



Gold Coast Transit
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2014 and 2013



WHERE PUBLIC TRANSPORTATION GOES
COMMUNITY GROWS

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Gold Coast Transit

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2014 and 2013

**Gold Coast Transit
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Introductory Section



September 30, 2014

The Board of Directors
Gold Coast Transit
Oxnard, California

Members of the Board:

It continues to be my pleasure to serve as Gold Coast Transit's General Manager. During this past year we successfully concluded negotiations with SEIU Local 721 for Memoranda of Understanding with our three bargaining units that are in effect until November 1, 2017. Over the past year we have focused on monitoring and analyzing our bus service while we completed the installation and commissioning of the new fareboxes and automatic passenger counters. We completed all of the preliminary work for the July 1, 2014 transition to the Gold Coast Transit District including modifying our budget development process, finalizing bylaws and preparing updated resolutions.

In fiscal year 2013-2014, Gold Coast Transit (GCT) delivered over 3.9 million passenger trips and operated 2.6 million miles of revenue service in western Ventura County.

Key developments at GCT during the 2013-2014 fiscal year include:

- **New Facility Project** – In July 2013, we signed a contract to buy property at Auto Center Drive and Paseo Mercado in Oxnard for our new facility. The escrow period was anticipated to last for at least 12 months while we completed our due diligence along with the federal and state environmental reviews. This work was completed in the spring of 2014. The CEQA document and Specific Plan Amendment adopted by the City of Oxnard, was approved by the Federal Transit Administration and our grant was awarded in July 2014. The property purchase was finalized on July 28, 2014.
- **Key Additions to the Gold Coast Transit Management Team** – With the Board's approval, Gold Coast Transit added Reed Caldwell as the Facility Project Manager and Debbie Williams as the Human Resources Director to the Management Team for GCT. Both Reed and Debbie have had a tremendous positive impact on the organization and are excelling at their tasks.
- **Employee Relations** – In an effort to promote an open door policy and strengthen internal communications, I've continued the numerous activities begun last year, including "Coffee with the GM", monthly staff birthday celebrations in the driver's lounge, and the monthly "General Manager's Update".
- **Facility Improvements** – Minor safety and efficiency upgrades to the facility have continued this year. The planning and design of a third office trailer have been completed, with some minor construction in the parking lot scheduled in the next few months. The trailer has been ordered and delivery is expected in the next 60 days.
- **Marketing and Community Outreach** – Gold Coast Transit has continued and expanded our successful community outreach events, with promotions for Earth Day and to publicize the new fareboxes and new fare media. The use of real-time traveler information available from NextBus and Smart Ride utilizing the apps for smart phones has continued to be popular and GCT Trip Planning information is now live on Google Maps. A module to easily access this was developed and is on the website front page.

The Gold Coast Transit team is very proud of its accomplishments to date however we remain committed to upholding the organization's mission: to provide safe, responsive, convenient, efficient, and environmentally responsible public transportation that serves the diverse needs of our community.



Steven P. Brown
General Manager



September 30, 2014

Board of Directors
Gold Coast Transit
301 E. Third St.
Oxnard, California 93030

Members of the Board:

This is Gold Coast Transit's Comprehensive Annual Financial Report (CAFR) covering the fiscal year ended June 30, 2014, the final CAFR submitted in compliance with GCT's Joint Powers Agreement before the law creating the Gold Coast Transit District took effect on July 1, 2014.

The CAFR has been prepared by the Office of the Director of Finance and Administration in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). This Office is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

We believe that the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of GCT as of June 30, 2014. All disclosures necessary to enable the reader to gain the maximum understanding of GCT financial affairs have been included.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by GCT during the fiscal year. The CAFR is organized into three sections:

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

The preparation of this Comprehensive Annual Financial Report required the cooperation of GCT management, staff and our independent auditors, Charles Z. Fedak & Co., CPAs. I wish to express my thanks and appreciation to the GCT Accounting staff: Administrative Analyst, Daniel Amaro, Payroll and Benefits Specialist, Linda Marie Soshea, and especially Accounting Manager, Lili Marlene T. Tomen. As the agency (now the district) has grown over the past few years, this skilled and dedicated group has worked even harder to keep the agency compliant and moving forward.

Steve L. Rosenberg
Director of Finance and Administration

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Gold Coast Transit *Organizational Information*

History¹

When Gold Coast Transit District (GCTD) came into existence on July 1, 2014 as the result of legislation signed by Governor Brown on October 3, 2013, it represented a significant next step in the evolution of public transit in Western Ventura County.

South Coast Area Transit (SCAT) was established in 1973. On July 17, 1973 the Cities of Ojai, Oxnard, Port Hueneme and San Buenaventura executed a Joint Powers Agreement that created SCAT to develop and operate local and intercity public transportation in western Ventura County. The County of Ventura became a SCAT member agency in October of 1977.

Prior to SCAT's creation, two municipal bus lines operated the region's public transit service. Ventura Transit City Lines operated local service in Ventura and intercity service to Ojai. Oxnard Municipal Bus Lines served Oxnard and Port Hueneme. Following a national trend, the bus systems flourished through the mid 1940's but both ridership and service levels declined in the years following. By the late 1960's it became increasingly difficult for cities to maintain municipal bus lines with local general funds.

The outlook for public transit systems in California brightened in 1971 when the State Legislature created a source of dedicated transportation funding through passage of the Transportation Development Act (TDA). The availability of TDA funds to local governments provided an impetus for forming a single regional transit entity to operate coordinated transit services across municipal boundaries and in some unincorporated areas of western Ventura County.

After SCAT's creation in 1973, the operating systems of Ventura Transit City Lines and Oxnard Municipal Bus Lines were merged to create the SCAT regional transit system. Bus service was implemented on November 4, 1973. SCAT originally operated from two facilities located in Ventura and Oxnard. In February of 1980 all SCAT functions were consolidated in a single administrative, operating and maintenance facility on a three-acre site at 301 E. Third Street in Oxnard.

In June 2007, SCAT's Joint Powers Agreement was amended to, among other changes, rename the agency from South Coast Area Transit to Gold Coast Transit; this change became effective July 1, 2007. The creation of GCTD marks a significant milestone for the agency, providing a more solid financial structure and an increased sense of permanence.

Services

GCT provides fixed-route bus and paratransit services in the cities of Ojai, Oxnard, Port Hueneme and Ventura, and in the unincorporated County areas between the cities. The service area is approximately 91 square miles with an estimated population of 375,000.

