

November 10, 2025

To the Board of Directors
El Area Transportation Services, Local Government Corporation

We have audited the financial statements of the governmental activities and general fund of the El Area Transportation Services, Local Government Corporation for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 1, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the El Area Transportation Services, Local Government Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the El Area Transportation Services, Local Government Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the El Area Transportation Services, Local Government Corporation's financial statements is:

1. Management's zero (\$0) estimate of the Due From Fiscal Agent is based on management's opinion that an allowance for doubtful accounts is not necessary for fair presentation.

We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 10, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to El Area Transportation Services, Local Government Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as El Area Transportation Services, Local Government Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of El Area Transportation Services, Local Government Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Gilson Ruddock Patterson LLC

**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

**ANNUAL FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT THEREON**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

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Independent Auditor's Report

To the Board of Directors of
El Paso Area Transportation Services,
Local Government Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of El Paso Area Transportation Services, Local Government Corporation (EPATS-LGC) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the EPATS-LGC'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 General Fund of El Paso Area Transportation Services, Local Government Corporation, as of September 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the EPATS-LGC 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 the EPATS-LGC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 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, we:

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

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
November 10, 2025

**El Paso Area Transportation Services,
Local Government Corporation**
Management's Discussion and Analysis
For the Year Ended September 30, 2024

As management of El Paso Area Transportation Services, Local Government Corporation (EPATS-LGC), we offer readers of the EPATS-LGC's financial statements this narrative overview and analysis of the financial activities of the EPATS-LGC for the year ended September 30, 2024. Given that the entity is still in its formative stages, El Paso County has actively stepped in to provide essential support for its establishment.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the EPATS-LGC's basic financial statements. The EPATS-LGC's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the EPATS-LGC's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the EPATS-LGC's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the EPATS-LGC is improving or deteriorating.

The statement of activities presents information showing how the EPATS-LGC's net position changed during the most recent 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 expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide financial statements present functions of the EPATS-LGC that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 6 and 7 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The EPATS-LGC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The EPATS-LGC maintains one governmental fund which is the General Fund.

Governmental Funds - Governmental funds are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances on spendable resources available at the end of the year. Such information may be useful in evaluating a government's near term financing requirements.

**El Paso Area Transportation Services,
Local Government Corporation**
Management's Discussion and Analysis
For the Year Ended September 30, 2024 (continued)

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 6 and 7 of this report.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 8 through 13 of this report.

Government-Wide Financial Analysis

The EPATS-LGC's assets exceeded its liabilities at the close of the most recent year by \$275,562, which is an increase of \$110,523. The increase of \$110,523 is due to current year operations which included higher dues by several existing members and the addition of two new members which were the Town of Anthony and Town of Clint.

A summary of net position for the EPATS-LGC is presented as follows:

	2024	2023
ASSETS		
Current assets	\$ 355,864	\$ 213,622
Total assets	355,864	213,622
LIABILITIES		
Current liabilities	\$ 80,302	\$ 48,583
Total liabilities	80,302	48,583
NET POSITION		
Unrestricted	\$ 275,562	\$ 165,039
Total net position	275,562	165,039

Statement of Activities

This statement represents the activity of the EPATS-LGC, which results from revenue, expenses, gains and losses during the year. In 2024, the EPATS-LGC had revenues of \$346,454 and expenses of \$235,931, which is an increase of \$132,832 and \$187,348, respectively. The activity is higher in FY 2024 as the EPATS-LGC continues to make progress in reaching its objectives and goals. During FY 2024, there were six members that contributed to the EPATS-LGC which were the Town of Anthony, Town of Clint, City of San Elizario, Town of Horizon, Village of Vinton, and El Paso County. Town of Anthony and Town of Clint are new members in FY 2024. Expenses for the year consisted of legal, marketing, consulting, and fiscal agent services.

**El Paso Area Transportation Services,
Local Government Corporation**
Management's Discussion and Analysis
For the Year Ended September 30, 2024 (continued)

Changes in Net Position

	2024	2023	Change
Total member dues	\$ 346,400	\$ 213,622	\$ 132,778
Miscellaneous Charges	54	-	54
Total revenue	<u>346,454</u>	<u>213,622</u>	<u>132,832</u>
Public Transportation Coordination:			
Professional Services	<u>235,931</u>	<u>48,583</u>	<u>187,348</u>
Total expenses	<u>235,931</u>	<u>48,583</u>	<u>187,348</u>
Change in net position	110,523	165,039	(54,516)
Net position, beginning of year,	<u>165,039</u>	-	<u>165,039</u>
Net position, end of year	<u><u>\$ 275,562</u></u>	<u><u>\$ 165,039</u></u>	<u><u>\$ 110,523</u></u>

General Fund Analysis

As of September 30, 2024, the EPATS-LGC's General fund reported an ending fund balance of \$275,562, which is an increase of \$110,523.

