Comprehensive Annual Financial Report

For the Fiscal Years ended June 30, 2016 and 2015

Antelope Valley Transit Authority • Lancaster, California

AVTA
Antelope Valley Transit Authority

ANTELOPE VALLEY TRANSIT AUTHORITY

LANCASTER, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

PREPARED BY THE AVTA FINANCE DEPARTMENT

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INTRODUCTORY SECTION

Antelope Valley Transit Authority

November 22, 2016

Honorable Chair and
Members of the Board of Directors:

California Government Code sections 25250 and 25253 require that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report for the Antelope Valley Transit Authority (Authority or AVTA) is published in fulfillment of that requirement for the fiscal year which ended June 30, 2016.

The Comprehensive Annual Financial Report (CAFR) is an important management tool. It enables AVTA officials, governmental funding providers, vendors and other interested parties to make sound financial decisions. This report provides an independently audited account of the financial condition of the Authority. The financial statements, supplemental schedules and statistical information are the representations of AVTA's management; consequently, management assumes full responsibility for their accuracy, completeness and fairness. To provide a reasonable basis for making these representations, management has established comprehensive internal control policies designed both to protect the Authority's assets from loss, theft or misuse, and to ensure the preservation of reliable information for the preparation of the Authority's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not exceed anticipated benefits, AVTA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. The Antelope Valley Transit Authority uses the accrual basis of accounting, and is treated as a single enterprise fund.

Windes Inc., Certified Public Accountants, audited Antelope Valley Transit Authority's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of AVTA for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles, policies and principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that AVTA's financial statements for the fiscal year ending June 30, 2016 are fairly presented in conformity with GAAP. All disclosures necessary to enable the reader to gain an understanding of AVTA's financial affairs have been included. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

The independent audit of the financial statements of AVTA was part of a broader, federally mandated "Single Audit" designed to meet the special requirements of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements in accordance with GAAP, but also on the Authority's internal control and compliance with legal requirements involving the administration of federal awards in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The independent auditor concluded that AVTA complied in all material respects with the internal control and compliance requirements, and was free of any adverse findings. These reports are available in AVTA's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Antelope Valley Transit Authority's MD&A can be found immediately following the report of the independent auditors in the Financial Section of the report.

Profile of the Antelope Valley Transit Authority

The Antelope Valley Transit Authority (AVTA) is located in the Antelope Valley of Southern California, approximately 70 miles north of Los Angeles. Its principal office and facility for its active fleet of 75 buses is in the City of Lancaster. AVTA was formed to provide and administer public transportation services for the citizens of Lancaster, Palmdale and the unincorporated sections of the County of Los Angeles located within the Antelope Valley area. The Greater Antelope Valley area encompasses over 3,000 square miles and includes both Northern Los Angeles County and Eastern Kern County and is home to approximately 500,000 residents. The Antelope Valley provides a thriving environment for economic growth and offers a wide range of benefits to businesses seeking to relocate or expand their operations.

Services

The AVTA provides the following transportation services:

Local Fixed Route – There are 12 local fixed routes and 2 supplemental routes that coordinate with school schedules. In FY 2016, the farebox recovery ratio was 15.2% for local transit fixed route service. AVTA served 2.7 million local transit passengers, a decrease of 12.9% from FY2015.

Commuter – AVTA provides commuter service from the Antelope Valley to downtown Los Angeles, West Los Angeles/Century City and the San Fernando Valley. In the current year, the farebox recovery ratio for commuter services was 75.2%. AVTA provided services to approximately 289,000 riders, a decrease of 3.4% from FY2015.

North County TRANSporter – This specialized commuter service provides connecting bus service to the Metrolink train schedule between the Antelope and Santa Clarita Valleys. Inaugural service commenced in August 2012, and provided services to approximately 31,000 riders during FY2016, a decrease of 22.7% from FY2015.

Dial-A-Ride – Supplemental demand response service is provided by AVTA to Antelope Valley Residents. The service was provided by IntelliRide, a division of Transdev Corporation. In FY2016, the farebox recovery ratio was 5.1%, a decrease of 8.4% from FY2015. The contract calls for a maximum of 33,000 trips for each calendar year; the introduction of pooling resulted in approximately 42,000 rides that took place for FY2016, an increase of 31.1% in ridership over FY2015.

Service Changes – The AVTA Operations staff continuously analyzes routes to address issues of passenger loading, frequency, on-time performance, local detours and other factors in an attempt to maximize service. Standardized service changes are developed and presented to the Board of Directors for their review and approval every six months.

Reporting Entity

The Antelope Valley Transit Authority (AVTA, Authority), a public entity, was created on July 1, 1992 pursuant to Section 6506 of the Government Code of the State of California. AVTA was formed under a Joint Exercise of Powers Agreement (JPA). Its members consist of the County of Los Angeles and the cities of Lancaster and Palmdale. The JPA members jointly contribute operating and capital funds to AVTA each year to assist in the provision of transit services to the Antelope Valley area.

AVTA is governed by a six-member Board of Directors with governance responsibilities over all related activities. The Board is comprised of two directors from each jurisdiction. An Executive Director manages the day to day operations and implements Board policy in accordance with the duties specified in California Government Code and the Joint Powers Authority Agreement.

AVTA's total service area covers 1,200 square miles and is bounded by the Kern County line to the north, the San Bernardino County line to the east, the Angeles National Forest to the south, and Interstate 5 to the West.

Economic Outlook

State and Regional Economy

AVTA used the information presented in the 2016-2017 Economic Forecast and Industry Outlook report, prepared by the Kyser Center for Economic Research of the Los Angeles County Economic Development Corporation (LAEDC). The Forecast is a widely recognized source for economic information and analysis, ranging from the worldview to the regional economy of Los Angeles County.

The California State economy is doing well. Unemployment averaged 6.2% in 2015, and is expected to decline to 5.5% through 2016. Labor market improvement will drive increases in taxable sales of 4.5% and personal income of 5.5% in 2016, with the trend expected to continue through 2017.

California has also made progress fiscally, as the state's finances have stabilized after enduring years of deficits. The General Fund is expected to have a surplus for the third consecutive year. While California's bond rating remains in the bottom three among the states (only New Jersey and Illinois are lower) the rating itself has improved, which will save the General Fund millions in borrowing costs. Governor Brown's FY2016-17 Budget plans on an ending cash reserve balance of $10.2 billion by the end of the fiscal year, while increasing spending on infrastructure and education. Brown has also made a point of planning ahead of time for the next economic downturn, with sufficient resources to protect the progress California has made in the past few years.

California continues to deal with several problems that have proven difficult to solve. The unfunded liability of state retiree health costs (at nearly $75 billion) remains. The shortage of affordable housing common to large metro areas continues, and is especially acute in areas experiencing the fastest growth in jobs. Many of the state's inland and more rural areas have not experienced the same economic growth rates as large metropolitan and coastal areas. California's poverty rate remains very high at 16.4%. Most relevant to the Authority is the uncertainty how much the Legislature will budget to fund critical and long deferred infrastructure and maintenance projects.

California continues to add jobs at a faster pace than the nation as a whole. The economy is growing faster than the nation as well, at 3.9 %, and accounts for 13% of the entire US Gross Domestic Product, by far the biggest of any state. California's GDP is expected to increase by 3.1% by the end of 2016.

California is overcoming the belief that it is unfriendly to business; the state received $33.5 billion of tax revenues in 2015 and is expected to increase this total in 2016. The figure is higher than all other states combined. California is considered to be a world leader in technology, aerospace, life sciences, entertainment, tourism and agriculture. Silicon Valley leads the world in technology innovation; San Diego leads in biotechnology and pharmaceutical research, and Los Angeles ranks third in the world behind New York City and London as a preferred city for foreign real estate investment.

The five largest metro areas in California accounted for over 60% of the increase. Los Angeles added 94,700 jobs, the largest number of any metro area. This equated to a growth rate of 2.2%. Silicon Valley (San Jose MSA) generated jobs at the fastest pace (5.4%), followed by Riverside-San Bernardino (3.8%). Elsewhere in Southern California, Orange County nonfarm employment increased by 3.2% over the year; San Diego County followed with a rate of 3.0%, while in Ventura County, nonfarm employment grew by 1.6%.

Over the course of last year, nearly every major industry sector in the state added jobs. The largest gains occurred in professional, scientific and technical services (74,100 jobs); leisure and hospitality (70,700); healthcare and social assistance (63,600); administrative, support and waste services (48,700); and construction (46,700). These five industries accounted for 65% of total job gains for the year. In percentage terms, construction added jobs at the fastest rate (6.9%), followed by professional, scientific and technical services (6.2%). Administrative, support and waste services added jobs at a rate of 4.8%, while leisure and hospitality employment expanded by 4.0%. The only two industries to post declines in 2015 were nondurable goods manufacturing (down by 1.2%, or 5,700 jobs) and natural resources (down by 6.2% or 2,000 jobs). The decline in natural resources was due primarily to a pullback in energy sector investment resulting from low energy prices.

Most regions of California have regained all of the employment lost during the recession, or are close to doing so. The next step is to expand the benefits of the state's economic growth to more of its population. To accomplish this, more skilled workers are needed, increasing college enrollment and completion rates, upgrading the states infrastructure and the continued management of the state's precious water resources and finances.

With over 10 million residents in 88 cities spread across 4,100 square miles, Los Angeles County's population exceeds that of 43 states. If it were a country, it would be the twentieth largest economy in the world. In addition to its signature industries—entertainment, tourism and fashion—its enormous and diversified economy is home to the largest port complex in the Western Hemisphere and the largest number of manufacturing jobs of any county in the country. Other major industries include health care, education and knowledge creation and business services.

The county added 94,700 jobs in 2015, equivalent to a 2.2% annual increase. A majority of the county's major industries added jobs last year, as broad-based growth pushed wage and salary jobs to a record high. Los Angeles County should continue to add jobs at a 1.7% annual rate this year, followed by a 1.0% annual rate in 2017. Along with job growth, the unemployment rate fell to 6.9%, the lowest rate of the post-recession period. The unemployment rate should further improve to 6.2% this year and 5.9% in 2017.

Total personal income increased by 4.5% in 2015, and is expected to maintain its trajectory this year with anticipated gains of 4.4%, followed by a gain of 5.3% in 2017. Now that the economy is back to full employment, upward pressure on wages, a strong dollar, and weak inflation may lead to significant gains in household purchasing power this year. Per capita income growth, which held relatively steady with a 3.6% gain in 2015, should respond to accelerating wage growth to rebound to 3.9% this year and accelerate to 4.9% in 2017. Local sales and use tax revenues are expected to climb, putting local government agencies on a sounder financial footing.

Population growth is expected to slow slightly this year and next, with the rate of growth at approximately 0.6% this year and 0.4% in 2017. Even at such low growth rates, the county will increase by over 100,000 residents during that time period. Most of the recent population growth in Los Angeles County has been due to natural increase (births outnumbering deaths), while net migration was slightly negative again last year. The county's high cost of living and lack of affordable housing units for low and middle-income households are contributing to the slowdown in population growth.

Like most other parts of the state, the housing market in Los Angeles County improved in 2016. The median sales price for a home was $485,980, a 7.8% increase over 2015's median price of $450,960. Moreover, home sales were up 6.2% compared with a year earlier. New home construction finally accelerated in 2016 and should continue to grow, although at lower rates, both this year and next.

The Greater Antelope Valley Economy

The 2016 Economic Roundtable Report prepared by the Greater Antelope Valley Economic Alliance (GAVEA) provides valuable information for businesses and organizations in the Antelope Valley in their efforts to attract, retain and grow business. AVTA is a member of GAVEA.

The Locale

The Antelope Valley connects with the Los Angeles Metropolitan Area via State Highway 14 about 60 miles to the north, and is located near the border of Los Angeles County and Kern County to the immediate north. This modern freeway climbs to an elevation of 2,500 feet, where the Antelope Valley begins. State Highway 138 links the Inland Empire and California's Central Valley, providing an ideal location for businesses seeking to access both Southern and Central California. The region consists of five cities: Lancaster, Palmdale, Ridgecrest, Tehachapi, and California City. The area is served by Los Angeles County's Metrolink train service, daily local transit and commuter bus services and a number of private transportation companies.

Economically, the 'Great Recession' that started in 2008 occurred as a result of the decline in defense spending and the associated contraction of the Aerospace Industry. Additionally, the Antelope Valley was profoundly affected by the subprime mortgage crisis as the foreclosure wave hit and home prices collapsed. Related tax revenue on housing sales in particular and other sales tax revenue both decreased. The ongoing drought and the drop in oil prices added significantly to the slowing of the region's economy.

The good news is that the Antelope Valley continues to mirror the same recovery that the State of California is experiencing, and through 2015 and into 2016, the state continues to lead the US with the fastest growth in the country. Home prices have been increasing, showing 95 through 2015 and continuing through 2016. Unemployment is dropping and taxable sales in the Valley have increased at robust 5% pace. Population continues to grow at a just under 1%; job growth in the region is just over 2%. While general construction remains soft, the continued decrease in housing affordability will in all likelihood create a surge in local housing demand in the next few years.