GCT served 3.9 million passenger boardings in Fiscal Year 2013-2014, an increase of 7.2% from the previous year, and operated 2.6 million miles of revenue service, an increase of 11.3% from the previous year. GCT operates a fleet of 54 full-size (35-foot and 40-foot) buses on fixed route service and 24 cutaway buses on paratransit service, all using clean burning compressed natural gas (CNG). Only eleven of GCT's 78 revenue vehicles are more than seven years old, and funding has been secured to replace those eleven vehicles over the next 12-18 months. GCT operates its own onsite CNG fueling station, having in 2011 completed construction of a second-generation CNG fueling station.

In Fiscal Year 2013-2014, GCT fixed-route service served 3.82 million passenger boardings, an increase of 7% from the previous year, while the ACCESS paratransit system transported 82,495 passengers, an increase of 16.3% over the previous year.

¹ Historical information excerpted from "A Historical Summary of Gold Coast Transit," by Peter G. Drake, retired SCAT general manager.

Gold Coast Transit *Organizational Information*

Mission Statement

GCT's mission is to provide safe, responsive, convenient, efficient, and environmentally responsible public transportation that serves the diverse needs of our community, by:

- 1) Offering a range of transit opportunities to serve the diverse needs of our community;
- 2) Building on GCT's internal strengths and capacities to achieve the highest standards of transit service delivery and foster a sense of ownership for employees;
- 3) Providing safe and dependable transit service that is convenient and efficient;
- 4) Providing transit services that are environmentally and sustainably responsible as well as supportive of and supported by sustainable development/smart growth/TOD;
- 5) Maintaining the most appropriate governance structure to facilitate the achievement of the highest standards of transit service delivery; and
- 6) Maintaining a balanced fiscal plan that supports our Mission Statement.

Management

The General Manager is appointed by the Board of Directors and is charged with carrying out the Board's policies and directives. The General Manager leads a management team made up of five departmental directors and the Project Manager for GCTD's new Operations and Administration Facility. Members of the GCT management team are:

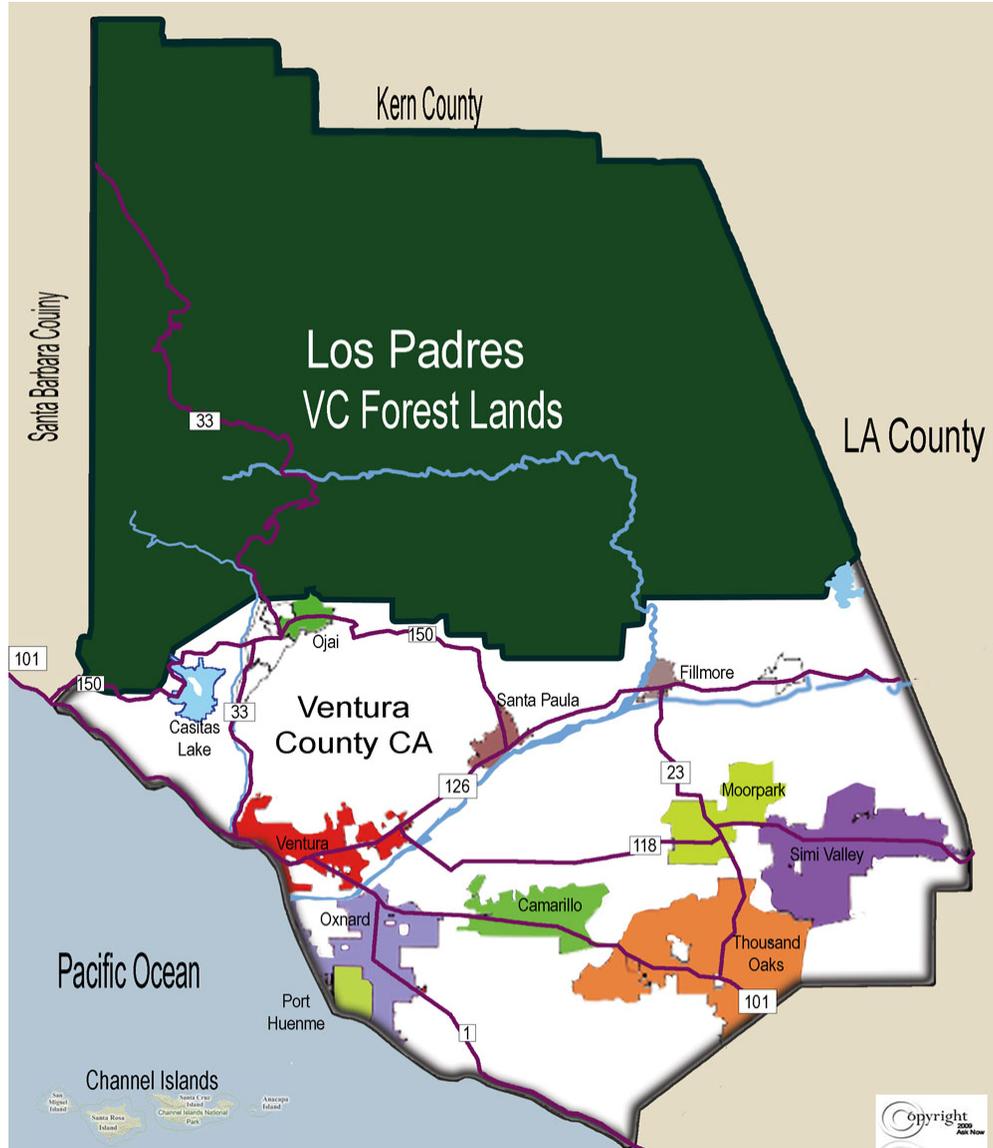
Steven P. Brown, General Manager
Steve L. Rosenberg, Director of Finance and Administration
Robert Lurie, Director of Fleet and Facilities
Andrew Mikkelson, Director of Transit Operations
Debbie L. Williams, Director of Human Resources
Reed Caldwell, Facility Project Manager
Director of Planning and Marketing - Vacant

At the end of Fiscal Year 2013-2014, GCT had 185 positions, the majority of whom provide or supervise bus service. The Operations Department had 141 positions, including 130 bus operators, eight transit supervisors, one operations safety & training officer, one dispatch and revenue control specialist and one director. The Maintenance Department had 24 positions, including ten mechanics, six service workers, two parts specialists, one facility and equipment mechanic, one building maintenance worker, three supervisors and a director. The Administration Department had eleven positions, including the General Manager, the Office Manager, the Facility Project Manager, the Director of Finance and Administration, the Accounting Manager, the Payroll and Benefits Specialist, the Administrative Analyst, the Purchasing Manager, the Buyer, the Director of Human Resources and the Human Resources and Risk Manager. The Planning & Marketing/Paratransit Department had nine positions, including the vacant, Director of Planning and Marketing position, the Communications and Marketing Manager, the Paratransit and Special Projects Manager, the Planning Manager, Transit Planner II, and a part-time Transit Planner assigned to the new facility project, and three Customer Service Assistants. Service Employees International Union Local 721 represents all bus operators, all non-supervisory maintenance employees and the three Customer Service Assistants.

