EAST VALLEY SCHOOLS
TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)

FINANCIAL STATEMENTS

June 30, 2024

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
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FINANCIAL STATEMENTS
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EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)

FINANCIAL STATEMENTS
June 30, 2024

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
East Valley Schools Transportation Agency
San Jose, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of East Valley Schools Transportation Agency as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise East Valley Schools Transportation Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of East Valley Schools Transportation Agency, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 9 and the General Fund Budgetary Comparison Schedule, on page 20, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Valley Schools Transportation Agency's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. That information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information marked "unaudited" has 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 it.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Organization but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024 on our consideration of East Valley Schools Transportation Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of East Valley Schools Transportation Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Valley Schools Transportation Agency's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
September 20, 2024

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

This section of the East Valley School Transportation Agency's 2023-24 annual financial report presents the Management's Discussion and Analysis (MD&A) of the Agency's financial performance during the fiscal year ending June 30, 2024. Please read it with the Agency's audited financial statement, which follows this section immediately.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Basic Financial Statement

The Basic financial statements presented herein include all activities of the East Valley Schools Transportation Agency as prescribed by Governmental Accounting Standards Board Statement Number 34.

The *Government-Wide Financial Statement* presents the Agency's financial picture from the economic resource measurement focus using the accrual basis of accounting. These statements include all assets of the Agency as well as all liabilities.

The Governmental Activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The Primary unit of government is the East Valley Schools Transportation Agency.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

REPORTING THE AGENCY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the Agency as a whole. These statements include *all* assets and *all* liabilities of the Agency using the accrual basis of accounting, similar to the accounting used by most private-sector companies. The current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These statements report the Agency's *net assets* and the changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the Agency financial health, or what is called *financial position.*

The relationship between revenues and expenses is the Agency operating results. Since the Board's responsibility is to provide services to our students and not to generate a profit as a commercial entity would do, one must consider other factors when evaluating the *overall health* of the Agency.

Governmental activities – Most of the Agency services are reported in this category. The Agency revenues include interest income, and member Districts pay the excess costs. The Agency charges fees to cover the costs of certain services it provides.

THE AGENCY AS TRUSTEE

Reporting the Agency's Fiduciary Responsibilities

The Agency is the trustee, or *fiduciary*, for funds held on behalf of others (such as the funds for excess costs). The districts pay estimated Excess Costs to cover the costs of transportation and operations. These costs are billed quarterly as an estimated cost. At the close of the fiscal year, actual excess costs are calculated, and any overpayments are refunded to the members. If a district has an underpayment, JPA sends an invoice to bill the difference. The Agency is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE AGENCY AS A WHOLE

Our analysis below focuses on the revenues.

Table 1
East Valley Schools Transportation Agency
Revenues Comparison

	2023-24	2022-23
Interest	$33,688	$24,678
Excess Cost	$2,432,320	$2,397,459
Total Revenues	$2,466,008	$2,422,137

In the fiscal year 2015-16, State apportionment for Special Ed Transportation funding was distributed directly to the district members, including in their LCFF calculation. Since the JPA did not receive the state apportionment, the excess cost shifted to billables for District members. Excess cost is the difference between the total expenditure and the total revenue. The JPA billed the estimated excess cost quarterly and true up the final costs charged to each District Member at the end of the fiscal year.

Net Position

The Agency's net position was $308,901 for the fiscal year ending June 30, 2024. This entire amount was restricted. See Table 2.

Table 2
East Valley Schools Transporation Agency
Schedule of Net Position

	2023-24	2022-23
Current Assets	$ 626,734	$ 733,355
Current Liabilities	317,833	407,590
Net Position	$ 308,901	$ 325,765

To support the cash flow, the Board approved Resolution 17/18-06 on June 6, 2018, to recalculate the Reserve every three years. At the end of 2023-24, the Reserve amount has been updated with a charge of 10% based on the expenditure of the 2023-24 Budget. This Ending Fund Balance of $308,901 will remain the same until the next update in 2026-27.

The $308,901 in restricted net position of governmental activities represents the *Reserve* provided by six member districts at start-up for cash flow purposes. See Table 3.