Also making a most welcome return is the growth of the Antelope Valley's most traditional industry, aerospace. Long a staple of the area, it is less about historical test flights and bold pilots, and more about the cutting edge combination of materials science and state of the art computers. In Mojave, Microsoft's Paul Allen is building one of the biggest planes ever for launching satellites into space. Palmdale's Northrop Grumman has won the contract to build the B-21, the US Air Force's next Stealth Bomber. Ongoing projects to redesign major weapons and flight systems are being conducted by NASA, the States Air Force and the Navy.

The resurgence of aerospace requires massive supporting R&D activity and high tech supply chains, which will bring in a new wave of suppliers and subcontractors. These high tech firms will bring highly skilled employees; if the wave is sustained enough, it could result in the area becoming a high tech hub, with all the associated benefits, such has more new jobs housing starts, investment in infrastructure, roads, information flows via fiber optics. Regional development should include marketing for entrepreneurs and planning for financing and venture capital inflows.

As the workers mentioned above start their influx into the Antelope Valley, improving local school districts, additional entertainment and high end housing will be developed out of the natural assets of the High Desert.

The average income for a household in the Antelope Valley at mid-year 2015 was $66,075, about 22.0% lower the California State average of $84,669. The Antelope Valley is a recognized leader in the aerospace industry; Northrup Grumman, Lockheed Martin and Boeing all have significant presences at Palmdale's Air Force Plant 42 and at Edwards Air Force Base, about 40 miles to the northeast in southern Kern County. The Antelope Valley continues to benefit from the ongoing surge in renewable energy; the City of Lancaster has started selling power to its citizens with its new Lancaster Choice Energy program an alternative choice to Southern California Edison.

The Antelope Valley continues to show its prominence in transportation in Southern California. In May 2016, AVTA signed a contract with electric bus manufacturer BYD to eventually order 3 different bus styles to replace its fleet over time; they include local transit models in 40' and 60-foot articulated versions, and a 45' commuter model, with the capability to do a round trip from Lancaster to Downtown Los Angeles and back.

Two interregional projects taking place in the Antelope Valley include California High Speed Rail (HSR) and the High Desert Corridor. The HSR Project will provide travel between Los Angeles and San Francisco at speeds exceeding 200 miles per hour. Extensions to Sacramento and San Diego are planned in later phases, totaling over 800 miles. Construction continues in the San Joaquin Valley. The proposed High Desert Corridor project would provide a multi-purpose, multi-modal transportation route from State Route 14 to Interstate 5 to the west, and to Interstate 15 in San Bernardino County to the east. Measure M, introduced by the Los Angeles Metropolitan Transportation Authority requests and directs new sales taxes towards these projects, although the bill's language delays implementation for the western leg of the route for approximately 30 years. Changes in funding and project priorities may accelerate these projects, but detail are not now known.

Population Growth

GAVEA's 2015 population forecast is projecting that the Antelope Valley population will grow approximately 21% in the next 5 years and by 43% between 2016 and 2035, as shown in the table below:

Figure 1 – Antelope Valley Population Forecast

	2016	2020	2035
Lancaster	200,791	211,266	201,310
Palmdale	181,139	190,534	206,143
Greater California City	17,128	15,432	39,641
Greater Ridgecrest	33,515	34,108	41,737
Greater Rosamond/Edwards/Mojave	23,107	31,805	40,245
Greater Tehachapi	36,883	38,816	57,632
Unincorporated L.A. County/Other	46,226	42,094	172,173
Total Antelope Valley	**538,789**	**564,055**	**758,881**

Funding

Since July 2012 and through December 2014, public transit's primary funding program had been MAP-21 (Moving Ahead for Progress in the 21st Century Act), a two-year funding authorization bill that funded $10.5 billion in transportation programs for federal fiscal years 2013 and 2014. AVTA receives the majority of its federal funding from MAP-21 via the Federal Transit Administration's Section 5307 Urbanized Area Formula Grants Program, supported by a variety of state and local sources.

Through 2015, Congress had not passed an infrastructure measure that lasted longer than two years since 2005, due to a chronic shortfall in funding, estimated at $16 billion annually. There was some concern about the relatively short funding life of MAP-21, since the two-year program formally ended in September 2014. The surface transportation funding authorizations and policies of MAP-21 have been extended numerous times; the latest extension ended December 2015.

FAST Act

On December 4, 2015, President Obama signed the Fixing America's Surface Transportation ACT (FAST). FAST reauthorized surface transportation programs through Federal Fiscal Year 2020.

Highlights

Bus and Bus Facilities - 5339 Funding for Bus and Bus Facilities added an additional $268 million over 2015 levels, for a total of $696 million for FY16. Of that amount, $55 million has been designated for Low-or No-Emission (LoNo) Bus Deployment projects. Also included in the Bus and Bus Facilities program is a new pilot program for Cost-Effective Capital Investment, which encourages states to share bus funding resources among a partnership of recipients.

Procurement – The FAST Act changed purchasing procedures to offer more purchasing options for public transportation systems of varying sizes. Multistate purchase authority allows nonprofit organizations to enter into cooperative acquisition agreements. Transit agencies can lease equipment or facilities such as lo- or no- emission components. Finally, the Act established a Joint Procurement Clearinghouse to allow grantees to co-purchase rolling stock within a system that helps them identify procurement partners.

Buy America – The ACT increases the domestic percentage content requirements for Buy America through periodic increases. By 2020, the Buy America requirement will total 70 percent.

Access and Mobility – Under the ACT, FTA will distribute funding under a pilot program to improve services that link with non-emergent medical care. Funding for organizations that focus on coordinated transportation. Funding begins at $2 million in FY16 and tops out at $3.5 million in FY19 and FY20.

Research – FTA's research programs now includes a Low-or No- Emission Vehicle component testing program, funded at $3 million per year.

AVTA receives FTA 5307 Formula Funds, 5337 State of Good Repair funds and 5339 Bus and Bus Facility funds. The Authority will also seek funding under 5310 Enhanced Mobility for Seniors and Individuals with Disabilities as part of its considered expansion of Demand–Response Program.

AVTA continuously routinely applies for a variety of additional funding through the Federal government including Transportation Investment Generating Economic Investment (TIGER) Grants, New Ladders of Opportunities Grants, Low- and No-Emissions Grants (LoNo).

The State of California has also provided transportation funding opportunities; AVTA applies for relevant programs as details and requirements are published. In June 2015, AVTA was notified of an award for $24.4 million grant from the California State Transportation Agency (CalSTA) for its Transit and Intercity Rail Capital Program (TICRP). With AVTA's matching funds of $14.9 million, the $39.3 million will be spent on the Authority's proposed Regional Transit Interconnectivity & Environmental Sustainability Project, which will exchange diesel transit buses for 29 electric buses. Sixteen of these buses will be newly developed electric 60' articulated models that will carry more passengers and increase the frequencies for AVTA's busiest routes. The 13 remaining buses will be electric commuter models for the Authority's service to the LA Basin; the charging technology in these units will allow them to complete their 150 mile round trip routes on one charge.

In August 2016, CalSTA awarded AVTA $6.9 million in the second award of TIRCP Funds; with matching funds, the $9.1 million project will add 10 additional 40' electric local transit buses and 10 electric commuter vehicles as part of its partnership with Green Power to provide electric vehicles for on-peak commuter pools and off-peak, on-demand vehicles to the public.

As AVTA prepares its budget for the upcoming 2018 fiscal year, the prevailing economic conditions will be factored into the process. New funding sources and cost savings are a constant consideration while striving to maintain exceptional transit services in the most efficient and effective manner.

Major Initiatives in 2016

2016 Annual Budget Process

Beginning in December 2015, AVTA management developed its Staffing, Operating, Capital and Short Range Transit Plans, which together comprised the Fiscal Year 2016 Business Plan. The Plan emphasizes the Authority's commitment to new transit projects and improved services for its ridership. The final Business Plan was presented to the Board of Directors for their review and adoption during the May 2016 Board Meeting.

Strategic Planning

The Fiscal Year 2016 Business Plan focused on goals by operating department, including Executive Services, Operations and Maintenance, Finance and Customer Service. Functional accomplishments for FY16 and goals for FY17 are included in this section.

System-wide accomplishments for the fiscal year ending June 30, 2016 include the following:

FY16 Accomplishments

EXECUTIVE SERVICES

- Initiated a Rider Relief Transportation Program to help reduce the cost of public transportation for eligible riders
- In partnership with the Antelope Valley Air Quality Management Board, the City of Lancaster and Los Angeles County, AVTA inaugurated the Senior Annual Pass Program
- AVTA was supported by its Board of Directors in establishing a goal to operate a 100% electric Bus Fleet by 2018
- AVTA was awarded a $24.4 million Grant from the Transit and Intercity Rail Capital Program from the California Transportation Agency
- AVTA received the 2016 Sustainability Award for Excellence in Green Region Initiative by the Southern California Association of Governments
- Executive Director Len Engel was named to the American Public Transit Association's Small Operators Committee, and serves on the Executive Committee of the California Transit Association

OPERATIONS & MAINTENANCE

- Initiated a Fare Increase program as of September 1, 2015
- Took delivery of 3 Gillig clean diesel local transit buses. These buses are the final diesel local transit replacements
- Took delivery of 5 MCI commuter coaches, including 2 expansion buses funded by the JARC Commuter Expansion Program. These coaches are the final diesel commuter replacements

- Initiated construction of Inductive Charging at Lancaster City Park and Palmdale Transportation Center

FINANCE

- Completed the FY15 CAFR with an unmodified ("clean") opinion, and the Single Audit Report with no findings or questioned costs
- Installed PowerPlan software to enhance budgeting and reporting efforts
- Created a model to predict fleet electricity usage for Lancaster Choice Energy
- Completed change of primary banking relationship to Union Bank
- Commenced the Money Room security and environmental upgrade project

MARKETING AND CUSTOMER SERVICE

- Developed a marketing campaign that supports the electric bus fleet conversion project and encourages community support
- Successfully implemented a new fare structure after a comprehensive Fare Study and community outreach effort
- Improved the Rider Relief and inaugurated the Senior Annual Pass Programs in the Antelope Valley
- Developed the Senior Annual Pass Program
- Developed the new livery for the electric bus fleet
- Met the Customer Service telephone hold target maximum of 1 minute

Financial Health and Operational Performance

AVTA produced a budget surplus of $908,000 for the year, continuing to improve its financial health with the intention of producing audited financial statements issued with clean, unmodified opinions for the fifth consecutive year.

Staff set key operational performance indicator goals that were tied to the FY 2016 Business Plan goals, and reported the results to the Board of Directors on a quarterly basis. Six of the nine established operational goals were met; one goal, Schedule Adherence finished at 95%, just 1% below the target of 96%.

Noted Accomplishments

AVTA took possession of 2 MCI Commuter Buses as part of the Job Access Reverse Commute (JARC) Commuter Expansion Grant. Management received the approval of the Board of Directors to execute a contract to purchase up to 85 BYD Electric Local Transit Buses. Infrastructure for charging buses is underway as of the end of FY16; projects include in-route inductive charging and a state of art the depot charging facility at AVTA's Lancaster Headquarters.

Fiscal Year 2017 Initiatives

The goals approved by the Board of Directors for FY17 are presented by operating department and are as follows:

EXECUTIVE SERVICES

- Continue AVTA primary strategic goal, the electrification of its bus fleet
- Continue the principle strategy of acquiring funding through aggressive state and federal advocacy efforts. Working grant applications, or those planned for future application, include:
    - California Air Resources Board (ARB) (FY17 round)
    - California Transportation Agency (CALSTA) Transit and Intercity Rail Capital Program (TIRCP) (FY16 round)
    - Low Carbon Transit Operations Program (LCTOP) (FY16)
    - Low or No Emission Vehicle Deployment Program (LoNo) (FY16)
    - Transportation Investment Generating Economic Recovery (TIGER) (FY16)
- Operationalize inductive charging capabilities at Lancaster City Park and Palmdale Transportation Center
- Conclude the architectural and engineering planning and begin construction of the charging infrastructure necessary to keep pace with the acquisition of battery electric buses.
- Start construction of depot charging capabilities at AVTA's facilities; operationalize depot charging as battery electric buses arrive as diesel fleet replacements.

OPERATIONS & MAINTENANCE

- Take delivery and place into service (13) 60' articulated battery electric local transit buses
- Take delivery and place into service (16) 45' battery electric commuter service coaches
- Complete integration of inductive charging facilities into regular bus operations
- Implement the June 2016 Service Changes as approved by the Board of the Directors

FINANCE

- Complete the FY16 CAFR with an unmodified opinion, and the Single Audit Report with no findings; qualify for the fourth consecutive Government Finance Officers Association Award of Excellence in Financial Reporting
- Update cash flow models for long term fleet acquisition and replacement efforts
- Enhance Management involvement and value of monthly budget to actual reporting
- Complete the Money Room equipment and environmental upgrade project

OUTREACH AND CUSTOMER SERVICE

- Host a ribbon cutting ceremonies for the inauguration of inductive charging capability at Lancaster City Park and the Palmdale Transportation Center
- Train customer service representatives to use the TAP database to investigate passenger issues
- Coordinate a safety and security education program between the Sheriff's Department and Transdev operators to ensure preparedness
- Create a comprehensive marketing plan for FY16/17
- Orchestrate media events to support all milestone achievements associated with the Electric Bus Fleet Conversion Project

Fiscal 2017 Budget Summary

During the May 2016 Board Meeting, the AVTA Board of Directors approved a balanced Fiscal Year 2017 operating budget of $25.1 million and a capital budget of $34.9 million. By far the biggest capital commitment in AVTA's history, the bulk of the funds are a $24.4 million grant from the California State Transportation Agency (CalSTA) for the Agency's Transit and Intercity Rail Capital Project (TIRCP). TIRCP was created to provide grant funding from the Greenhouse Gas Reduction Fund for operation plans and modernize transit systems while reducing greenhouse gas emissions.