In addition to GCT's directly operated fixed route bus service, GCT contracts with MV Transportation, Inc for the management and operation of GCT ACCESS, a regional paratransit service providing curb-to-curb transportation for people with disabilities and senior citizens.

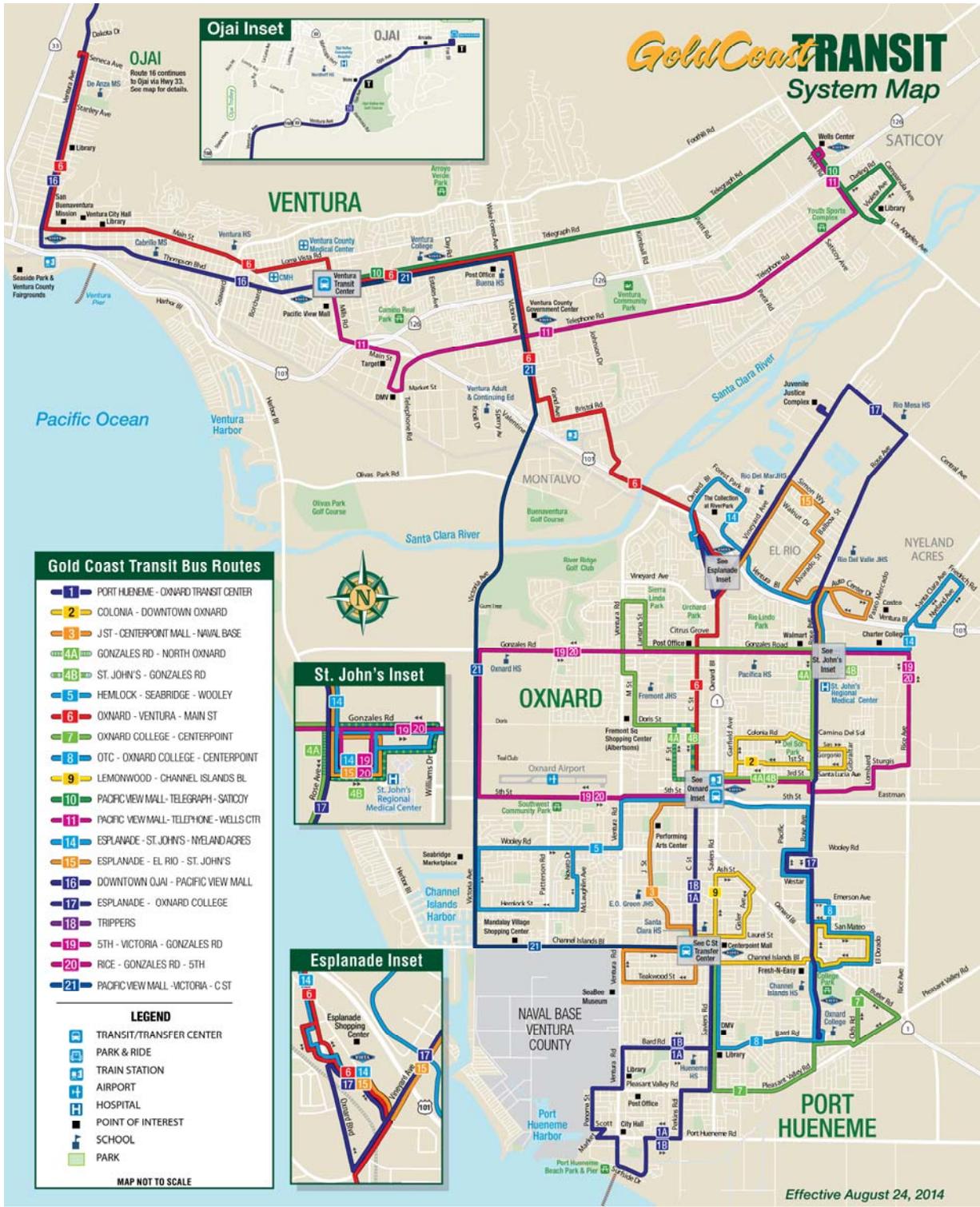
Gold Coast Transit
Organizational Information

Map of Ventura County, California

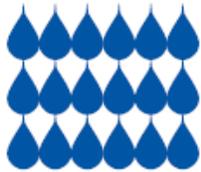


**Gold Coast Transit
Organizational Information**

Gold Coast Transit Bus System Map



Financial Section



Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA
Christopher J. Brown, CPA

Charles Z. Fedak & Company

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Independent Auditor's Report

Board of Directors
Gold Coast Transit
Oxnard, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Gold Coast Transit (GCT), which comprise the statement of net position as of June 30, 2014 and 2013, and the related statement of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise GCT's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gold Coast Transit as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 20 and the schedule of funding progress on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Other-Matters

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise GCT's basic financial statements as a whole. The introductory section on pages 1 through 7 and the statistical section on pages 41 through 45 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 4 of the attached single-audit report is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2014, on our consideration of GCT's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 GCT's internal control over financial reporting and compliance. This report can be found on page 46 and 47.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation

Cypress, California

September 30, 2014

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

The following Management Discussion and Analysis (MD&A) of activities and financial performance of Gold Coast Transit (GCT) provides an introduction to the financial statements of GCT for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the transmittal letter contained in the Introductory Section and with the statements and related notes contained in the Statistical Section.

On July 1, 2014, state legislation established Gold Coast Transit District (GCTD), replacing GCT's previous structure as a Joint Powers Authority (JPA). In this discussion all references to the agency in reference to financial activities in FY 2013-2014 will be to GCT; references that are specific to the agency going forward will be to GCTD.