Table 3
East Valley Schools Transportation Agency
Schedule of Reserve by Member Districts
As of June 30, 2024

Orchard	12,480
Franklin-McKinley	99,846
Milpitas	53,044
Berryessa	53,044
Evergreen	53,044
Mount Pleasant	37,443
Net Position (Cash Flow Reserve)	$ 308,901

Governmental Activities

The total cost of services increased by $60,735 (or 2.51%) in 2023-24 compared to 2022-23. The total transportation cost for the entire school year in 2023-24 was $2,269,518. It was an increase of $33,551 (or 1.5%). The number of ridership decreased by six, and the number of routes had no change. See Table 4.

Table 4
East Valley Schools Transportation Agency
Total Cost of Services

	2023-24	2022-23
Transportation Cost	$ 2,269,518	$ 2,235,967
Other Operating Cost	213,354	186,170
Total Cost of Services	$ 2,482,872	$ 2,422,137
Average Ridership	100	106
Transportation Cost per Rider	$ 22,695	$ 21,094
Number of Routes	23	23

General Fund Budgetary Highlights

Over the year, the Agency revised its budget to deal with unexpected changes in revenues and expenditures. The Board adopted the Budget on June 7, 2023. The Board approved the Unaudited Actual with the Revised Budget on September 4, 2024. See Table 5.

Table 5
East Valley Schools Transportation Agency
Comparison of Budget to Actual
For Fiscal Year Ending June 30, 2024

Revenues	Adopted Budget	Revised Budget	Unaudited Actuals
Interest	17,205	25,600	33,688
Excess Cost Contribution	2,948,484	2,463,963	2,432,320
Total Revenues	$ 2,965,689	$ 2,489,563	$ 2,466,008
Expenditures			
Operating Cost	$ 549,347	$ 71,880	$ 77,853
Personnel Cost	131,811	$ 135,731	$ 135,501
Transportation Cost	2,284,531	$ 2,281,952	$ 2,269,518
Total Expenditures	$ 2,965,689	$ 2,489,563	$ 2,482,872
Change in Fund Balance	$ -	$ -	$ (16,864)

The changes between the Adopted Budget and the Unaudited Actual were due to reduced transportation costs. The adopted budget was based on a projection of 110 students with 26 bus routes. However, all member districts had a decline in enrollment and three bus routes had been reduced.

The student count that the JPA transported in the year fluctuated monthly. Based on the agreement of the Board, the JPA used the annual average count to charge the district members. The actual average count was 100 students, 10 students less than the count estimated at the budget adoption.

Contracted personnel costs increased by 5% for the JPA Transportation Scheduler, and the annual benefits cap increased from $15,500 to $17,500.

At the end of 2023-24, the updated reserve amount changed from $325,765 to 308,901 reduced the Fund Balance by $16,864.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the Agency Budget for the 2024-25 fiscal year, the Governing Board and Management used the following criteria and assumptions:

The key assumptions in the revenue projection are:

1. Interest revenue is based on the prior year's estimated actual earnings.
2. Local revenues (excess cost) are projected to increase proportionally based on the increase in total expenditures.

The key assumptions in the expenditure projection are:

1. The new rates of the transportation contract for 2024-25 increased by approximately 20%. The budget was proposed with the transportation service costs of 23 bus routes.
2. Contracted personnel cost has no change. The PERS rate has been updated for the budget year and the two subsequent years.
3. All other costs are projected to increase based on the estimated California CPI increase.
4. Ridership is projected with a total of 99 students.

CONTACTING THE AGENCY FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and creditors with a general overview of the Agency finances and to show the Agency accountability for the funds it receives. If you have any questions about this report or need any additional financial information, contact Business Services at East Valley Schools Transportation Agency, San Jose, California, (408) 223-3727.

BASIC FINANCIAL STATEMENTS

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
STATEMENT OF NET POSITION
June 30, 2024

ASSETS	
Cash in County Treasury (Note 2)	$ 616,624
Receivables	10,110
Total assets	626,734
LIABILITIES	
Accounts payable	317,833
NET POSITION	
Net position – restricted for transportation services	$ 308,901

See accompanying notes to financial statements.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:				
Pupil services:				
Home-to-school transportation	$ 2,425,020	$ 2,432,320	$ -	$ 7,300
General administration:				
Data processing	8,750	-	-	(8,750)
All other general administration	49,102	-	-	(49,102)
Total governmental activities	$ 2,482,872	$ 2.432.320	$ -	(50,552)
General revenues:				
Interest and investment earnings				33,688
Change in net position				(16,864)
Net position, July 1, 2023				325,765
Net position, June 30, 2024				$ 308,901