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Board of Directors

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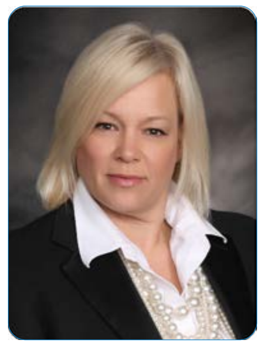
Marvin Crist
City of Lancaster

Director
Angela Underwood-Jacobs
City of Lancaster

Vice Chair
Dianne Knippel
County of Los Angeles



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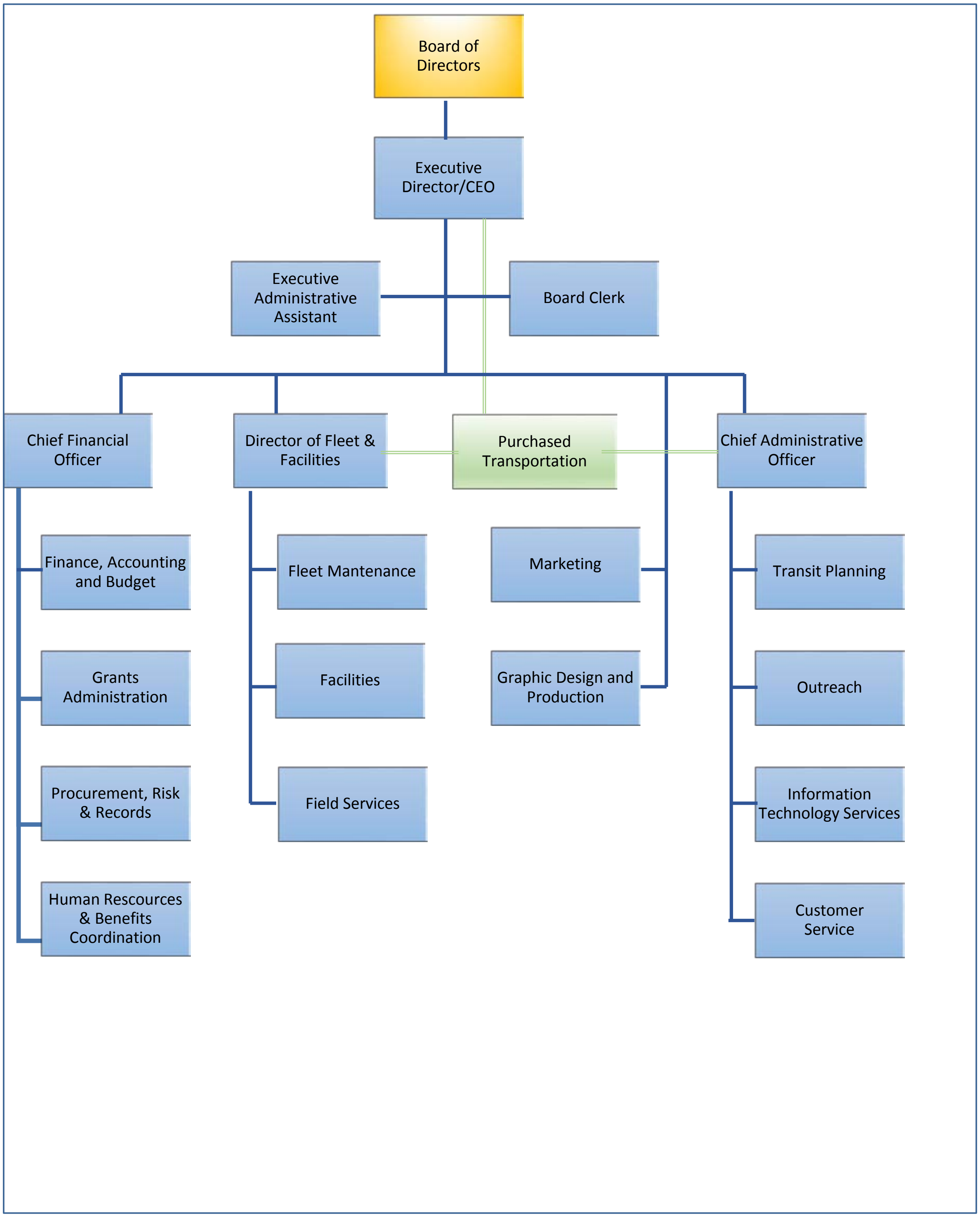
Michelle Flanagan
County of Los Angeles

Director
Steven D. Hofbauer
City of Palmdale

Director
Fred Thompson
City of Palmdale

Executive Director
Len Engel
Antelope Valley Transit Authority

Organizational Chart



Financial Information

Accounting Systems and Budgetary Control

In developing AVTA's accounting system, consideration was given to the adequacy of internal accounting controls that are designed to provide reasonable, but not absolute, assurance in connection with 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records to be used for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurances recognizes that 1) the cost of control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgments by management.

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

AVTA maintains budgetary controls to ensure compliance with the provisions embodied in the annual budget approved by the Board of Directors. In accordance with the Joint Powers Agreement, the Executive Director is authorized to transfer budgeted amounts within and between funds as deemed necessary in order to meet the Authority's needs; any revisions that exceed the approved budget are formally authorized by the Board of Directors.

Long-Term Financial Planning and Major Initiatives

AVTA maintains a 5-Year Capital Improvement Plan to ensure that its facilities, equipment and infrastructure are well maintained and operating in peak condition. This approach gives the Authority the ability to plan for its capital needs and budget resources accordingly.

AVTA's major capital acquisitions for FY 2016 include the re-tasked total Fleet Replacement Program to acquire electric buses, and multi-year projects to build charging infrastructure, both on the Authority's facilities and with cutting-edge inductive charging along its routes. Also planned are purchases of major bus components for both diesel and electric buses; costs for midlife refurbishment and rebuilding of diesel buses (continued during electric fleet conversion); support vehicles; Regional Partnership Project, the continuation of a long-term program that funds transit-related projects and improvements in the Authority's service area; maintenance tools and equipment; communications and computer equipment; and bus and bus stop security.

The results of the Fare Study and the Comprehensive Operational Analysis/ "Route to Success", were launched at the same time. The results provided valuable decision-making data for many ongoing issues, such as the electric bus deployment and the consideration of the Bus Rapid Transit Project that would serve the high-density ridership corridor between the cities of

Palmdale and Lancaster. The final recommendations was presented to the Board of Directors in January 2015. After many years of having a fixed fare schedule, the Board of Directors approved a rate increase which went into effect on September 1, 2015. It is anticipated that this will improve the farebox recovery and fare revenue during FY 2016.

Awards and Acknowledgements

AVTA's Executive Director and CEO Len Engel was named the 2016 Chief Executive of the Year by the California Transit Association.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Antelope Valley Transit Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015, for the fourth consecutive year.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the professional and dedicated services of the Finance Department staff. Thanks to Norm Hickling, Chief Administrative Officer, and Mark Perry, Director of Fleet and Facilities for their technical advice and assistance. Special thanks to Executive Director and Chief Executive Officer Len Engel for his transit acumen and insightful leadership. Thanks to the Board of Directors for their continuing support in maintaining the highest standards in the management of AVTA's finances. Finally, we acknowledge the partnership, resources and professional guidance of Windes, Inc., Certified Public Accountants.

Colby Konisek
Chief Financial Officer
Antelope Valley Transit Authority

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Antelope Valley Transit Authority

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Antelope Valley Transit Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Antelope Valley Transit Authority (AVTA), which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antelope Valley Transit Authority as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 27-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express on opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 22, 2016 on our consideration of Antelope Valley Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Antelope Valley Transit Authority's internal control over financial reporting and compliance.

Windes, Inc.

Long Beach, California
November 22, 2016

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Forward

The management of the Antelope Valley Transit Authority (AVTA, Authority) offers the readers of its financial statements this narrative overview and analysis of the financial activities of AVTA for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and accompanying notes.

Financial Highlights

- AVTA's cash and investments at fiscal year-end June 30, 2016 were $19,737,591.
- Due from governments at June 30, 2016 was $6,992,536; of this, $6,494,879 is due from the Federal Transit Administration.
- As of June 30, 2016, capital assets not subject to depreciation were $3,761,151, capital assets being depreciated were $45,515,121, net of accumulated depreciation.
- Total revenues from all sources were $28,279,987, reflecting a decrease of $1,341,312, or approximately (4.5%) from the previous fiscal year.
- The total costs of all AVTA's transit services and projects were $27,372,210, an increase of $484,984 or about 1.8% higher than the last fiscal year.
- The excess of revenues from all sources over the total costs of AVTA's transit services and projects, including depreciation expense, was $907,777. For the prior fiscal year, revenues exceeded total costs by $2,734,073.
- The operating loss from providing transit services, before non-operating revenues was $21,888,024 compared to an operating loss $21,686,815 the prior fiscal year.
- Member jurisdictions contributed $3,294,929 in support of transit service operations and $460,898 for non-operating capital reserves, a total of $3,755,827.
- AVTA implemented GASB 68 in 2015, which is intended to improve the accounting and financial reporting by state and local governments for pensions. Adjustments were made based on CalPERS information valued on year in arrears, as of June 30, 2015. As of June 30, 2016 and June 30, 2015, the net pension plan liability balances are $629,016 and $639,229, respectively.
- AVTA's net position (the extent that assets and deferred outflows of resources exceeds liabilities and deferred inflows of resources) at the close of the fiscal year 2016 was $73,633,842. Of this amount, $5,862,873 represents an accumulation of restricted jurisdictional contributions to a capital reserve and $49,276,272 represents the amount invested in capital assets. The remaining $18,494,337 is unrestricted, and may be used to meet AVTA's ongoing financial obligations.

Financial Statement Overview

The annual financial report section of a Comprehensive Annual Financial Report consists of two parts: Management Discussion and Analysis and the audited financial statements, which includes the basic financial statements and their accompanying explanatory notes.

The AVTA is a government funded entity that follows enterprise fund accounting and presents its financial statements on the accrual basis of accounting. The enterprise fund concept is similar to how private business enterprises are financed and operated. These statements provide a top-level view of the Authority's financial picture in a format similar to that of private-sector companies. The Authority, like local and state governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following reports comprise AVTA's financial statements:

Statement of Net Position. Presents information on all of the Authority's assets deferred outflows of resources, liabilities, and deferred inflows of resources with the net amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating, though it is important to consider other non-financial factors in accurately assessing the overall health of AVTA, such as the ridership, volatility of fuel cost, etc.

Statement of Revenues, Expenses, and Changes in Net Position. The information presented in this report shows how AVTA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Statement of Cash Flows. This report presents the sources and uses of funds of AVTA. It shows the inflow and outflow of cash from AVTA's operating activities, non-capital financing activities, capital and non-related activities, and investing activities.

Notes to the Basic Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Audits

The Triennial Performance Review (TPR) of the Antelope Valley Transit Authority's (AVTA) public transit program covered the three-year period ended June 30, 2015. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three year cycle in order to maintain funding eligibility. AVTA does not receive Transportation Development Act (TDA) Article 4 funds to operate its transit program. However, it is required to meet TDA guidelines for Article 4 claimants under its agreement as an "eligible operator" with the Los Angeles County Metropolitan Transportation Authority (Metro) under the Los Angeles County Formula Allocation Procedure (FAP), wherein AVTA receives formula-equivalent funds provided from local sources. The audit was conducted in September 2015 by Moore & Associates; there were no compliance issues or functional findings.

Metro also sponsors an annual audit of the Proposition A Discretionary Incentive Grant during the fiscal year ended June 30, 2016. The audit field work is scheduled for November 2016; once the field work is completed statements will be issued upon review by Metro.

Financial Statement Analysis

Statement of Net Position

As of June 30, 2016 and 2015, AVTA's net position was $73,633,482 and $72,725,705, respectively, as shown in Table 1:

Table 1 - Statements of Net Position

	2016	2015	$ Increase (Decrease)	% Increase (Decrease)
Current and other assets	$27,808,929	$26,129,836	$1,679,093	6.4%
Capital assets	49,276,272	50,243,765	(967,493)	(1.9%)
Total assets	77,085,201	76,373,601	711,600	0.9%
Deferred outflows of resources	626,044	405,595	220,449	54.4%
Current liabilities	2,775,902	2,793,428	(17,526)	(0.6%)
Non current liabilities	1,005,497	941,598	63,899	6.8%
Deferred inflows of resources	296,364	318,465	(22,101)	(6.9%)
Net position:				
Invested in capital assets, net of accumulated depreciation	49,276,272	50,243,765	(967,493)	(1.9%)
Restricted for capital acquisition	5,862,873	5,385,625	477,248	8.9%
Unrestricted	18,494,337	17,096,315	1,398,022	8.2%
Total net position	$73,633,482	$72,725,705	$907,777	1.2%

Continuing the trend from prior years, AVTA's overall financial condition is steadily improving. The increase in total net position for fiscal year 2016 was $907,777, down from $2.7 million in the prior year. The major causes were a decrease in capital grant revenue recognition between the two years, especially with the State of California's Proposition 1B, and the largely contractual annual increase in the costs of providing transportation to the riding public.