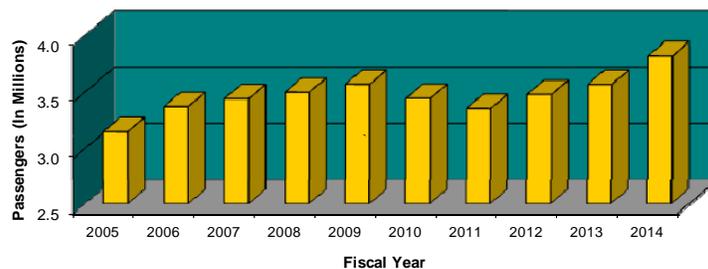
Activities and Highlights

GCT provides bus and paratransit services in the cities of Ojai, Oxnard, Port Hueneme and Ventura, and in the unincorporated County areas between the cities. The service area is approximately 91 square miles with a population of approximately 375,000. GCT owns 78 revenue vehicles which are 100% fueled with clean burning compressed natural gas (CNG), primarily from GCT's owned and operated CNG fueling station. In FY 2013-2014, vehicles carried over 3.9 million passengers while traveling nearly 2.6 million revenue miles.

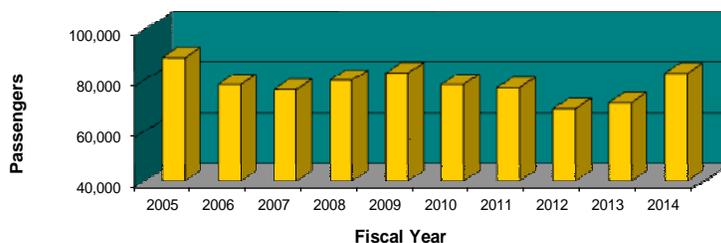
GCT operates a fleet of 54 fixed-route buses. In FY 2013-2014, GCT fixed-route buses operated 2.04 million miles of revenue service and served 3.82 million passenger boardings, an increase of 7.1% over the previous year and more than in any other year in its history. In FY 2013-2014, the ACCESS paratransit system transported 82,495 passengers, an increase of 16.3% from the previous year. GCT owns the paratransit fleet consisting of 24 vans, which are operated under contract by MV Transportation, Inc.

	<u>2014</u>	<u>2013</u>	<u>Increase/ (Decrease)</u>
Fixed-Route Passenger Trips	3,817,758	3,566,470	7.1%
ACCESS Paratransit One-Way Trips	82,495	70,927	16.3%
Total Boardings	<u>3,900,253</u>	<u>3,637,397</u>	<u>7.2%</u>

Fixed Route Bus Ridership – Unlinked Passenger Trips from 2005 to 2014



ACCESS Paratransit Ridership – One-way Trips from 2005 to 2014

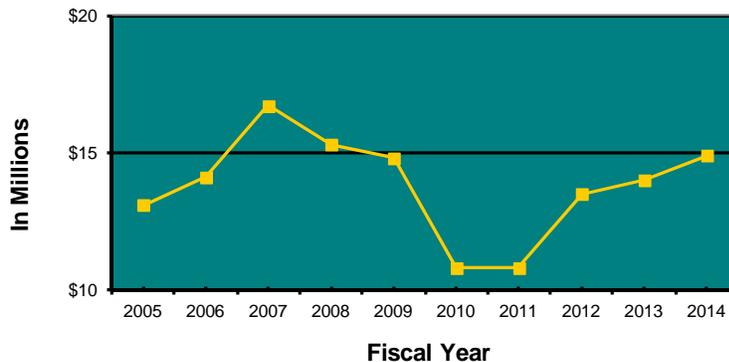


Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

GCT is different than the majority of transit operations in California since it provides transit service without support from direct local sales tax measures, tax levies or dedicated general funds. The use of Local Transportation Funds (LTF) from a quarter-cent state sales tax provided by the Transportation Development Act (TDA) of 1974 has historically been the primary local means available to GCT to support transit services.

LTF increased substantially through the early 2000s, peaked in FY 2006-2007, and was dramatically impacted by the last recession. In the three years from FY 2006-2007 to its low point in FY 2009-2010, the LTF available to GCT's members decreased 35% (from \$16.7M to \$10.8M). This caused GCT to reduce service levels in FY2010-2011. In the years between FY 2009-2010 and FY 2013-2014, LTF revenues allocated to GCT's members increased 37%, allowing GCT to restore service levels and add some additional service. This is still considerably below the \$16.7M available to our members in FY 2006-2007.

LTF Funding Allocated to GCTD Members - 2005 to 2014



On July 1, 2014, state legislation established Gold Coast Transit District (GCTD), replacing GCT's previous structure as a Joint Powers Authority (JPA). As a special district, GCTD will directly receive all LTF funds allocated to its members' jurisdictions, rather than receiving a portion of the LTF based on budget requirements. The legislation also allows GCTD members to claim from the district a portion of the LTF funds for transit services not provided by the district that the member funds or operates. This change should provide GCTD with a somewhat higher level of LTF going forward, but will also subject GCTD to the same LTF funding uncertainties that other direct recipients experience.

GCT's second largest source of operating revenues is the Federal Transit Administration (FTA). Federal Section 5307 grants, the program that funds GCT operating revenue line items, are based on a federal formula and have remained relatively stable over the past five years. GCT expended \$3.5M in Section 5307 grant funds for operating revenue purposes in FY 2013-2014. GCT also uses Federal Congestion Mitigation and Air Quality Improvement (CMAQ) funds to help pay for new routes, called demonstration projects. GCT expended \$1.2M in CMAQ funds in for three routes in FY 2013-2014.

Another revenue source for GCT is State Transportation Assistance (STA). While STA accounts for a small percentage of GCT revenues (1% in FY 2013-2014), STA does provide significant funding for competing Ventura County transit priorities such as Metrolink and VISTA. After having been eliminated during the recession and reinstated following litigation by replacing the sales tax on fuel with an increase in the diesel fuel excise tax rate, STA now appears to have stabilized as a transit funding source.

