission as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2023.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the District's compliance requirements referred to in Section 6667, which requires that for a transit claimant, the independent auditor will perform at least the following tasks:

- (a) Determine whether the claimant was an entity eligible to receive the funds allocated to it,
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234,
- (c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; and Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000,
- (d) Determine whether the funds received by the claimants pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions,
- (e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA, were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6,
- (f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2,
- (g) Verify the amount of the claimant's actual fare revenues for the fiscal year,
- (h) Verify the amount of the claimant's actual local support for the fiscal year,

- (i) Verify the amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649,
- (j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1,
- (k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273,
- (l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251,
- (m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7, and
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

Report on Public Transportation Modernization, Improvement, and Service Enhancement Account

Also, as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA).

Additionally, Section 8879.23 (h) directs that \$1 billion dollars be deposited in the Transit System Safety, Security, and Disaster Response Account. This section further directs that \$100 million dollars be made available upon appropriation by the legislature to entities for eligible transit system safety, security, and disaster response projects (Office of Homeland Security (OHS)). These funds are available to the California Department of Transportation for intercity rail projects and to transit operations in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

As of June 30, 2023, all Proposition 1B funds received and expended were verified in the course of our audit as follows:

Schedule of PTMISEA Proposition 1B Funds For the Year Ended June 30, 2023	
Description	Amount
Balance - Beginning of Year	\$ 417,795
Revenue:	
Receipts Deposited	1,447,130
Interest Accrued through June 30, 2023	2,170
Expenses:	
PTMISEA Related Expenses	(442,195)
Balance - End of Year	\$ 1,424,900
Reconciliation to the Financial Statements	Amount
Advances on Grants:	
PTMISEA Proposition 1B Funds	\$ 1,424,900
Other Advances on Grants	6,398,444
Total Advances on Grants	\$ 7,823,344

Opinion on Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the District for the year ended June 30, 2023.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 3, 2023

**GOLDEN EMPIRE TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of major programs:

Federal Transit Cluster – Assistance Listing #20.526	Buses and Bus Facilities, Formula, Competitive, and Low or No Emissions Programs
Federal Transit Cluster – Assistance Listing #20.500	Federal Transit Capital Investment Grants
Federal Transit Cluster – Assistance Listing #20.507	Federal Transit Formula Grants

Dollar threshold used to distinguish between Type A and Type B? \$750,000

Auditee qualified as low-risk auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

There were no prior year findings.