The implementation of GASB 68 in 2015 resulted in several adjustments to the financial statements. The Statement requires governmental employers to reflect the net pension liability, defined as the difference between the present value of projected pension benefit payments to current active and inactive employees, less the amount of the pension plan's net position (assets less liabilities). Pension plan information for the fiscal year ended June 30, 2015 was provided by CalPERS and combined with 2016 pension payments to determine the corresponding liability as of June 30, 2016. The figures reflected in the financial statements for the Authority's pension liability are $629,016 and $639,229 as of June 30, 2016 and 2015, respectively.

Assets net of accumulated depreciation decreased $967,493. A write-off of older bus equipment was offset by an increase in Construction in Progress for enroute charging infrastructure at Lancaster City Park and the Palmdale Transportation Center.

Unrestricted net assets of $18,494,337 are available to meet the Authority's ongoing financial obligations, and $5,862,873 in restricted funds are available as local match requirements for transit fleet procurements. It is expected that replacement units planned for acquisition in fiscal years 2017 and 2018 will make use of the capital reserve funds.

Financial Statement Analysis

Statements of Revenues, Expenses, and Changes In Net Position

As of June 30, 2016 and 2015, AVTA's change in net position was $907,777 and $2,734,073, respectively, as shown in Table 2:

Table 2 - Statements of Revenues, Expenses and Changes in Net Position

	2016	2015	$ Increase (Decrease)	% Increase (Decrease)
Revenues:				
Charges for services	5,317,988	4,844,045	$473,943	9.8%
Operating grants and contributions	18,464,234	18,704,456	(240,222)	(1.3%)
Capital grants and contributions	4,048,909	5,553,670	(1,504,761)	(27.1%)
Other non-transportation revenues	448,856	519,128	(70,272)	(13.5%)
Total revenues	28,279,987	29,621,299	(1,341,312)	(4.5%)
Expenses:				
Purchased transportation	14,517,282	13,832,936	684,346	4.9%
Fuel	1,676,397	2,293,702	(617,305)	(26.9%)
Other operating costs	714,042	580,994	133,048	22.9%
General and administrative expenses	4,503,107	4,420,113	82,994	1.9%
Depreciation	5,795,184	5,403,115	392,069	7.3%
Capital Expenses	166,198	356,366	(190,168)	(53.4%)
Total expenses	27,372,210	26,887,226	484,984	1.8%
Change in net position	907,777	2,734,073	(1,826,296)	(66.8%)
Net position, beginning of the year	72,725,705	69,991,632	2,734,073	3.9%
Net position, end of year	73,633,482	72,725,705	907,777	1.2%

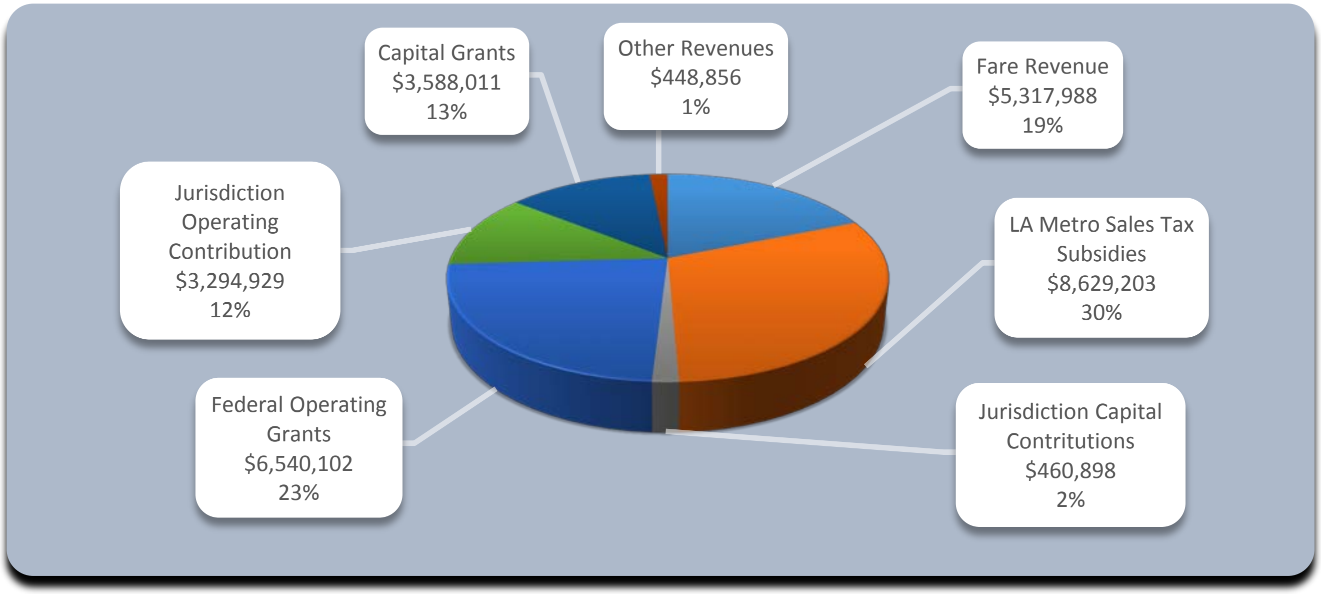
Grants and Operational Revenues

For the fiscal year ended June 30, 2016, AVTA's total revenues from all sources were $28.3 million, down $1.3 million from fiscal year 2015. Capital Grants and Contributions decreased by $1.5 million or 27.1%, as recognized revenues for eligible expenses slowed. As these expenses start to pick up in FY17, more revenue will be drawn down and recognized as revenue. Fare revenue increased $474,000 or 9.8%, due to a fare schedule increase in September 2015, and unbudgeted reimbursements from Access paratransit for vetted paratransit customers that took trips on AVTA's local transit services.

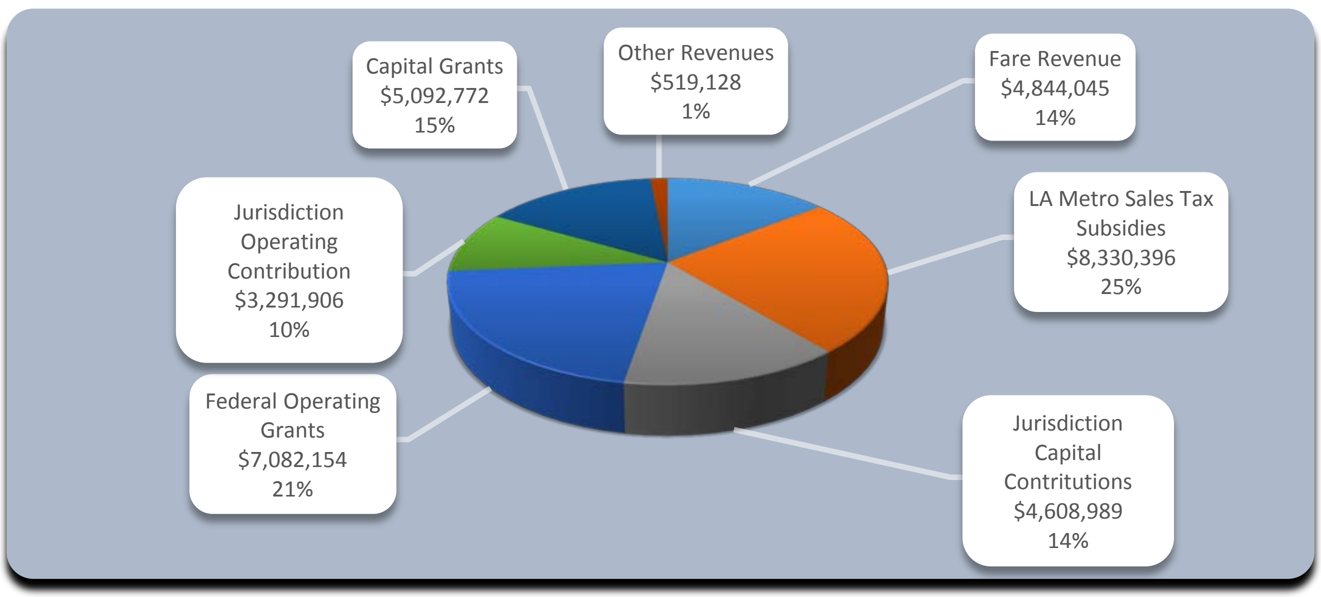
AVTA's revenue sources for fiscal years 2016 and 2015 are compared below in the pie charts in Table 1. The percentage relationship of the categories relative to each other, and their relative impact on the Authority's total funding, are shown illustrated. Note the difference in capital grants between the two fiscal years considerably alters the relative contributory percentages to each other.

Figure 1 - Statements of Revenues, Expenses, and Changes in Net Position

Fiscal Year 2016



Fiscal Year 2015

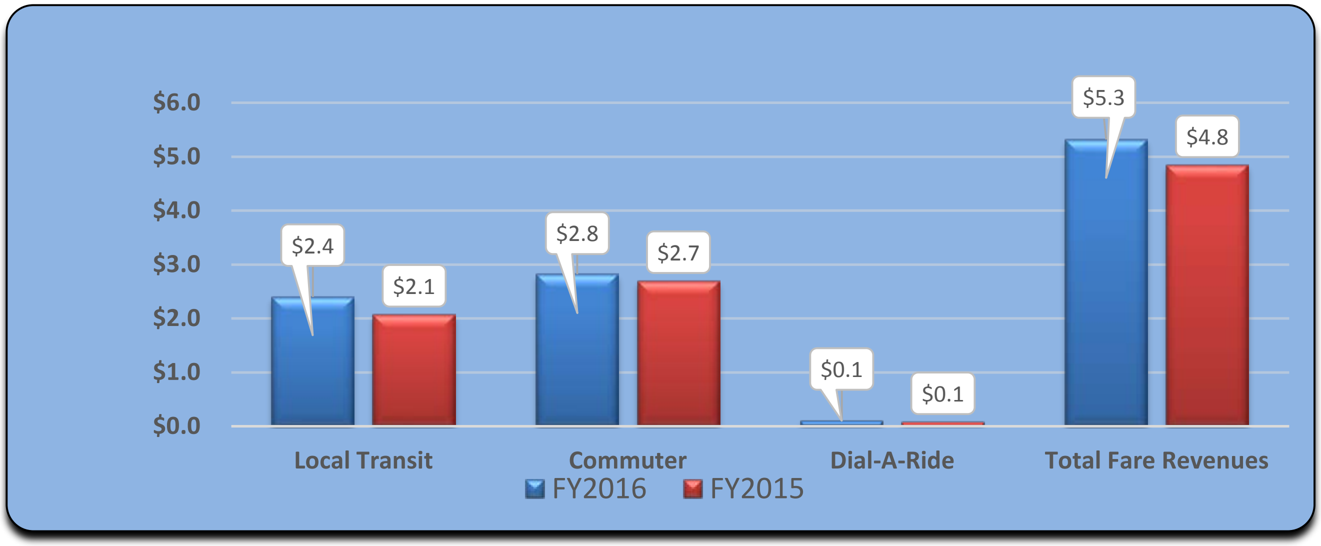


In comparing the two years, the primary revenue source continued to be from the Metro Sales Tax Subsidies and Federal Grants.

Fare Revenues

Farebox revenue is received as a result of the three service modes provided by AVTA to the public, fixed route (local transit and commuter service) and demand response (Dial-A-Ride) service. In total, fare revenue was $5.3 million for 2016, up 9.8% from $4.8 million in 2015. The comparative amounts received for each service contributing to total farebox revenues for fiscal years 2016 and 2015 are shown in Figure 2 below.