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Financial Position Summary

GCT's total net position is 2.6% lower than FY 2012-2013 but remains strong at almost \$19 million. The growth in GCT's current liabilities is the result of deferred revenue, the largest portion of which consists of Proposition 1B funds already received that are dedicated for future capital projects. A condensed summary of net position at June 30 is shown on the next page:

Financial Position Summary, continued

Condensed Statements of Net Position			
	2014	2013	Change
Assets:			
Current assets	\$ 19,413,868	14,626,057	4,787,811
Non-current assets	34,816	-	34,816
Capital assets, net	13,213,508	14,468,893	(1,255,385)
Total assets	32,662,192	29,094,950	3,567,242
Liabilities:			
Current liabilities	13,743,038	9,677,990	4,065,048
Total liabilities	13,743,038	9,677,990	4,065,048
Net position:			
Net investment in capital assets	13,213,508	14,468,893	(1,255,385)
Restricted for capital projects	4,106,949	3,342,144	764,805
Unrestricted	1,598,697	1,605,923	(7,226)
Total net position	18,919,154	19,416,960	(497,806)
Total liabilities and net position	\$ 32,662,192	29,094,950	3,567,242

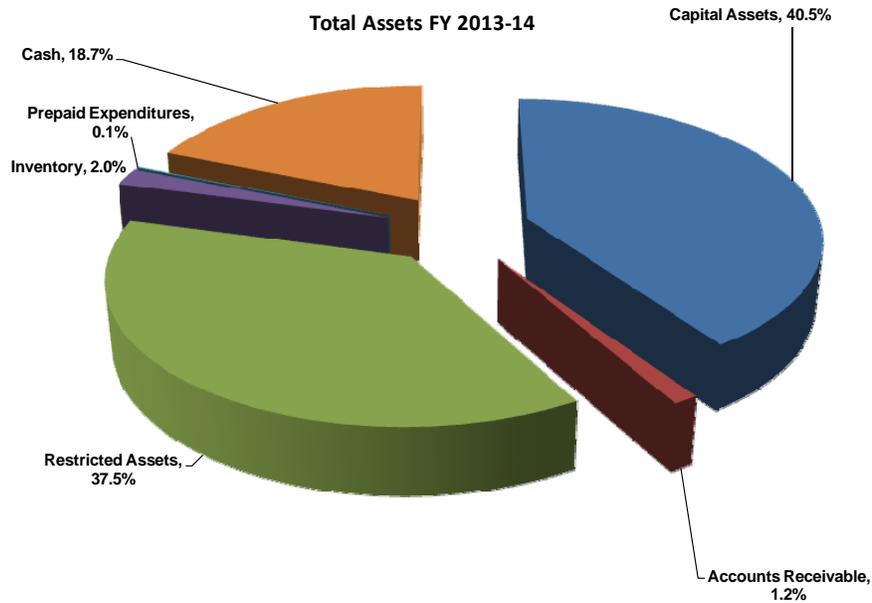
The largest portion of GCT's *net position* (\$13,213,508 at June 30, 2014) is its net investment in capital assets, such as buses, buildings, improvements, and equipment. GCT uses these capital assets to provide services to its passengers; consequently, these assets are not available for future spending. The decrease in GCT's net position in FY 2013-2014 reflects a fourth consecutive year of minimal additions to fixed assets offset by another full year of depreciation for all assets.

Restricted net position are those funds set aside or specifically awarded to fund the purchase of future capital projects and transit vehicle acquisitions. The remaining *unrestricted net position* (\$1,598,697 as of June 30, 2014) may be used to meet GCT's capital and ongoing obligations. GCT also holds as unearned revenue \$8.1 million from California Proposition 1B bonds, to be used for pending capital improvement projects.

In early FY 2014-2015, GCTD completed the purchase of a 15-acre parcel in Oxnard to be used as the site of GCTD's future Operations and Administration facility. This transaction will have a significant impact on next year's Statement of Net Position.

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

The following chart shows GCT's total assets by percentage.



GCT Passenger Fares

Passenger fares are set by the Board of Directors and changed when determined necessary by the Board. The most recent fare increase was approved during FY 2009-2010, when the Board of Directors approved a two-phase fare increase. The first phase took effect on January 24, 2010, and the second phase took effect on August 21, 2011. The base cash fare for GCT fixed route buses is \$1.50, and by policy the paratransit fare is automatically set at twice the amount of the fixed route fare, or \$3.00.

GCT restructured its multi-ride ticket and monthly pass program in October 2013. GCT's current fare structure is as follows:

GCT FIXED ROUTE FARES

<u>Cash Fares (One Way)</u>	<u>Fare Amount</u>	<u>Multi-Ride Ticket or Monthly Pass</u>	<u>Fare Amount</u>
Adult	\$1.50	Adult	
Youth (through age 18)	\$1.50	15-Ride	\$20.00
Seniors (65-74 years of age with GCT I.D or proof of age)	\$0.75	31-Day Pass	\$50.00
Medicare (with Medicare Card)	\$0.75	Youth	
Disabled (ADA card or GCT I.D.)	\$0.75	15-Ride	\$15.00
Seniors 75+ (with GCT I.D or proof of age)	Free	31-Day Pass	\$40.00
Children under 45" tall (when accompanied by paid fare)	Free	Reduced Fare (Senior/Disabled)	
Day Pass (One-Day/Unlimited Boardings)	\$4.00	15-Ride	\$10.00
Day Pass for Seniors/Medicare/Disabled	\$2.00	31-Day Pass	\$25.00

GCT ACCESS (Paratransit) FARES

<u>Cash Fares (One Way)</u>		<u>Multi-Ride Ticket or Monthly Pass</u>	
ADA Certified or Senior	\$3.00	Book of Ten Tickets - ADA Certified or Senior	\$30.00
Senior Nutrition (registered with County program)	Donation		

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Financial Operations Highlights

- Operating revenues increased 18%, from \$3,148,100 in FY 2012-2013 to \$3,714,914 in FY 2013-2014, after a 4.7% decrease the previous year. Fare sales increased 11% primarily due to ridership growth of 7% in fixed route and 10.7% in paratransit, while local fare support was \$150,000 higher than last year as a result of GCT having deferred some local fare support revenue in FY 2012-2013. In FY 2013-2014, GCT and Ventura County Public Health initiated a program to compensate GCT paratransit services for Medi-Cal eligible trips; GCT received \$96,217 in FY2013-2014. Local fare support and Medi-Cal trip compensation helps GCT achieve its TDA-mandated fare box recovery ratio of 20% overall or 20% for fixed route and 10% for paratransit.
- Operating expenses before depreciation increased 11.5% from \$16,642,267 to \$18,531,482. Expenditures were still considerably lower than the approved budget. The year-to-year increase was driven by:
 - A 9.8% increase in salaries and wages. GCT increased the fixed route Revenue Service Hours (RSH) it provides to the public by 8.6%, from 181,417 in FY 2012-2013 to 196,925 in FY 2013-2014. Operator labor is GCT's largest single cost driver, and the volume of operator labor expended is directly related to the service hours provided. Other year-to-year labor cost increases are the result of a lower-than-expected maintenance labor costs in the prior year as well as a small wage increase for non-represented personnel in April and year-end one-time bonuses for the GCT work force, which had received no wage increases since 2009.
 - A 7.5% increase in medical benefit contribution costs, resulting from hiring additional employees as well as a full year of the 9% increase in agency medical benefit contribution negotiated as the result of a contract reopener and initiated in January 2013.
 - A 248% increase in fuels and lubricant costs resulting from the expiration of the Alternative Fuel Excise Tax Credit in December 2013. The year-to-year comparison is quite skewed because the credit was reinstated retroactively in December 2012 and GCT realized six quarters of the credit in FY 2012-2013. With natural gas at historic low pricing and including the final two quarters of the tax credit in FY 2013-2014, GCT's net actual fuels and lubricant cost in FY 2013-2014 was \$536,762. To put that in perspective, GCT vehicles logged 3.06 million miles last year, 71% by heavy-duty buses. GCT's net cost per mile for fuel was just under \$.17, comparable to a car getting 20.6 miles per gallon at a cost of \$3.50 per gallon.
 - A 10.8% increase in the cost for contracted ADA Paratransit service, resulting from a 16.3% increase in ridership for FY 2013-2014 compared to FY 2012-2013.
 - An 18.3% increase in the cost for workers' compensation Insurance, resulting from both increased payroll and increased coverage rates.
 - A 8% increase in the cost for pension contribution, resulting from increased payroll as well as a 3.25% increase in GCT's employer contribution rate from FY 2012-2013 to FY 2013-2014.