See accompanying notes to financial statements.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
BALANCE SHEET
MAJOR FUND - GENERAL FUND
June 30, 2024

ASSETS	
Cash in County Treasury	$ 616,624
Receivables	10,110
Total assets	$ 626,734
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	317,833
Fund balance:	
Restricted for transportation services	308,901
Total liabilities and fund balance	$ 626,734

See accompanying notes to financial statements.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balance - General Fund	$ 308,901
Total net position - governmental activities	$ 308,901

See accompanying notes to financial statements.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
MAJOR FUND - GENERAL FUND
For the Year Ended June 30, 2024

Revenues:	
Other local sources	$ 2,466,008
Expenditures:	
Supplies	241
Contract services and other operating expenditures	2,482,631
Total expenditures	2,482,872
Change in fund balance	(16,864)
Fund balance, July 1, 2023	325,765
Fund balance, June 30, 2024	$ 308,901

See accompanying notes to financial statements.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE –
MAJOR FUND – GENERAL FUND – TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Change in fund balance - General Fund	$ (16,864)
Change in net position of governmental activities	$ (16,864)

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: East Valley Schools Transportation Agency (the "Agency") was organized as a joint powers authority on July 1, 1996. The purpose of the Agency is to provide transportation services for the students of the member Districts. The Agency is an entity separate and distinct from each of its participant Districts. Each member District has two representatives on the Governing Board. Each member of that Board has equal voting rights. The Governing Board has decision-making authority which includes the power to appoint management and the ability to significantly influence operations. The member Districts are as follows:

- Berryessa Union School District
- Evergreen School District
- Franklin-McKinley School District
- Milpitas Unified School District
- Mount Pleasant Elementary School District
- Orchard School District

Reporting Entity: The Governing Board is the level of government which has governance responsibilities over all activities related to East Valley Schools Transportation Agency. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the Agency's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the Agency's activities, including infrastructure, and a focus on the major funds in the fund financial statements.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Agency's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Agency's general revenues.

Allocation of indirect expenses: The Agency reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. No indirect expenses have been allocated for the year ended June 30, 2024.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting: The accounts of the Agency are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Agency resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Agency only operates a General Fund.

Receivables: Receivables are made up of amounts due from member Districts for services provided. The Agency has determined that no allowance for doubtful accounts was needed as of June 30, 2024.

Accrual: Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Fund Balance Classifications: GASB Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory. At June 30, 2024, the Agency had no nonspendable fund balances.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. At June 30, 2024 the Agency had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the Agency's Governing Board has approved to be used for specific purposes, based on the Agency's intent related to those specific purposes. At June 30, 2024, the Agency had no assigned fund balances.

E - Unassigned Fund Balance:

The unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. At June 30, 2024, the Agency had no unassigned fund balances.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy: The Agency has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require the Agency to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Governing Board. At June 30, 2024, the Agency has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Modified Accrual: The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Cost of Transportation: The Agency has contracted with an outside transportation service to furnish, operate and maintain the school buses required by the Agency. The contract is subject to renewal annually by mutual agreement. Each member District makes payment to the Agency, based upon the District's actual bus usage.

Restricted Net Position: Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restricted net position represents the amounts restricted for transportation services to students.

Budget and Budgetary Accounting: Annually, the Agency's Governing Board adopts a budget. Formal budgetary integration was employed as a management control device during the year. The Agency employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. The originally adopted and final budget for the General Fund are presented as Required Supplementary Information.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2024 consisted of the following:

Pooled funds:	
Cash in County Treasury	$ 616,624

Pooled Funds: In accordance with Education Code Section 41001, the Agency maintains substantially all of its cash in the interest bearing Santa Clara County Treasurer's Pooled Investment Fund. The Agency is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the Agency's prorated share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pooled funds provide for daily redemptions by the Agency with no advance notice requirements and has redemption prices that are determined based on the pro rata share of that portfolio.

In accordance with applicable state laws, the Santa Clara County Treasury may invest in derivative securities. However, at June 30, 2024 the Santa Clara County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Investment Interest Rate Risk: The Agency does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2024, the Agency had no significant interest rate risk related to cash and investments held.

Investment Credit Risk: The Agency does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Investment Credit Risk: The Agency does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the Agency had no concentration of credit risk.