Figure 2 – 2016 Farebox Revenue by Service Mode ($ millions)



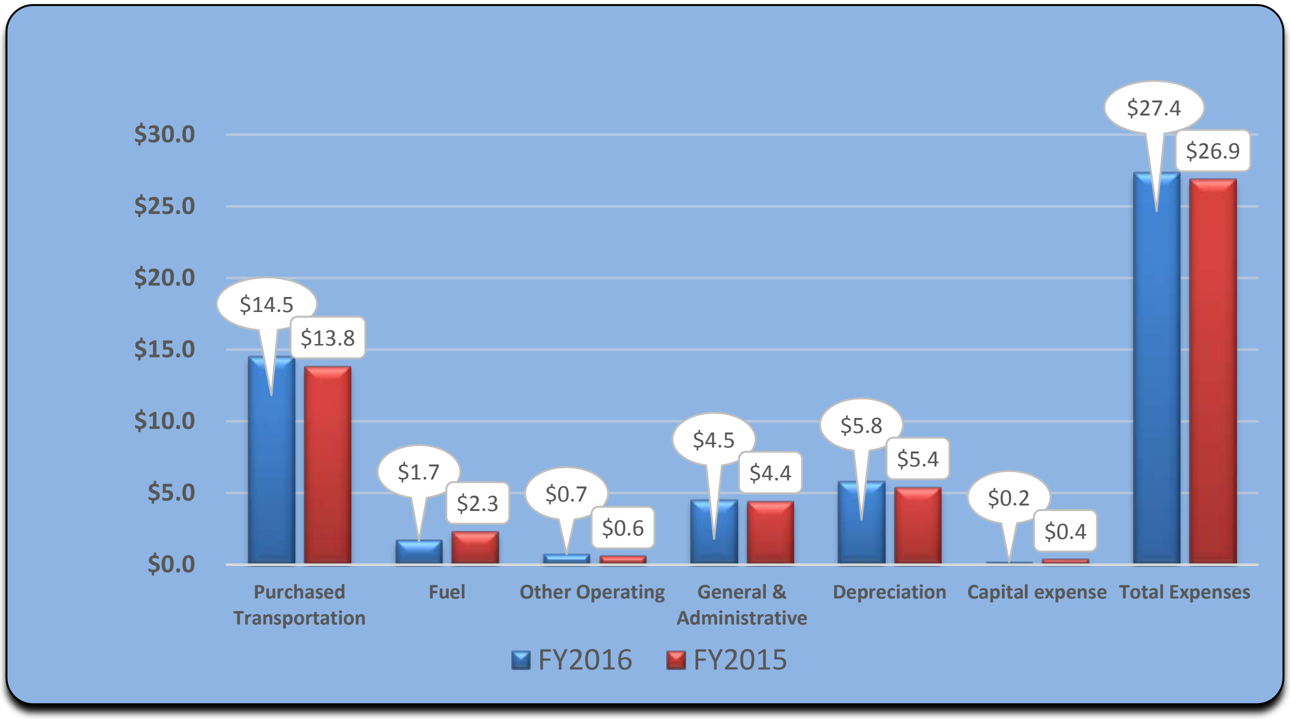
The increase in 2016 total fare revenue of $474,000 from FY2015 was due to a fare schedule change that increased fares for all service modes that went into effect on September 1, 2015. AVTA also availed itself of a clause in its MOU with Access Services, where Access reimburses AVTA whenever a vetted Access rider rides local transit. The difference in cost structure between local transit and paratransit models makes this an attractive alternative for Access.

Expenses

AVTA's operating expenses are reported in the following major categories: purchased transportation, fuel, other operating expenses, general and administrative expenses and depreciation.

The comparative level of expenditures for each operating expense category for FY 2016 and FY2015 are shown in Figure 3 below:

Figure 3 – Comparative Operating Expense, Fiscal Years 2016 and 2015 ($ Millions)



Total operating expenses (expenses net of depreciation) were $21.1 million and $21.4 million for fiscal years 2016 and 2015, respectively, a decrease of $0.3 million or 1.4%. Depreciation increased $0.4 million or 7.3%, while non-capitalized grant expenditures fell by $0.2 million.

AVTA contracts with Transdev Transportation for fleet dispatch, field operations and maintenance, and with the IntelliRide Company for Dial-A-Ride services. Purchased transportation increased by $684,000 due to annualized contract increases and additional revenue miles from additional commuter service funded by the JARC Commuter Expansion Grant.

Fuel cost decreased $617,000 due to the decline in fossil fuels cost-per-gallon, and the continued fuel economy of the 15 hybrid buses and 2 battery electric buses. Fossil fuel expenses will continue to decline in favor of more electric power usage as AVTA continues the effort to convert its fleet to all electric buses.

Other operating costs for 2016 increased by $133,000 from the prior year. Much of the increase is due to higher expenses in 2016 for the JARC – Dial-A-Ride Grant.

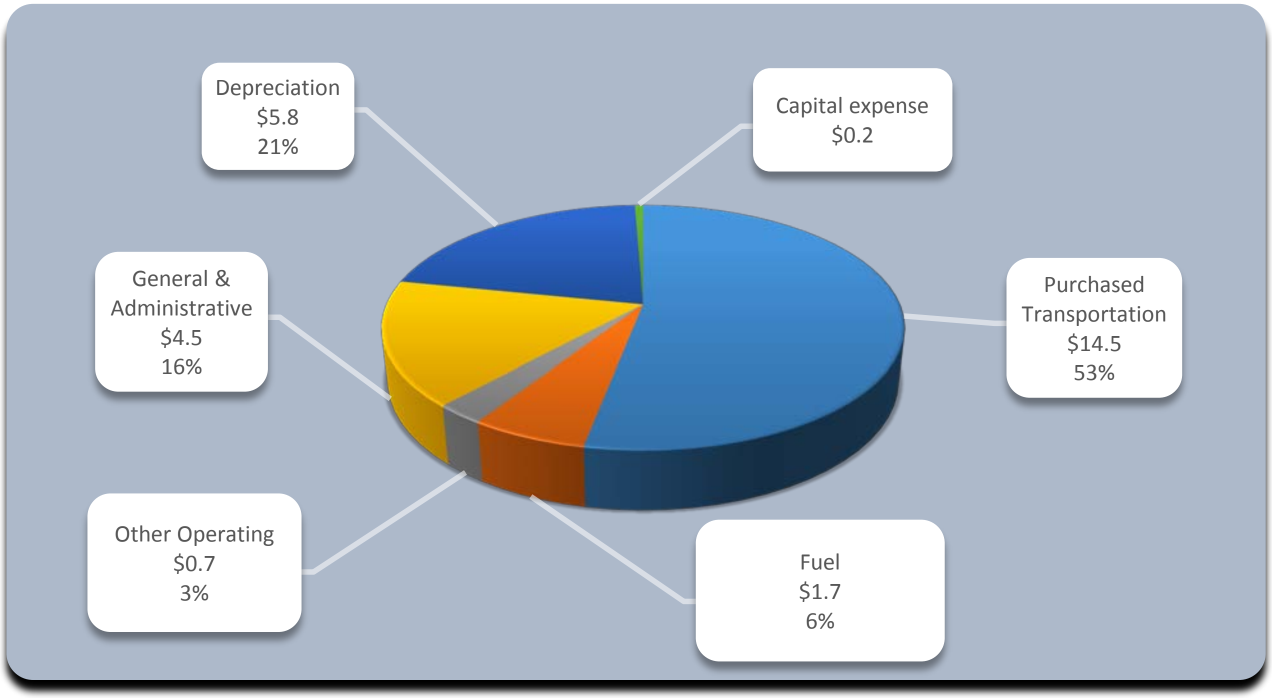
General & administrative expenses in 2016 were $4.5 million, just $83,000 higher than 2015, as management continued to focus on management budgets and finding cost savings for the Authority's overhead.

Depreciation expense was $5.8 million in 2016, an increase of $392,000 over 2015, as a result of the capitalization of replacement service vehicles and equipment, offset in part by the retirement of some of the older buses.

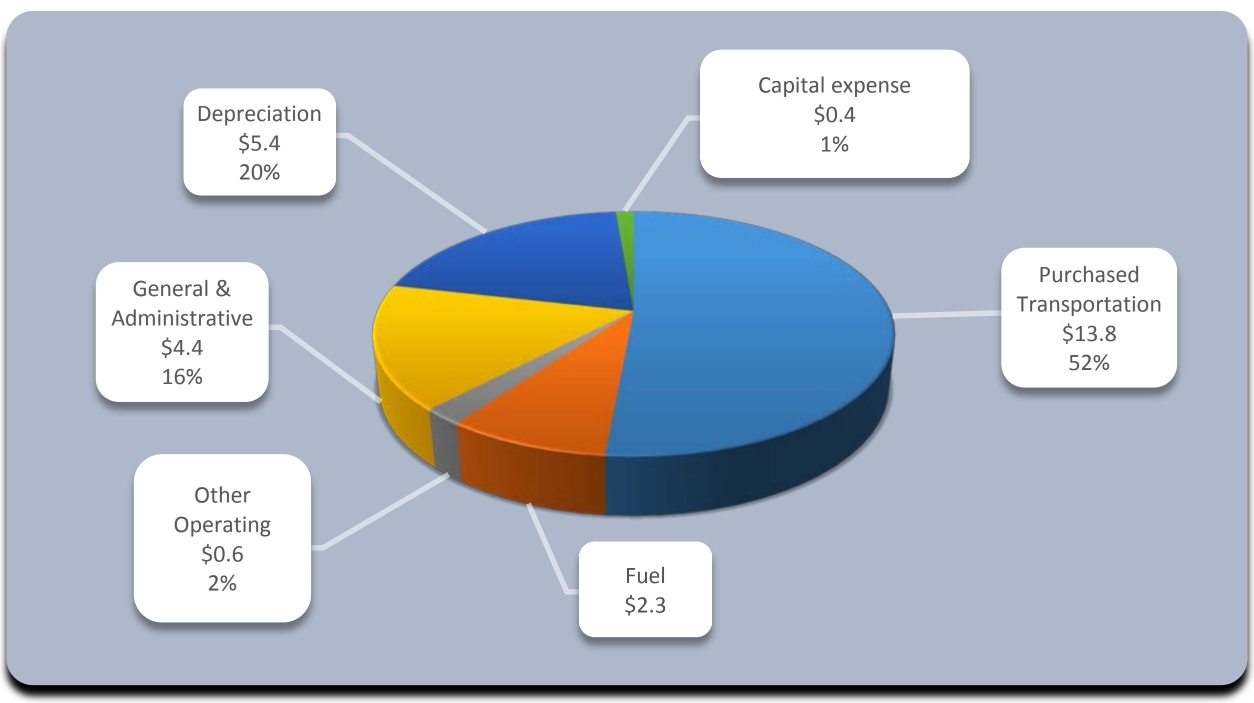
Figure 4 shows the comparative amounts for the expense category for each of fiscal years 2016 and 2015.

Figure 4 – Relative Cost Categories by Year for Fiscal Years 2015 and 2014 ($ Millions)

Fiscal Year 2016



Fiscal Year 2015



Analysis of Major Funds

AVTA uses fund accounting to ensure and demonstrate compliance with finance-related reporting requirements. The general fund is the chief operating fund of AVTA. The focus of the general fund is to provide information on inflows, outflows and the balances of spendable resources. Fund accounting facilitates tracking the funding and expenses associated with specific projects, required for reporting whenever federal funds are used. As of June 30, 2016, unrestricted net position was $18.5 million, an increase of $1.3 million over the prior year. Funds restricted for capital acquisition are $5.9 million, an increase of $0.5 million, and represent capital reserve contributions as of June 30, 2016.

Capital Assets

The details of the Authority's investment in capital assets as of June 30, 2016 and June 30, 2015 are presented in Table 3.

Table 3 – Capital Assets net of Accumulated Depreciation

	2016	2015	$ Increase (Decrease)	% Increase (Decrease)
Construction in progress	1,944,535	$474,575	$1,469,960	309.7%
Land	1,816,616	1,816,616	0	0.0%
Buildings and Improvements	25,514,722	26,123,857	(609,135)	(2.3%)
Transportation equipment	17,217,118	18,802,526	(1,585,408)	(8.4%)
Computer and communications equipment	2,617,258	2,639,939	(22,681)	(0.9%)
Other Equipment	166,023	386,252	(220,229)	(57.0%)
Total capital assets, net of accumulated depreciation	$49,276,272	$50,243,765	($967,493)	(1.9%)

As of June 30, 2016, the Authority had a book value of $49.3 million invested in capital assets. This total represents a net decrease $1.0 million, a decrease of 1.9% from the prior year total of $50.2 million. The decrease is attributable to total of assets placed in service of $4.0 million, including assets placed in service from construction-in-progress, less than depreciation expense of $5.8 million.

Additional information concerning the Authority's capital assets can be found in Note 5 to the financial statements.

Long-Term Debt

AVTA has no direct or indirect bonded indebtedness, and has no plans to incur any debt in its long-term strategic plans.