The same analysis included in the Statement of Activities section would apply to the general fund.

Economic Outlook

For the year ended September 30, 2025, the EPATS-LGC approved \$975,754 for member dues which is an increase of \$629,354 in comparison to the year ended September 30, 2024. The long term plans for EPATS-LGC will provide for the entity to take over the activity of the El Paso County Transit Operations department along with the related grants that are handled through El Paso County.

Request for Information

The financial report is designed to discuss issues that may be material to the operation of the EPATS-LGC. Questions concerning any of the information in this report or requests for additional information should be addressed to El Paso Area Transportation Services, Local Government Corporation, 800 E. Overland Room 423 El Paso, Texas 79901.

John Andoh
Executive Director

**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

SEPTEMBER 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Due from Fiscal Agent	\$ 355,864	\$ -	\$ 355,864
Total Assets	355,864	-	355,864
Liabilities			
Accounts Payable	80,302	-	80,302
Total Liabilities	80,302	-	80,302
Fund Balance:			
Unassigned	275,562	(275,562)	
Total Fund Balance	275,562	(275,562)	
Total Liabilities and Fund Balances	\$ 355,864		
Net Position			
Unrestricted		275,562	275,562
Total Net Position		\$ 275,562	\$ 275,562

See accompanying notes to financial statements.

**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Member Dues:			
El Paso County	\$ 169,300	\$ -	\$ 169,300
Town of Horizon	87,800	-	87,800
City of San Elizario	35,700	-	35,700
Town of Anthony	21,600	-	21,600
Village of Vinton	19,000	-	19,000
Town of Clint	13,000	-	13,000
Total Member Dues	346,400	-	346,400
Miscellaneous Charges	54	-	54
Total Revenues	346,454	-	346,454
Expenditures/ Expenses - Public Transportation Coordination			
Professional Services	235,931	-	235,931
Total expenditures/expenses	235,931	-	235,931
Net Change in Fund Balance / Net Position	110,523	-	110,523
Fund Balances and Net position, beginning of year	165,039	-	165,039
Fund Balance and Net position, end of year	\$ 275,562	\$ -	\$ 275,562

See accompanying notes to financial statements.

**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

El Paso Area Transportation Services, Local Government Corporation (EPATS-LGC or LGC), DBA El Paso Transportation Authority (ETA), was created on November 29, 2021 to encourage and assist local municipalities to cooperate in providing regional public transportation solutions in El Paso County. El Paso County initiated the formation of the EPATS-LGC among local municipalities and public entities within El Paso County. As outlined in Article I and Article III of the Corporation's Bylaws, each member government is required to apply for membership, execute a membership agreement, and contribute a membership fee to join. Each member government has a financial interest through its annual dues, representation on the Board of Directors, and active participation in transportation policy and project development efforts. Based on an interlocal agreement with El Paso County, the EPATS-LGC Board of Directors is responsible for setting the decision making for the transit system outside the City of El Paso and will manage El Paso County's transit services using El Paso County's grants.

As of the end of fiscal year 2024, El Paso County remains as the designated recipient, through its rural transit district status, of Texas Department of Transportation (TxDOT) grants. However, it is the intent of both El Paso County and EPATS-LGC to transition this designation along with its responsibility to EPATS-LGC in the near future.

The Board of Directors (the Board) is comprised of a chairperson representing El Paso County and one board member representing each member municipality, including El Paso County. A quorum for the consideration of matters pertaining to the purposes of the LGC must include an El Paso County Director. The EPATS-LGC operates under Chapter 431 of the Texas Transportation Code and is subject to all laws applicable to Texas non-profit corporations.

EPATS-LGC prepares its financial statements in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principle.

A. Reporting Entity

For the year ended September 30, 2024, EPATS-LGC was governed by a seven-member board consisting of the chairperson and six directors from each member municipality. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Under these criteria, the EPATS-LGC is considered a primary government and is not a component unit of any other government.