REQUIRED SUPPLEMENTARY INFORMATION

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
GENERAL FUND BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2024

	Budget			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Other local sources	$ 2,965,689	$ 2,489,563	$ 2,466,008	$ (23,555)
Expenditures:				
Supplies	1,400	241	241	-
Contract services and other operating expenditures	2,964,289	2,489,322	2,482,631	(6,691)
Total expenditures	2,965,689	2,489,563	2,482,872	(6,691)
Change in fund balance	-	-	(16,864)	(16,864)
Fund balance, July 1, 2023	325,765	325,765	325,765	-
Fund balance, June 30, 2024	$ 325,765	$ 325,765	$ 308,901	$ (16,864)

See accompanying note to required supplementary information

NOTE 1 - PURPOSE OF SCHEDULE

Budgetary Comparison Schedule: The Agency employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The budgets are revised during the year by the Governing Board to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as generally accepted accounting practices (GAAP).

SUPPLEMENTARY INFORMATION

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2024

East Valley Schools Transportation Agency reports no Average Daily Attendance, as it is a transportation joint powers authority.

See accompanying notes to supplementary information.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2024

East Valley Schools Transportation Agency reports no Instructional Time, as it is a transportation joint powers authority.

See accompanying notes to supplementary information.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2024
(UNAUDITED)

	(Adopted Budget) 2025	2024	2023	2022
General Fund				
Revenues and other financing sources	$ 3,089,010	$ 2,466,008	$ 2,422,137	$ 2,602,709
Expenditures	3,089,010	2,482,872	2,422,137	2,602,709
Change in fund balance	$ -	$ (16,864)	$ -	$ -
Ending fund balance	$ 308,901	$ 308,901	$ 325,765	$ 325,765
Available reserves	N/A	N/A	N/A	N/A
Designated for economic uncertainties	$ -	$ -	$ -	$ -
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as percentages of total outgo	N/A	N/A	N/A	N/A
All Funds				
Total long-term liabilities	$ -	$ -	$ -	$ -
Average daily attendance at P-2	N/A	N/A	N/A	N/A

The fund balance of the General Fund has decreased by $16,864 over the past three years. The fiscal year 2024-2025 budget projects no change. The State has not established a reserve requirement for joint powers authorities.

The Agency has no long-term liabilities.

The Agency reports no Average Daily Attendance, as it is a transportation joint powers authority.

See accompanying notes to supplementary information.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

There were no audit adjustments proposed to the financial statements of the Agency.

See accompanying notes to supplementary information.

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2024

Charter Schools Chartered by Agency	Included in Agency Financial Statements, or Separate Report

Not applicable.

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes in the Local Educational District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. Because East Valley Schools Transportation Agency is a transportation joint powers authority, and not a school district, this schedule is not applicable.

Schedule of Instructional Time: The Schedule of Instructional time is a schedule required by the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*, as a measurement of the amount of instructional time offered to pupils of school districts. Because East Valley Schools Transportation Agency is a transportation joint powers authority, and not a school district, this schedule is not applicable.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balance of all funds as reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the Agency's financial condition over the past three years and its anticipated condition for the 2023-2024 fiscal year.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools. Because East Valley Schools Transportation Agency is a transportation joint powers authority, and not a District, this schedule is not applicable.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2024, the Agency did not offer an Early Retirement Incentive Program.

OTHER INFORMATION

EAST VALLEY SCHOOLS TRANSPORTATION AGENCY
(A JOINT POWERS AUTHORITY)
ORGANIZATION
June 30, 2024
(UNAUDITED)

East Valley Schools Transportation Agency was established in 1996 under a joint powers agreement for the purpose of providing schools transportation to the students enrolled in the following member school Districts:

- Berryessa Union School District
- Evergreen School District
- Franklin-McKinley School District
- Milpitas Unified School District
- Mount Pleasant Elementary School District
- Orchard School District

ADMINISTRATION

Tracy Huynh
Chief Executive Officer

Name	Participating District	Office	Term Expires
Elida MacArthur	Mount Pleasant Elementary School District	President	*
Roxane Fuentes	Berryessa Union School District	Clerk	*
Steve Betando	Evergreen School District	Member	*
Juan Cruz	Franklin-McKinley School District	Member	*
Jeffery Bowman	Orchard School District	Member	*
Cheryl Jordan	Milpitas School District	Member	*

* Member will serve until they resign.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Governing Board
East Valley Schools Transportation Agency
San Jose, California

Report on Compliance

Disclaimer Opinion on State Compliance

We have audited East Valley Schools Transportation Agency's (the Agency) compliance with the requirements specified in the State of California *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the Agency's state program requirements identified below for the year ended June 30, 2024.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on East Valley Schools Transportation Agency's compliance with the state laws and regulations.