Requests for Information

This Comprehensive Annual Financial Report is designed to provide our customers, stakeholders, and other interested parties with an overview of the Authority's financial operations and condition. If the reader has any questions about this report or needs additional information, contact the undersigned:

Colby Konisek
Chief Financial Officer
Antelope Valley Transit Authority
42210 6th Street West
Lancaster, CA 93534

* * * * * *

STATEMENTS OF NET POSITION

	June 30, 2016	June 30, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 19,737,591	$ 17,232,879
Due from other governments (Note 3)	6,992,536	8,058,837
Other receivables	346,710	261,587
Inventory	262,453	240,334
Prepaid items	469,639	336,199
	27,808,929	26,129,836
NONCURRENT ASSETS		
Capital assets, depreciated, net (Note 5)	49,276,272	50,243,765
TOTAL ASSETS	77,085,201	76,373,601
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan contributions	626,044	405,595
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,609,445	1,748,567
Accrued payroll	38,515	86,991
Unearned revenue - Prop 1B (Note 4)	1,099,676	935,169
Compensated absences, current portion (Note 6)	28,266	22,701
Total Current Liabilities	2,775,902	2,793,428
NONCURRENT LIABILITIES		
Compensated absences, net of current (Note 6)	376,481	302,369
Net pension plan liability	629,016	639,229
Total Noncurrent Liabilities	1,005,497	941,598
DEFERRED INFLOWS OF RESOURCES		
Pension plan assumption differences	296,364	318,465
NET POSITION		
Invested in capital assets	49,276,272	50,243,765
Restricted for capital acquisition	5,862,873	5,385,625
Unrestricted	18,494,337	17,096,315
TOTAL NET POSITION	$ 73,633,482	$ 72,725,705

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For the Year Ended June 30, 2016	2015
OPERATING REVENUES		
Charges for services:		
Passenger fares	$ 5,317,988	$ 4,844,045
Total operating revenues	5,317,988	4,844,045
OPERATING EXPENSES		
Purchased transportation services:		
Outside transit contract	14,517,282	13,832,936
Fuel	1,676,397	2,293,702
Other operating costs	714,042	580,994
General and administrative	4,503,107	4,420,113
Depreciation	5,795,184	5,403,115
Total operating expenses	27,206,012	26,530,860
Operating loss	(21,888,024)	(21,686,815)
NONOPERATING REVENUES (EXPENSES)		
Interest income	27,091	19,767
Local operating grants – LA Metro	8,629,203	8,330,396
Federal operating grants	6,540,102	7,082,154
Member agency contributions	3,294,929	3,291,906
Capital related expenses	(166,198)	(356,366)
Other	421,765	499,361
Total nonoperating revenues and expenses	18,746,892	18,867,218
Income/(loss) before capital contributions	(3,141,132)	(2,819,597)
CAPITAL CONTRIBUTIONS		
Capital grants	3,588,011	5,092,772
Member contributions	460,898	460,898
Total capital contributions	4,048,909	5,553,670
CHANGE IN NET POSITION	907,777	2,734,073
NET POSITION, BEGINNING OF YEAR	72,725,705	69,991,632
NET POSITION, END OF YEAR	$ 73,633,482	$ 72,725,705

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

STATEMENTS OF CASH FLOWS

	For the Year Ended June 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 5,321,974	$ 4,844,045
Non-operating miscellaneous received	409,888	499,361
Cash payments to suppliers for goods and services	(18,383,372)	(20,125,223)
Cash payments to employees for services	(3,456,424)	(3,416,960)
Net Cash Used In Operating Activities	(16,107,934)	(18,198,777)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating grants received	15,135,474	9,955,568
Contributions received from member agencies	3,314,248	3,291,906
Net Cash Provided By Noncapital Financing Activities	18,449,722	13,247,474
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(4,827,691)	(6,865,411)
Capital grants received	4,625,176	3,693,476
Grantable expenses	(166,198)	(356,366)
Capital contributions received from member agencies	504,546	417,251
Net Cash Used In Capital and Related Financing Activities	135,833	(3,111,050)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	27,091	19,767
Net Cash Provided By Investing Activities	27,091	19,767
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,504,712	(8,042,586)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,232,879	25,275,465
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 19,737,591	$ 17,232,879

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

STATEMENTS OF CASH FLOWS
Continued

	For the Year Ended June 30, 2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	($ 21,888,024)	($ 21,686,815)
Adjustments to net cash used in operating activities:		
Depreciation	5,795,184	5,403,115
Miscellaneous income	421,765	499,361
Increase) in other receivables	(85,123)	(37,858)
Increase in inventory	(22,119)	(2,550)
Decrease / (increase) in prepaid items	(133,440)	2,807
Increase) in deferred outflows of resources	(220,449)	(321,027)
Decrease in accounts payable	(139,122)	(750,833)
(Decrease) / increase in accrued payroll	(48,476)	5,580
Increase in compensated absences payable	79,677	3,036
(Decrease) / increase in unearned revenue	164,507	(1,397,871)
Decrease in net pension liability	(10,213)	(234,187)
(Decrease) / increase in deferred inflow of resources	(22,101)	318,465
Net Cash Used In Operating Activities	($ 16,107,934)	($ 18,198,777)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

There were no noncash investing, capital or financing activities during the fiscal years ended June 30, 2016 and 2015, respectively.

Accounts Receivable as of June 30, 2016 includes federal grant receivables of $6,494,879 and state and local tax receivables of $453,098. The federal receivables were higher than normal due to the Federal Transit Administration change of user-interface management systems that occurred through the end of the Federal Fiscal Year ended September 30, 2016. The funds were released in October 2016.

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

NOTE 1 – Summary of Significant Accounting Policies

The Reporting Entity

The Antelope Valley Transit Authority (AVTA) is located in southern California approximately 70 miles northeast of Los Angeles. AVTA was formed to provide and administer public transportation services in the Antelope Valley, including local passenger bus service, a commuter bus service, and a Paratransit service.

AVTA is a public entity organized on July 1, 1992 pursuant to Section 6506 of the Government Code of the State of California. AVTA is governed by a Joint Powers Agreement (JPA) whose members consist of the County of Los Angeles (a political subdivision of the State of California), the City of Palmdale, and the City of Lancaster (each a municipal corporation of the State of California). The JPA provides a cost sharing agreement among its members who jointly fund their jurisdictional share of transportation services provided to the Antelope Valley. AVTA operates under a Board of Directors/Manager form of government, with the Board being comprised of two Directors appointed from each participating member's jurisdiction.

AVTA accounts for its financial transactions in accordance with the policies and procedures of the State of California - Uniform System of Accounts for Special Districts. The accounting policies of AVTA conform to accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

AVTA, for financial purposes, includes all operations of AVTA. The Board of Directors has governance responsibilities over all activities related to AVTA. AVTA receives funding from local, county, state and federal government sources and must comply with requirements of these entities.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

AVTA is accounted for as an enterprise fund (proprietary fund type) using the economic resources measurement focus and the accrual basis of accounting. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. Revenues are recognized when earned and expenses are recognized as they are incurred.

Classification of Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with an enterprise fund's principal operations. The principal operating revenues of AVTA consist of transit fees. Nonoperating revenues consist of federal, state and county operating grants, investment income, and jurisdictional member contributions designated for use for operating and capital purposes. Operating expenses include outside transit contracts, which provide transportation and maintenance services, fuel expenses, administrative expenses and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

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

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of nine months or less.

Budgetary Information

Although AVTA prepares and approves an annual budget, budgetary information is not presented because AVTA is not required to present a budget.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Inventory and Prepaid Items

Inventory consists of fuel in storage held for consumption and parts used for the maintenance of transportation equipment and facilities and is valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the accompanying financial statements.

Capital Assets

It is AVTA's policy to capitalize all capital assets with a cost of more than $5,000. Depreciation of all exhaustible property, plant and equipment used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Assets	Years
Transportation equipment	3-12
Vehicles	4-6
Buildings	34
Computer equipment	3
Furniture and fixtures	3-10
Equipment – other	3-12

Federal, State and Local Grants

Federal, state and local governments have made various grants available to AVTA for operating assistance and acquisition of capital assets. Grants for operating assistance, or for the acquisition of equipment or other capital outlays, are not formally recognized as revenue until the grant becomes a valid receivable. This occurs as a result of AVTA complying with appropriate grant requirements. Operating assistance grants are included in non-operating revenues in the year in which the grant is applicable. Revenues earned under capital grants are included in capital contributions when the related expenses are incurred.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is AVTA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Upon termination, an employee will be paid for any unused vacation. Sick leave is payable when an employee is unable to work because of illness. Upon termination, AVTA employees are not paid for unused sick pay. Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows. This separate financial statement element represents a disposition of net position that applies to future periods and will not be recognized as expense until that time.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

Use of Estimates

The preparation of the accompanying basic financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenditures, as well as to make disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements. Actual results could differ from those estimates. The principal area requiring the use of estimates includes the determination of the useful lives of capital assets.

NOTE 2 – Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	June 30, 2016	June 30, 2015
Cash on hand	$ 750	$ 750
Deposits with financial institutions	14,327,667	11,845,858
Local Agency Investment Fund (LAIF)	5,409,174	5,386,271
Total cash and cash equivalents	$ 19,737,591	$ 17,232,879

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

Authorized Investment Type	Authorized By Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	No	N/A	N/A	N/A
U.S. Treasury Obligations	Yes	1 year	50%	None
U.S. Agency Securities	No	N/A	N/A	N/A
Banker's Acceptances	Yes	180 days	15%	30%
Commercial Paper	Yes	180 days	10%	10%
Negotiable Certificates of Deposit	Yes	1 year	25-50%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	No	N/A	N/A	N/A
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-through Securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

* Based on State law requirements or investment policy requirements, whichever is more restrictive.

NOTE 2 – Cash and Cash Equivalents (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees, are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or AVTA's investment policy. AVTA did not have any investments held by bond trustees as of June 30, 2016 and 2015.

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 is to changes in market interest rates.

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

Investment Type	Total	12 Months or Less
Local Agency Investment Fund (LAIF)	$ 5,409,174	$ 5,409,174
Total	$ 5,409,174	$ 5,409,174

Funds invested with the State Treasurer's LAIF may have maturities longer than 90 days; however, LAIF functions as a demand deposit account. Therefore, AVTA considers LAIF as cash equivalents.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2016 and 2015, AVTA did not have any investments whose fair values are highly sensitive to interest rate fluctuations.

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 that investment. This is measured by the assignment of a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

NOTE 2 – Cash and Cash Equivalents (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude to AVTA's investment in a single issue or instrument. AVTA's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2016 and 2015, except for its investment in LAIF, AVTA did not have any investments in any one issuer that represented 5% or more of its total investment portfolio.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 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.

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 AVTA'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 for 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the local government unit. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 2 – Cash and Cash Equivalents (Continued)

Investment in State Investment Pool

AVTA is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of AVTA's investment in this pool is reported in the accompanying financial statements at amounts based upon AVTA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, and are recorded on an amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes. LAIF is not rated by a recognized statistical rating organization.

NOTE 3 – Due From Other Governments

Due from other governments consisted of the following:

	June 30,	
	2016	**2015**
Federal grants	$ 6,494,878	$ 7,926,313
Local grants - MTA	497,658	69,558
Operating contributions		
City of Palmdale	-	19,319
Capital reserve contribution		
City of Palmdale	-	43,647
Total due from other governments	$ 6,992,536	$ 8,058,837

NOTE 4 – Unearned Revenue

The Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Fund is a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of $19.9 billion was deposited into the PTMISEA fund, $3.6 billion of which was made available to fund grants to project sponsors in California for approved eligible public transportation projects over a 10-year period. Proposition 1B funds can be used 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. It is AVTA's practice to record as unearned revenue any funds received prior to the incurrence of eligible expenses. PTMISEA activity during the fiscal years ended June 30, 2016 and 2015 was as follows:

Unspent PTMISEA funds as of July 1, 2014	$ 2,328,040
PTMISEA funds received during the fiscal year ended June 30, 2015	-
PTMISEA expenses incurred during the fiscal year ended June 30, 2015	(1,392,871)
Unspent PTMISEA cash receipts as of June 30, 2015	935,169
PTMISEA funds received during the fiscal year ended June 30, 2016	625,903
PTMISEA expenses incurred during the fiscal year ended June 30, 2016	(461,396)
Unspent PTMISEA cash receipts as of June 30, 2016	$ 1,099,676

NOTE 5 – Capital Assets

A schedule of changes in capital assets for the year ended June 30, 2016 is shown below:

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets, not being depreciated:				
Land	$ 1,816,616	-	-	$ 1,816,616
Construction-in-progress	474,575	$ 2,111,559	($ 641,599)	1,944,535
Total capital assets, not being depreciated	2,291,191	2,111,559	(641,599)	3,761,151
Capital assets being depreciated:				
Buildings	33,627,782	451,146	-	34,078,928
Equipment	11,235,185	541,115	-	11,776,300
Transportation equipment	45,862,555	2,372,346	-	48,234,901
Total capital assets, being depreciated	90,725,522	3,364,607		94,090,129
Less accumulated depreciation:				
Buildings	(7,503,925)	(1,060,281)	-	(8,564,206)
Equipment	(8,208,994)	(1,359,079)	-	(9,568,073)
Transportation, equipment	(27,060,029)	(3,375,824)	(6,876)	(30,442,729)
Total accumulated depreciation	(42,772,948)	(5,795,184)	(6,876)	(48,575,008)
Total capital assets, being depreciated, net	47,952,574	(2,430,577)	(6,876)	45,515,121
Capital assets, net	$ 50,243,765	($ 319,018)	($ 648,475)	$ 49,276,272

NOTE 5 – Capital Assets (Continued)

A schedule of changes in capital assets for the year ended June 30, 2015 is shown below:

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Capital assets, not being depreciated:				
Land	$ 1,816,616	-	-	$ 1,816,616
Construction-in-progress	1,215,072	$ 1,791,160	($ 2,531,657)	474,575
Total capital assets, not being depreciated	3,031,688	1,791,160	(2,531,657)	2,291,191
Capital assets being depreciated:				
Buildings	33,627,782	-	-	33,627,782
Equipment	10,499,059	2,753,101	(2,016,975)	11,235,185
Transportation equipment	41,009,748	4,852,807	-	45,862,555
Total capital assets, being depreciated	85,136,589	7,605,908	(2,016,975)	90,725,522
Less accumulated depreciation:				
Buildings	(6,455,586)	(1,048,339)	-	(7,503,925)
Equipment	(9,839,732)	(386,237)	2,016,975	(8,208,994)
Transportation equipment	(23,091,490)	(3,968,539)	-	(27,060,029)
Total accumulated depreciation	(39,386,808)	(5,403,115)	2,016,975	(42,772,948)
Total capital assets, being depreciated, net	45,749,781	2,202,793	-	47,952,574
Capital assets, net	$ 48,781,469	$ 3,993,953	($ 2,531,657)	$ 50,243,765

NOTE 6 – Compensated Absences

A schedule of changes in compensated absences for the year ended June 30, 2016 is shown below:

	Balance at July 1, 2015	Increases	Decreases	Balance at June 30, 2016	Amount due Within One Year
Compensated absences	$ 325,070	$ 404,747	$ 325,070	$ 404,747	$ 28,266

A schedule of changes in compensated absences for the year ended June 30, 2015 is shown below:

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Amount due Within One Year
Compensated absences	$ 322,034	$ 9,241	$ 6,205	$ 325,070	$ 22,701

NOTE 7 – Defined Benefit Pension Plan (CalPERS)

During the fiscal year ended June 30, 2015, AVTA implemented GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB 27*, and recorded a net pension liability associated with CalPERS.