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Financial Operations Highlights, continued

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Operating revenues	\$ 3,714,914	3,148,100	566,814
Operating expenses	<u>(18,531,482)</u>	<u>(16,642,267)</u>	<u>(1,889,215)</u>
Operating loss before depreciation	(14,816,568)	(13,494,167)	(1,322,401)
Depreciation	<u>(2,519,756)</u>	<u>(2,924,100)</u>	<u>404,344</u>
Operating loss	(17,336,324)	(16,418,267)	(918,057)
Non-operating revenues, net	<u>14,816,568</u>	<u>13,494,167</u>	<u>1,322,401</u>
Loss before capital contributions	(2,519,756)	(2,924,100)	404,344
Capital contributions	<u>2,021,950</u>	<u>2,387,051</u>	<u>(365,101)</u>
Change in net assets	(497,806)	(537,049)	39,243
Net position – beginning of period	<u>19,416,960</u>	<u>19,954,009</u>	<u>(537,049)</u>
Net position – end of period	<u>\$ 18,919,154</u>	<u>19,416,960</u>	<u>(497,806)</u>

Revenues

A summary of revenues for the year ended June 30, 2014 including the amount and percentage of change in relation to prior year amounts is as follows:

	<u>2014</u>	<u>Percentage of Total</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Operating revenues:					
Fixed-route passenger fares	\$ 3,386,373	18.3%	2,908,046	478,327	16.4%
ACCESS paratransit fares	<u>328,541</u>	<u>1.8%</u>	<u>240,054</u>	<u>88,487</u>	<u>36.9%</u>
Total operating	<u>3,714,914</u>	<u>20.0%</u>	<u>3,148,100</u>	<u>566,814</u>	<u>18.0%</u>
Non-operating:					
Local assistance	9,631,812	52.0%	8,976,086	655,726	7.3%
Federal funding	4,733,271	25.5%	3,855,259	878,012	22.8%
State funding	192,000	1.0%	196,076	(4,076)	-2.1%
Other	<u>259,485</u>	<u>1.4%</u>	<u>466,746</u>	<u>(207,261)</u>	<u>-44.4%</u>
Total non-operating	<u>14,816,568</u>	<u>80.0%</u>	<u>13,494,167</u>	<u>1,322,401</u>	<u>9.8%</u>
Total revenues	<u>\$ 18,531,482</u>	<u>100.0%</u>	<u>16,642,267</u>	<u>1,889,215</u>	<u>11.4%</u>

Revenues for FY 2013-2014 increased 11% from FY 2012-2013; however the sources of revenue by percentage remained stable. Operating revenues comprised 20% of GCT's total revenue. Local Transportation Fund (LTF) funding accounted for 52% of total revenues, compared to 53.9% in FY 2012-2013. Federal funds as a percentage of total revenues increased from 24.5% to 25.5% and STA funds decreased from 1.2% to 1.0%.

Passenger fare revenues for both fixed route and paratransit increased significantly from FY 2012-2013 to FY 2013-2014. Fixed route ridership increased 7% and fixed route fare revenue increased 10.6%. The difference may be attributable to increased cash fares from introduction of the on-board day pass, as well as the change in GCT's multi-ride fare structure starting in October 2013. Paratransit ridership increased 16.3% and paratransit fare revenue increased 19%; the difference owing to some large fare media purchases at year end.

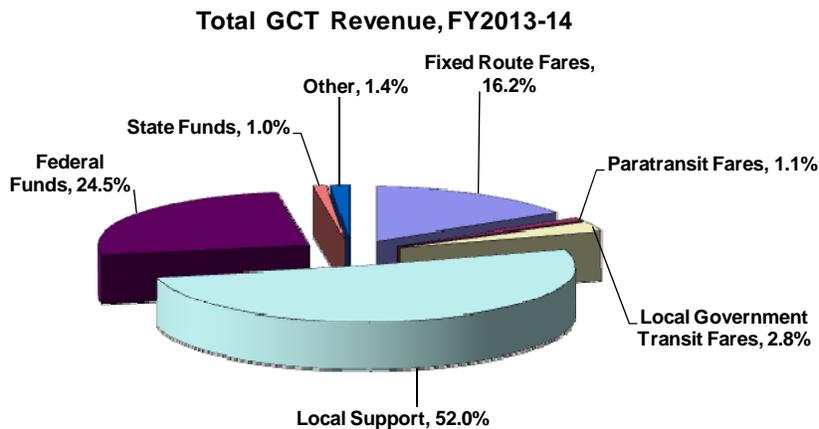
Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

California regulations require that a transit service claimant for TDA funds have a system wide ratio of fare and local revenues to operating cost of at least 20%, or that the claimant realize a farebox recovery ratio (FBRR) of 20% for fixed route service and 10% for paratransit service. Including eligible local support funds, on-board advertising revenue and Medi-cal trip reimbursements and excluding costs and fares for new services, GCT's fare box recovery ratio (FBRR) for FY 2013-2014 was 24.2% for fixed route and 13.1% for paratransit, with a combined FBRR of 22.6%.