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**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The primary standard for including or excluding a potential component unit is whether it is financially dependent on the reporting entity. The fiscal dependency criterion also requires that a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations, and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits EPATS-LGC or whether the activity is conducted within the geographic boundaries of the EPATS-LGC and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether EPAT-LGC is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no component units to be included within the reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the EPATS-LGC as a whole. These statements include all nonfiduciary activities of the EPATS-LGC. The fund based financial statements (i.e. the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) report information of the EPATS-LGC at the fund level. The EPATS-LGC only has one fund which is the general fund. As a special-purpose government engaged in a single governmental program (transportation), the EPATS-LGC has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the EPATS-LGC considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

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**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity

Due from fiscal agent - Funds that are in the custody of the fiscal agent (Rio Grande Council of Governments), but are for the EPATS-LGC operations.

Capital Assets - Although EPATS-LGC does not currently have any capital assets, capital assets are defined by EPATS-LGC as assets with an initial, individual or project cost of more than \$1,000 and an estimated useful life (lease or SBITA term) in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of the receipt.

Right-to-use assets are recorded at the present value of their future payments over the non-cancelable agreement. In a governmental fund, the full amount of the right-to-use asset is reported as an expenditure in the year the agreement is executed.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets will be depreciated using the straight-line method over the estimated economic useful life of each asset. Lease assets and SBITAs will be amortized in systematic and rational manner over the shorter of the agreement or the useful life of the underlying asset. The amortization expense will be combined with depreciation expense for financial reporting purposes.

Accounts payable - Liabilities of the EPATS-LGC for goods and services.

Net Position - Net position is classified and displayed in three components, if applicable, as follows:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: Consists of the net amount of assets, liabilities, deferred outflows of resources, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption - Sometimes the EPATS-LGC will fund outlays for a particular purpose from both externally restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the EPATS-LGC’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions - Sometimes the EPATS-LGC will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the EPATS-LGC’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies - Fund balance of governmental funds is typically reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The EPATS-LGC itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the EPATS-LGC’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the EPATS-LGC that can, by adoption of a resolution prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the EPATS-LGC for specific purposes but do not meet the criteria to be classified as committed. The Board Chairman has authority to assign fund balance.

Encumbrances - The EPATS-LGC does not encumber any appropriations for future expenditures. Appropriations lapse at fiscal year end and must be appropriated in the next fiscal year budget.

Use of Estimates - Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal income tax status – The EPATS-LGC is a local government corporation created to accomplish a governmental purpose and is not subject to federal income tax. Contributions to the LGC are deductible under §170(c)(1) of the Internal Revenue Code.

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**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. DUE FROM FISCAL AGENT

EPATS-LGC has contracted with Rio Grande Council of Governments (RGCOG) to be the fiscal agent for EPATS-LGC. Under the terms of this agreement, the RGCOG maintains all financial records for EPATS-LGC and assists with other administrative duties. EPATS-LGC does not have a separate bank account and as such, funds of EPATS-LGC are included with RGCOG. As of September 30, 2024, RGCOG was holding \$355,864 in their bank account on-behalf of EPATS-LGC.

3. NET POSITION / FUND BALANCE

As of September 30, 2024 all of the net position and fund balance consisted of unrestricted and unassigned, respectively.

4. MEMBER DUES

The EPATS-LGC's revenues are generated from annual dues paid by participating LGC members. Member dues are billed on an annual basis. As of September 30, 2024 there were six members that participated in the LGC which were the Town of Clint, Town of Anthony, City of San Elizario, Town of Horizon, Village of Vinton, and El Paso County.

5. COMMITMENTS AND CONTINGENT LIABILITIES

During the course of normal business, the EPATS-LGC has entered in contracts for legal and consulting services.

6. RISK MANAGEMENT

EPATS-LGC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. Since the entity is in the early stages of development, the Board of Directors has not yet purchased insurance but is in the process of procuring it. Therefore, EPATS-LGC is self-insuring any losses or damages and would pay any such losses out of EPATS-LGC's funds. As of September 30, 2024, EPATS-LGC is not aware of any losses and as such, has not accrued any related liability.

7. LITIGATION

Through the ordinary course of its operations, the EPATS-LGC becomes subject to various claims and litigation. As of the date of the financial statements, management is not aware of any claim or potential claim that would have a material adverse effect on the financial statements.

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**EL PASO AREA TRANSPORTATION SERVICES,
LOCAL GOVERNMENT CORPORATION**

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

8. RELATED PARTY TRANSACTIONS

From time to time, the EPATS-LGC may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the year ended September 30, 2024.

9. NEW ACCOUNTING PRONOUNCEMENTS

EPATS-LGC has not completed the process of evaluating the impact on its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

- GASB Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024. GASBS No. 102 provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

- GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. GASBS No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. GASBS No. 104 provides users of governmental financial statements with essential information about certain types of capital assets.