Plan Description

AVTA contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing, multiple-employer, public employee defined benefit pension plan. CalPERS provides retirement, disability, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the state of California. CalPERS issues a publicly available financial report that includes financial statements and all required supplementary information for the cost sharing plans that they administered.

Copies of CalPERS' annual financial reports may be obtained by writing to the following address: CalPERS, 400 "P" Street, Sacramento, California 95814.

NOTE 7 – Defined Benefit Pension Plan (CalPERS) (Continued)

A summary of principal actuarial assumptions used are as follows:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Measurement period	July 1, 2014 to June 30, 2015
Actuarial cost method	Entry age normal
Actuarial assumptions	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50% net of expenses
Mortality tables	Derived from CalPERS' data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The asset allocation shown below reflects the CalPERS' fund in total and expected rate of return as of June 30, 2015.

Asset Class	Allocation	Rate of Return Years 1-10	Rate of Return Years 11+
Global equity	47.0%	5.25%	5.71%
Global fixed income	19.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.45%	3.36%
Private equity	12.0%	6.83%	6.95%
Real estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

NOTE 7 – Defined Benefit Pension Plan (CalPERS) (Continued)

AVTA has reported the following pension related amounts as deferred outflows and deferred inflows of resources on the Statement of Net Position.

	June 30, 2016	June 30, 2015
Deferred Outflows of Resources		
Contributions made subsequent to the measurement date	$ 208,456	$ 405,595
Changes in employer proportion share of plan	237,008	
Difference in employer's contribution and proportionate share of contribution	164,406	
Differences between expected and actuarial experiences	16,174	
Total deferred outflow of resources	$ 626,044	$ 405,595

	June 30, 2016	June 30, 2015
Deferred Inflows of Resources		
Difference between projected and actual earnings	$ 76,710	$ 214,810
Adjustment due to differences in proportions	66,635	103,655
Changes in assumptions	153,019	
Total deferred inflow of resources	$ 296,364	$ 318,465

The $208,456 reported as deferred outflows of resources for the year ended June 30, 2016, are related to contributions made by AVTA subsequent to the measurement date and will recognized as a reduction of the net pension liability in the next respective fiscal year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources will be amortized into pension expense as follows:

Fiscal year ending June 30,	
2017	$ 12,964
2018	12,668
2019	(2,462)
2020	98,054
	$ 121,224

NOTE 7 – Defined Benefit Pension Plan (CalPERS) (Continued)

AVTA's proportionate share of CalPERS' total net pension liability is as follows:

AVTA's proportion of CalPER's net pension liability	0.009164%
AVTA's proportionate share of net pension liability	$629,016
AVTA's covered-employee payroll	$2,602,471
AVTA's proportionate share of net pension liability as a percentage of its covered-employee payroll	25.43%
AVTA's proportionate share of the fiduciary net position as a percentage of the AVTA's total pension liability	78.40%
AVTA's proportionate share of aggregate employer contribution	$84,568

The following table provides the components of pension expense for the plan recognized during the year ended June 30, 2016.

Collective CalPERS pension expense	$ 169,012,983
Percentage allocated to AVTA	0.08579%
AVTA's allocated share of expense	144,996
Recognition of AVTA specifics:	
Changes in proportion	47,626
Differences between actual contributions and proportionate share of contributions	72,466
Difference in proportions	(354,844)
Total pension expense/income	$ (89,756)

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following represents the net position liability of the plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.65%) or 1% higher (8.65%).

	Discount rate minus 1% (6.65%)	Current discount rate (7.65%)	Discount rate plus 1% (8.65%)
Net pension liability	$ 1,200,017	$ 629,016	$ 157,588

NOTE 8 – Risk Management

AVTA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and natural disasters. AVTA protects itself against such losses by a balanced program of risk retention, risk transfers and the purchase of commercial insurance. Loss exposures retained by AVTA are treated as normal expenditures and include any loss contingency not covered by AVTA's purchased insurance policies.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. AVTA maintains workers' compensation insurance policies covering claims up to $5,000,000. An excess coverage insurance policy covers individual claims in excess of $5,000,000. AVTA does not have any liabilities for unpaid claims as of June 30, 2016. Settled claims have not exceeded insurance coverage limits during the fiscal years ended June 30, 2016 and 2015.

NOTE 9 – Commitments and Contingencies

Litigation

AVTA contracts its transportation services. As part of this contract, the contractor operates and maintains all vehicles. The contract provides that the operator indemnify AVTA for all claims and litigation relating to the operation of AVTA vehicles. While AVTA has been named in several matters of litigation, the contract operator is responsible for defense and payment of any unfavorable settlement.

AVTA is subject to various legal proceedings and claims arising in the ordinary course of its business. While the ultimate outcome of these matters is difficult to predict, management believes that the ultimate resolution of these matters will not have a material adverse effect on AVTA's financial position or activities.

Federal and Local Grants

AVTA receives federal and county funds for specific purposes that are subject to audit by the granting agencies. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on AVTA's financial position or changes in financial position.

NOTE 10 – Restricted Net Position for Capital Acquisition

Restricted net position consists of member contributions, which are designated for capital acquisitions. Contributions from each member are as follows:

	June 30, 2016	June 30, 2015
County of Los Angeles	$ 1,265,129	$ 1,168,802
City of Palmdale	2,166,594	1,992,790
City of Lancaster	2,303,859	2,113,094
Interest earned on reserve balances	127,291	110,939
	$ 5,862,873	$ 5,385,625

STATISTICAL SECTION

The section of the Antelope Valley Transit Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information about AVTA's overall financial health. This information has not been audited by the independent auditors.

Source: Unless otherwise noted, the information in these schedules is derived from the Audited Financial Statements and Comprehensive Annual Financial Reports for the relevant years reported.

FINANCIAL TRENDS

NET POSITION BY CLASSIFICATION

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital assets, net of accumulated depreciation	$ 36,336,059	$ 32,301,630	$ 32,618,573	$35,942,481	$ 32,036,915	$ 36,898,608	$ 50,781,434	$ 48,781,469	$ 50,243,765	$ 49,276,272
Restricted assets - Capital Reserves	-	-	-	-	3,949,444	4,423,713	4,436,135	4,917,417	5,385,625	5,862,873
Unrestricted assets	3,021,418	6,748,076	8,533,977	9,148,799	4,383,753	7,313,190	11,623,461	16,292,746	17,096,315	18,494,337
NET POSITION	**$ 39,357,477**	**$ 39,049,706**	**$ 41,152,550**	**$ 45,091,280**	**$ 40,370,112**	**$ 48,635,511**	**$ 66,841,030**	**$ 69,991,632**	**$ 72,725,705**	**$ 73,633,482**

Source: AVTA Finance Department

FINANCIAL TRENDS

CHANGES IN NET POSITION

	2007	2008	2009	2010	2011[a]	2012	2013	2014[b]	2015	2016
Operating revenue:										
Passenger Fares	$ 3,856,511	$ 4,497,172	$ 4,582,997	$ 3,746,050	$ 4,283,321	$ 4,686,665	$ 4,832,800	$ 4,913,641	$ 4,844,045	$ 5,317,988
Total Operating revenue	**3,856,511**	**4,497,172**	**4,582,997**	**3,746,050**	**4,283,321**	**4,686,665**	**4,832,800**	**4,913,641**	**4,844,045**	**5,317,988**
Operating expenses:										
Purchased transportation	8,205,242	9,182,994	9,555,408	9,733,907	8,802,872	10,457,322	12,318,390	12,799,002	13,832,936	14,517,282
Fuel	2,078,110	2,749,088	2,258,192	1,939,320	2,792,580	3,081,667	2,819,513	2,768,552	2,293,702	1,676,397
Other operating costs	320,936	421,709	948,357	1,634,413	1,998,585	1,363,069	824,123	628,458	580,994	714,042
General & Administrative	2,921,594	2,530,745	2,975,892	2,960,149	5,951,488	5,215,431	4,062,048	4,503,687	4,420,113	4,503,107
Depreciation	4,308,446	6,240,007	4,934,184	5,318,582	4,437,374	4,215,999	4,519,585	5,131,937	5,403,115	5,795,184
Total operating expenses	17,834,328	21,124,543	20,672,033	21,586,371	23,982,899	24,333,488	24,543,659	25,831,636	26,530,860	27,206,012
Operating income (loss)	**(13,977,817)**	**(16,627,371)**	**(16,089,036)**	**(17,840,321)**	**(19,699,578)**	**(19,646,823)**	**(19,710,859)**	**(20,917,995)**	**(21,686,815)**	**(21,888,024)**
Non-operating revenues										
Interest income	17,003	28,586	15,661	25,093	189,101	18,089	12,421	12,459	19,767	27,091
Local Operating Grants	5,340,626	6,432,697	5,308,828	5,794,175	7,497,815	8,872,444	9,470,218	9,267,866	8,330,396	8,629,203
Federal operating grants	3,345,481	5,432,502	9,309,233	11,066,332	3,586,106	7,181,627	8,358,434	7,199,439	7,082,154	6,540,102
Member agency contributions	3,784,304	3,820,307	3,145,691	3,145,691	3,322,009	3,286,384	3,524,379	3,505,896	3,291,906	3,294,929
Other Transportation Revenue - LA County	0	0	0	0	0	0	0	1,900,000	0	0
Other non-operating revenues/(expenses)	301,380	(67,736)	37,639	(230,922)	(228,896)	(510,702)	105,053	68,322	142,995	255,567
Total non operating revenues	**12,788,794**	**15,646,356**	**17,817,052**	**19,800,369**	**14,366,135**	**18,847,842**	**21,470,505**	**21,953,982**	**18,867,218**	**18,746,892**
Capital Contributions										
Capital Grants	**0**	**957,640**	**797,250**	**801,621**	**755,440**	**8,603,484**	**16,444,223**	**2,444,217**	**5,092,772**	**3,588,011**
Member contributions	**349,705**	**460,893**	**460,896**	**460,896**	**460,896**	**460,896**	**0**	**460,896**	**460,898**	**460,898**
Total capital contributions	**349,705**	**1,418,533**	**1,258,146**	**1,262,517**	**1,216,336**	**9,064,380**	**16,444,223**	**2,905,113**	**5,553,670**	**4,048,909**
Change in net position	**(839,318)**	**437,518**	**2,986,162**	**3,222,565**	**(4,117,107)**	**8,265,399**	**18,203,869**	**3,941,100**	**2,734,073**	**907,777**
Net position, beg of year	**40,196,795**	**38,612,188**	**38,166,388**	**41,868,715**	**44,487,219**	**40,370,112**	**48,635,511**	**66,839,380**	**69,991,632**	**72,725,705**
Adj to Net Position	0	0	0	0	0	0	0	**(788,848)**	0	0
Net position, end of year	**$39,357,477**	**$39,049,706**	**$41,152,550**	**$45,091,280**	**$40,370,112**	**$48,635,511**	**$66,839,380**	**$69,991,632**	**$72,725,705**	**$73,633,482**

Note (a)

In the Notes to Financial Statements for the Year Ended June 30, 2011, *Note 11 - Restatement of Beginning Net Assets,* states: AVTA noted errors in its accounting records related to revenue recognition and the calculation of depreciation expense.

Revenue recognition - In prior fiscal years, AVTA recognized advance funding from granting agencies as revenue before it was earned. Grant revenues are earned when an eligible expense has been incurred; AVTA did not incur eligible expenses. Appropriate entries and beginning net assets were adjusted to correct those errors.

Depreciation Expense - In prior fiscal years, AVTA calculated a full year of depreciation of capital assets regardless of when the assets were placed in service. Depreciation should be charged on a pro-rata basis based on when the asset is placed in service. Appropriate entries and beginning net assets were adjusted to correct this error.

All adjustments were entered and reflected in the Audited Financial Statements for the Year Ended June 30, 2011; no exceptions were noted for the Audited Financial Statements for the Years Ended June 30, 2012 and beyond.

Note (b)

During the fiscal year ended June 30, 2015, AVTA implemented GASB 68, Accounting and Financial Reporting for Pensions and recorded a net pension liability associated with CalPERS. An entry was made to adjust the net position as of June 30, 2014 to reflect the net difference between the net pension liability of $873,416 and the deferred outflows, $84,568. The adjustment of $788,848 is shown above as a separate line item above.