GCT Fare Box Ratio Calculation - FY 2013-14

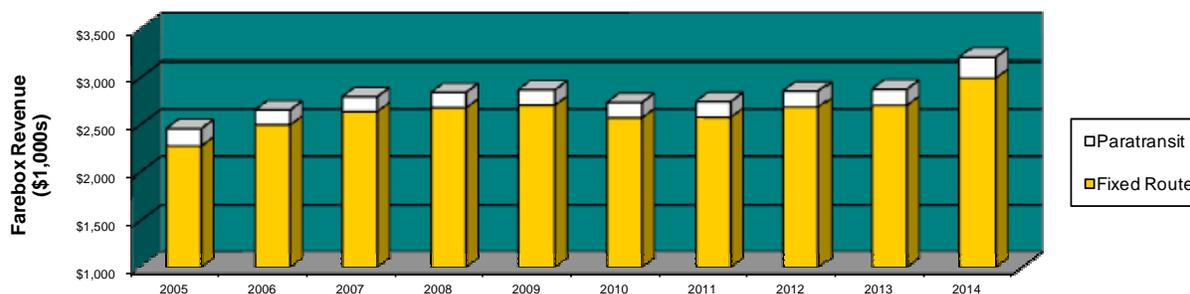
<u>Fixed Route</u>	<u>\$ in millions</u>
GCT Operating Expenses	\$ 16.0
Less Excluded Costs	\$ (2.3)
GCT Operating Expenses, Less Excluded Costs	\$ 13.7
Fixed Route Passenger Fares	\$ 3.0
Local Government Transit Fares	\$ 0.4
Advertising Revenue	\$ 0.2
Less Excluded Revenue	\$ (0.3)
Revenue Applicable to FBRR	\$ 3.3
Fixed Route FBRR	24.2%
<u>Paratransit</u>	
GCT Operating Expenses	\$ 2.5
Paratransit Passenger Fares	\$ 0.2
Local Government Transit Fares	\$ -
Medi-Cal Service Reimbursement	\$ 0.1
Revenue Applicable to FBRR	\$ 0.3
Paratransit FBRR	13.1%
COMBINED FAREBOX RATIO	22.5%

The following chart shows the major sources of operating and non-operating revenues for the year ended June 30, 2014 (fares, grants and others).



Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

The following chart shows GCT's passenger farebox revenues over the past ten years:



Expenses

A summary of expenses for the year ended June 30, 2014, including the amount and percentage of change in relation to prior year amounts, is as follows:

	2014	Percentage of Total	2013	Increase (Decrease)	% Increase (Decrease)
Operating expenses:					
Vehicle operation	\$ 10,431,838	49.6%	9,171,277	1,260,561	13.7%
Vehicle maintenance	2,917,575	13.9%	2,468,149	449,426	18.2%
Planning and marketing	722,554	3.4%	848,095	(125,541)	-14.8%
Operations and administration	1,947,331	9.3%	1,921,105	26,226	1.4%
Paratransit	2,512,184	11.9%	2,233,641	278,543	12.5%
Operating expenses before depr	18,531,482	88.0%	16,642,267	1,889,215	11.4%
Depreciation	2,519,756	12.0%	2,924,100	(404,344)	-13.8%
Total operating expenses	\$ 21,051,238	100.0%	19,566,367	1,484,871	7.6%

Fixed Route costs for FY 2013-2014 were 13.7% higher than in FY 2012-2013. Cost drivers were an 8.6% increase in fixed route service hours (wages, benefits and fuel) as well as higher workers' compensation costs and an increase in net fuel cost as the result of the expiration of the Alternative Fuel Excise Tax Credit. For context, GCT has increased fixed route service hours 16.9% over the past two years and total Fixed Route operating costs have increased 14.7%.

Maintenance costs for FY 2013-2014 were 17.3% higher than in FY 2012-2013. The previous year's cost base was an anomaly as the result of having had vacant positions for an extended period; Maintenance costs have increased 12.2% in the past two years despite having increased service 16.9% with an aging fleet.

Administration Department costs for FY 2013-2014 were 1.4% higher than in FY 2012-2013. Salaries increased year-to-year due to a vacant position for an extended period in FY 2012-2013 and modest wage increases in the fourth quarter of the fiscal year plus year-end one-time bonuses for employees that had not received a wage increase since 2009, offset by reduced costs for supplies and contract services.

Planning and Marketing department costs for FY 2013-2014 were 15% lower than in FY 2012-2013, as the result of a vacant position for an extended portion of the fiscal year plus reduced costs for marketing and contract services.

Paratransit operations costs for FY 2013-2014 were 12.5% higher than in FY 2012-2013. GCT's paratransit services contract with MV Transportation represents over 90% of total paratransit operations costs, and GCT's contract cost increased 10.8% based on a 16.3% increase in ridership from the previous year.

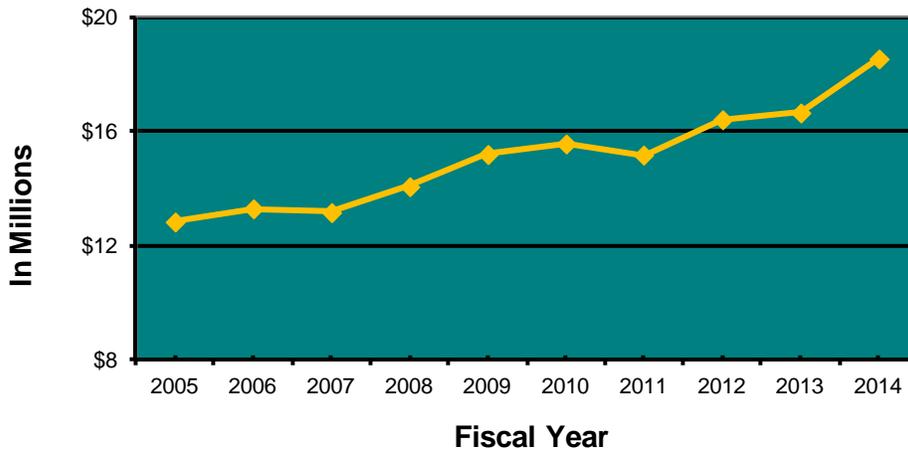
Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Program cost increases also stem from higher fuel expenses as the result of the expiration of the Alternative Fuel Excise Tax Credit in December 2013.

The 13.8% decrease in depreciation expense is the result of more assets reaching their fully-depreciated useful life than the value of the assets being added.