Basis for Disclaimer of Opinion

We did not perform testing of any of the programs listed on the next pages, as these procedures are applicable to a K-12 Local Educational Agency. East Valley Schools Transportation Agency is a joint powers authority and does not participate in or operate any of the programs listed in the *2023-24 Guide or Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

The California State Controller's Office and the California Department of Education have classified East Valley Schools Transportation Agency as a K-12 Local Educational Agency, although East Valley Schools Transportation Agency is a transportation joint powers authority. Accordingly, the California State Controller's Office requires that the provisions of the State of California's *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* be applied. The Audit Guide requires that the Report on State Compliance specifically and separately addresses each of the state compliance requirements included in the Audit Guide that are applicable to the year audited, stating whether or not the Agency is in compliance with those requirements; states that the audit procedures included in the Audit Guide for each requirement were followed in the making of the audit, if that is the case, or, if not, what other procedures were followed; and includes an expression of positive assurance with respect to compliance with applicable laws and regulations for those items tested in accordance with those regulations, and negative assurance for untested items.

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

(Continued)

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the Agency's compliance with the state laws and regulations applicable to the following items:

2023-24 K-12 Audit Guide Procedures		Procedures Performed
Local Education Agencies Other than Charter Schools:		
A.	Attendance	N/A, see below
B.	Teacher Certification and Misassignments	N/A, see below
C.	Kindergarten Continuance	N/A, see below
D.	Independent Study	N/A, see below
E.	Continuation Education	N/A, see below
F.	Instructional Time	N/A, see below
G.	Instructional Materials	N/A, see below
H.	Ratio of Administrative Employees to Teachers	N/A, see below
I.	Classroom Teacher Salaries	N/A, see below
J.	Early Retirement Incentive	N/A, see below
K.	Gann Limit Calculation	N/A, see below

(Continued)

L.	School Accountability Report Card	N/A, see below
M.	Juvenile Court Schools	N/A, see below
N.	Middle or Early College High Schools	N/A, see below
O.	K-3 Grade Span Adjustment	N/A, see below
Q.	Apprenticeship: Related and Supplemental Instruction	N/A, see below
R.	Comprehensive School Safety Plan	N/A, see below
S.	District of Choice	N/A, see below
TT.	Home to School Transportation Reimbursement	N/A, see below

School Districts, County Offices of Education, and Charter Schools:

T.	Proposition 28 Arts and Music in Schools	N/A, see below
U.	After/Before School Education and Safety Program	N/A, see below
V.	Proper Expenditure of Education Protection Account Funds	N/A, see below
W.	Unduplicated Local Control Funding Formula Pupil Counts	N/A, see below
X.	Local Control and Accountability Plan	N/A, see below
Y.	Independent Study – Course-Based	N/A, see below
Z.	Immunizations	N/A, see below
AZ.	Educator Effectiveness	N/A, see below
BZ.	Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ.	Career Technical Education Incentive Grant	N/A, see below
DZ.	Expanded Learning Opportunities Program	N/A, see below
EZ.	Transitional Kindergarten	N/A, see below

Charter Schools:

AA.	Attendance	N/A, see below
BB.	Mode of Instruction	N/A, see below
CC.	Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD.	Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE.	Annual Instructional Minutes-Classroom Based	N/A, see below
FF.	Charter School Facility Grant Program	N/A, see below

We did not perform testing of any of the programs listed on this and the previous page, as these procedures are applicable to a K-12 Local Educational Agency. East Valley Schools Transportation Agency is a transportation joint powers authority and does not participate in or operate any of the programs listed in the Audit Guide.

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

Report on Internal Control over Compliance

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

(Continued)

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
September 20, 2024

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

To the Governing Board
East Valley Schools Transportation Agency
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund information of East Valley Schools Transportation Agency as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise East Valley Schools Transportation Agency's basic financial statements, and have issued our report thereon dated September 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Valley Schools Transportation Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Valley Schools Transportation Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of East Valley Schools Transportation Agency's internal control.

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

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

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Valley Schools Transportation Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
September 20, 2024

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	___X___ None reported
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

STATE AWARDS

Type of auditors' report issued on compliance for State programs:	Disclaimer

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

No matters were reported.