Source: Finance Department

GASB 68 ENTRIES[1]

	2007	2008	2009	2010	2011	2012	2013	2014	2015[2]	2016
Deferred Outflows of Resources:										
Pension Plan Contributions								$84,568	$405,595	$208,456
Changes in employer proportion										237,008
Differences in employer's contribution										164,406
Expected and actual differences										16,174
Total Deferred Outflows of Resources								$84,568	$405,595	$626,044
Liability										
Net pension liability								$873,416	$639,229	$629,016
Deferred Inflows of Resources:										
Projected and actual earnings differences									$214,810	$76,710
Adjustment due to proportion differences									103,655	66,635
Changes in assumptions										153,019
Total Deferred Inflows of Resources									$318,465	$296,364
Expense / (Income) - Changes associated with GASB 68 Pension								-	$168,846	($89,756)
Net Position - Adjustment to Prior Year Unrestricted Retained Earning								**($788,848)**	-	-

Note (1)

During the fiscal year ended June 30, 2015, AVTA implemented GASB 68, Accounting and Financial Reporting for Pensions and recorded a net pension liability associated with CalPERS. An entry was made to restate Unrestricted Net Position as of June 30, 2014 to reflect the difference between the net pension liability of $873,416 and the deferred outflow of the Pension Plan Assumption Difference of $84,568 , of $788,848. The figures for FY2015-2016 show the year-end balance sheet asset and liability balances and the net effect to Expense. Information will be presented as it becomes available as part of the preparation of the annual Comprehensive Annual Financial Statement (CAFR).

Note (2)

GASB 68 was implemented by AVTA during the fiscal year ended June 30, 2015. Aside from the entry restating FY2014, there is no information to report in prior years.

Source: AVTA Finance Department

R E V E N U E   C A P A C I T Y

REVENUE SOURCES

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Passenger Fares	$	$ 3,856,511	$ 4,497,172	$ 4,582,997	$ 3,746,050	$ 4,283,321	$ 4,686,665	$ 4,832,800	$ 4,913,641	$ 4,844,045	$ 5,317,988
	% of total	22.7%	20.9%	19.4%	15.1%	21.6%	14.4%	11.3%	17.0%	16.4%	18.8%
Local Operating Grants MTA		5,340,626	6,432,697	5,308,828	5,794,175	7,497,815	8,872,444	9,470,218	8,342,387	8,330,396	8,629,203
- LA County		-	-	-	-	-	-	-	1,900,000	-	-
Local Operating Grants	$	5,340,626	6,432,697	5,308,828	5,794,175	7,497,815	8,872,444	9,470,218	10,242,387	8,330,396	8,629,203
	% of total	31.4%	29.8%	22.4%	23.4%	37.7%	27.2%	22.2%	35.5%	28.1%	30.5%
Federal Operating Grants		3,345,481	5,432,502	9,309,233	11,066,332	3,586,106	7,181,627	8,358,434	7,199,439	7,082,154	6,540,102
Federal Capital Grants		-	957,640	797,250	801,621	755,440	8,603,484	16,444,223	2,444,217	5,092,772	3,588,011
Federal Grants	$	$ 3,345,481	$ 6,390,142	$ 10,106,483	$ 11,867,953	$ 4,341,546	$ 15,785,111	$ 24,802,657	$ 9,643,656	$ 12,174,926	$ 10,128,113
	% of total	19.7%	29.6%	42.7%	47.8%	21.9%	48.4%	58.0%	33.4%	41.1%	35.8%
Operating Contributions	$	3,784,304	3,820,307	3,145,691	3,145,691	3,322,009	3,286,384	3,524,379	3,505,896	3,291,906	3,294,929
	% of total	22.3%	17.7%	13.3%	12.7%	16.7%	10.1%	8.2%	12.2%	11.1%	11.7%
Capital Contributions	$	$ 349,705	$ 460,893	$ 460,896	$ 460,896	$ 460,896	$ 460,896	$ -	$ 460,896	$ 460,898	$ 460,898
	% of total	2.1%	2.1%	1.9%	1.9%	2.3%	1.4%	0.0%	1.6%	1.6%	1.6%
Interest		17,003	28,586	15,661	25,093	189,101	18,089	12,421	12,459	19,767	27,091
Other non-operating revenues/(expenses)		301,380	(67,736)	37,639	(230,922)	(228,896)	(510,702)	105,051	68,322	499,361	421,765
Other	$	318,383	(39,150)	53,300	(205,829)	(39,795)	(492,613)	117,472	80,781	519,128	448,856
	% of total	1.9%	-0.2%	0.2%	-0.8%	-0.2%	-1.5%	0.3%	0.3%	1.8%	1.6%
Total	$	$ 16,995,010	$ 21,562,061	$ 23,658,195	$ 24,808,936	$ 19,865,792	$ 32,598,887	$ 42,747,526	$ 28,847,257	$ 29,621,299	$ 28,279,987
	% of total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: AVTA Finance Department

DEMOGRAPHIC AND STATISTICAL INFORMATION

Consumer Price Index [1]			Index Year 1984 = 100							
Year -->	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Index	207.30	215.30	214.50	218.10	224.90	229.60	232.96	236.74	236.53	241.43
Change	2.8%	3.9%	-0.4%	1.7%	3.1%	2.1%	1.5%	1.6%	-0.1%	2.1%

Comparative Average Household Income [2]	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
United States		$69,756	$69,756	$65,888	$64,766	$64,548	$65,153	$65,986	$68,260	
California [3]		$77,091	$74,056	$71,184	$69,004	$68,355	$69,419	$71,097	$73,581	
Los Angeles		$76,644	$79,130	$72,785	$69,436	$69,399	$74,235	$71,022	$77,100	
Santa Clarita		$114,349	$118,531	$107,510	$99,264	$99,392	$99,124	$96,665	$97,970	
Palmdale		$71,547	$74,596	$72,369	$66,580	$67,659	$68,837	$66,390	$72,515	
Ridgecrest		$72,420	$76,501	$67,654	$65,694	$63,556	$66,423	$69,885	$77,253	
Lancaster		$65,810	$68,246	$65,375	$61,215	$61,677	$63,100	$61,996	$64,090	
Rosamond		$66,730	$71,073	$64,697	$59,124	$59,212	$59,732	$60,710	$52,832	
Tehachapi		$53,433	$56,142	$51,448	$52,375	$52,177	$57,311	$58,464	$80,151	
California City		$66,695	$70,401	$65,755	$58,487	$58,513	$55,823	$59,167	$62,125	

Comparative Populations [4]	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Antelope		476,845	483,998	486,414	482,017	507,220	513,547	520,690	538,789	
Atlanta		500,638	529,400	541,696	537,014	422,343	443,261	455,895	455,895	
Las Vegas		569,201	566,225	584,313	588,370	596,328	603,488	613,527	623,747	
Miami		419,237	429,888	401,054	412,464	416,952	421,410	431,376	441,003	
Portland				585,427	594,115	603,366	610,055	620,420	632,309	
St. Louis				998,792	999,016	1,000,775	1,001,295	1,002,188	1,003,362	
Tucson		531,464	537,173	521,648	524,974	526,510	528,119	530,454	531,641	

Sources:

(1) Bureau of Labor Statistic annual average data. 2016 Data is through September.

(2) Greater Antelope Valley Economic Alliance (GAVEA). Information in these categories was not available prior to 2008.

(3) U.S. Statistical Atlas.

(2) U.S. Census Data.

DEMOGRAPHIC AND STATISTICAL INFORMATION

Antelope Valley Population by Race [2]	2009	2010	2011	2012	2013	2014	2015
Caucasian	59.3%	59.0%	58.3%	55.5%	54.5%	54.0%	53.4%
Black/African American	14.3%	14.2%	14.4%	13.8%	14.0%	14.3%	14.4%
American Indian/Alaska Native	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Asian	3.4%	3.4%	3.5%	3.7%	3.6%	3.7%	3.7%
Native Hawaiian/Pacific Islander	0.2%	0.2%	0.2%	24.0%	0.3%	0.2%	0.2%
Other Races	16.5%	16.7%	17.0%	20.5%	21.1%	21.3%	21.7%
Two or More Races	5.4%	5.6%	5.6%	5.2%	5.5%	5.5%	5.5%

Principle Employers in the Antelope Valley [2]							
Edwards Air Force Base	12,515	10,610	10,808	-	10,647	10,647	11,990
China Lake Naval Weapons	6,080	6,734	9,172	-	9,172	6,690	6,520
Northrup Grumman	2,300	2,611	2,573	-	2,772	2,100	4,020
County of Los Angeles	3,757	3,953	3,953	-	3,743	3,743	3,912
Lockheed Martin	3,320	3,100	3,000	-	2,712	3,700	3,000
Antelope Valley Hospital	2,561	2,722	2,619	-	2,300	2,300	2,600
AV Union High School District	2,106	1,911	2,037	-	2,689	1,116	2,500
Palmdale School District	2,728	2,739	2,682	-	2,682	1,792	2,001
Wal-Mart (5 Stores)	2,150	2,054	1,922	-	1,922	1,922	1,922
Tehachapi State prison	1,957	1,846	1,915	-	1,915	1,671	1,462

(2) Greater Antelope Valley Economic Alliance (GAVEA). Information in these categories was not available prior to 2009.

(3) Note: 2012 data not reported In GAVEA materials.

OPERATING INFORMATION

RIDERSHIP BY MODE

	Local Transit[1]	Commuter Service[1]	TRANSporter[1]	Demand Response[2]	Total
2007	2,519,100	300,697		34,766	2,854,563
2008	2,688,791	317,564		34,261	3,040,616
2009	2,395,106	288,195		33,465	2,716,766
2010	2,542,195	202,105		31,066	2,775,366
2011	2,626,835	236,856		32,174	2,895,865
2012	2,979,464	267,759		36,216	3,283,439
2013	3,204,698	288,541	33,198	26,979	3,553,416
2014	3,276,651	292,556	37,150	26,380	3,632,737
2015	3,092,101	298,635	39,937	31,824	3,462,497
2016	2,714,344	288,529	30,882	41,711	3,075,466

(1) TRANSporter service inaugurated August 2012.

(2) Demand Response ridership figures not available prior to 2007.

Sources: AVTA Operations & Maintenance Department

OPERATING INFORMATION

SERVICE: FIXED ROUTE STATISTICS

		Service Consumption		Service Supplied		
	Passenger Fares ($)	Annual Passenger Miles	Annual Unlinked Trips	Annual Revenue Miles	Annual Vehicle Revenue Hours	Buses in Maximum Service
2007	$3,856,511	37,682,701	3,042,782	2,789,445	161,953	68
2008	$4,497,172	39,461,824	3,016,959	2,502,659	148,363	57
2009	$4,582,997	39,824,414	3,028,623	2,571,728	153,852	57
2010	$3,746,050	38,754,043	2,796,107	2,970,430	181,296	58
2011	$4,823,321	39,559,725	2,854,237	3,075,106	190,022	58
2012	$4,686,665	39,922,663	2,880,423	3,010,030	181,497	58
2013	$4,832,800	48,416,293	3,493,239	2,992,523	174,231	59
2014	$4,913,641	66,644,592	3,606,357	2,837,649	167,213	62
2015	$4,844,045	79,535,232	3,468,769	3,313,968	174,310	62
2016	$5,317,988	61,883,845	3,033,755	3,066,441	175,783	64

Source: AVTA Operations.

SERVICE: DEMAND RESPONSE STATISTICS

	Service Efficiency		Cost Effectiveness	Service Effectiveness		
	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour	Operating Expense per Passenger Mile	Passengers per Revenue Hour	Passengers per Revenue Mile	Passenger Revenue Per Revenue Hour
2007	$4.67	$76.08	$4.67	2.10	0.13	4.25
2008	$9.45	$149.10	$9.45	2.00	0.13	3.64
2009	$7.13	$133.37	$7.13	2.10	0.11	6.67
2010	$7.00	$130.49	$7.00	2.00	0.11	6.60
2011	$8.12	$154.06	$8.12	2.00	0.10	5.44
2012	$7.10	$185.66	$7.10	3.70	0.14	10.00
2013	$5.02	$150.66	$5.02	3.70	0.12	10.40
2014	$5.46	$153.01	$5.46	3.30	0.12	11.45
2015	$4.48	$92.44	$4.48	2.11	0.10	4.45
2016	$5.85	$114.25	$5.29	2.49	0.11	5.85

Source: AVTA Operations.

OPERATING INFORMATION

AVTA EMPLOYEE HEADCOUNTS

	2008	2009	2010	2011	2012[1]	2013	2014	2015	2016
Full Time	25	26	68	68	31	31	31	31	34
Part Time	3	1	5	7	8	8	8	7	6
Total	28	27	73	75	39	39	39	38	40

(1) Fleet maintenance staff was out-sourced in January 2012.

Source: AVTA Finance Department

OPERATING INFORMATION

CAPITAL ASSET STATISTICS - REVENUE FLEET

	2007	2008	2009	2010	2011	2012[1]	2013	2014	2015	2016
Local Transit	46	46	46	46	44	43	43	43	41	45
Commuter	25	31	31	31	25	25	28	28	30	30
Dial-a-Ride	18	23	26	14	14	1	-	-	-	-
Net Capital Assets	89	100	103	91	83	69	71	71	71	75

(1) Dial-A-Ride Service was out-sourced in January 2012. The DAR fleet was subsequently transferred or sold.

Source: AVTA Operations & Maintenance Department.