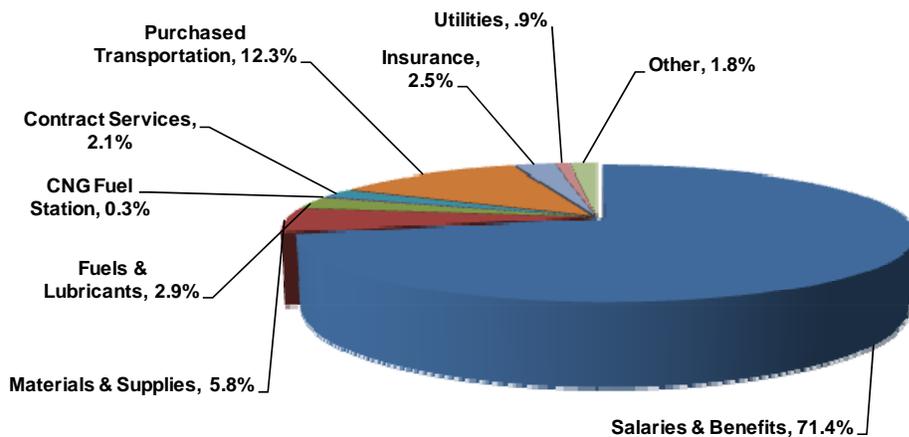
Total operating expenses before depreciation were 11.4% higher than the previous year. The following chart shows operating expense trends over a ten-year period.

GCT Operating Expense - from 2005 to 2014



The following chart shows major cost categories and the percentage of operating expenses for the year ended June 30, 2014:

Total Operating Expenses FY2013-14



Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Financial Statements

GCT's basic financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board. GCT is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when paid. Capital assets are capitalized and (except for land and construction in progress) depreciated over their estimated useful lives. See the notes to the financial statements for a summary of GCT's significant accounting policies.

Capital Asset Acquisition

During FY 2013-2014, GCT added \$347,701 in capital additions. This includes \$162,310 for an Operator Training System, \$122,313 for service vehicles and trucks, \$53,471 for a Point-of-Sale system for the Customer Service Center (CSC), \$6,600 for a new module for the Fleet-Net software system and \$3,007 for an addition to the Security trailer added in FY 2012-2013.

Capital asset acquisitions are capitalized at cost. Acquisitions are typically funded primarily using federal grants with matching local funds. GCT also receives state grants from the Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and Safety and Security programs, neither of which require matching funds. With numerous capital projects currently underway, GCT closed the year with \$953,669 in construction-in-process.

Additional information on GCT's capital assets can be found in the notes to the financial statements.

Economic and Strategic Factors

With the establishment of Gold Coast Transit District (GCTD), replacing the GCT-JPA agency on July 1, 2014, GCTD looks ahead toward a future of increased demand for public transportation services for the people, communities and businesses of western Ventura County with a greater sense of permanence and increased financial stability.

GCTD's current thirty-four-year-old 2.9 acre facility in downtown Oxnard was designed for smaller buses, one-half the number of vehicles in its current fleet and far fewer staff than are required to operate a modern transit agency of our current size. Operating at current service levels is challenging and no additional growth is possible on our current site. On July 28, 2014, GCTD completed the purchase of a 15-acre site in North Oxnard, on the corner of Auto Center Drive and Paseo Mercado, on which we are planning to construct GCTD's new and larger Operations, Maintenance and Administration facility. GCTD has over \$25 million in direct grant funds for the project. GCTD anticipates a combination of additional grants and long-term debt will be required to complete this project.

Local Transportation Funds continue to gradually recover from the 2007-2010 economic downturn. LTF funds available to GCTD's members decreased 3.1% from FY 2012-2013 to FY2013-2014 as the result of some non-recurring funds in the prior year. LTF funds are still \$2.3 million (13.6%) below the FY 2006-2007 level. As a district, GCTD will now directly receive all LTF funds allocated to its members' jurisdictions, rather than receiving a portion of the LTF based on budget requirements. This change is likely to provide GCTD with additional LTF funds going forward, however GCTD is required to fund from this source its members' costs for transit services not provided by the district that the member funds or operates.

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

GCT has benefitted over the past seven years from a period of extraordinarily low fuel costs resulting from GCT's exclusive use of compressed natural gas (CNG), as well as an extended period of labor cost stability. As a result, GCT survived the economic downturn in relatively strong financial condition given its limited revenue streams. GCT was able to maintain operations during the downturn with only minor service reductions, which have since been restored. GCT carries no long-term debt and is current with its relatively modest other post-employment benefits (OPEB) obligations. GCT has a capital reserve in excess of four million dollars and a reasonable cash position backed up by a one million dollar line of credit with Union Bank.

As FY2014-2015 began, costs are continuing to rise. GCTD reached a three-year Memorandum of Understanding (MOU) with Service Employees International Union (SEIU) Local 721, which represents approximately 80% of GCTD's employees, providing modest wage increases for a workforce that previously had received no general wage increase in five years. Despite continuing low commodity costs for natural gas, GCTD's net fuel costs have increased as a result of the expiration of the Alternative Fuel Excise Tax Credit in December 2013.

Of GCTD's 54 fixed route buses only eleven are scheduled for replacement within the next five years, and GCTD's entire fleet of 24 paratransit vehicles are due for replacement. GCTD has secured a combination of federal and state grant funds to cover 100% of the cost for both of those fleet replacements.

The economic environment for GCTD has not changed substantively from last year. Local Transportation Fund revenues have recovered from historic lows but remain well below pre-recession highs. The State Transit Assistance (STA) program is once again a stable funding source, but one from which GCTD receive very little funding. The Federal government's current transit funding authorization bill, MAP-21, has stabilized core transit funding but provides little hope for increased funding levels for operations and few opportunities for small-to-midsize agencies such as GCTD to compete for major capital project funds. MAP-21 expires in October 2014, however based on recent Congressional activity it is likely to be extended numerous times before new legislation is passed.

The demand for transit services in western Ventura County continues to increase. GCT's ridership in FY2013-2014 was the highest in its history; however GCTD's ability to meet the increasing needs of its constituents will continue to be impeded by a lack of adequate revenue streams for transit in Ventura County. The District is impeded from growth beyond its current size until a new facility is developed and operational, however without additional project grant funding GCTD will be challenged to finance the level of debt currently projected to complete the project.

GCTD has undertaken several initiatives to increase revenues, such as on-board advertising sales, reimbursement for Medi-Cal eligible paratransit transportation and most recently the sale of Low Carbon Fuel Credits generated by GCTD's use of CNG as a vehicle fuel. GCT will continue to aggressively seek revenue opportunities from initiatives such as these; they are increasingly important but are not of the scale necessary to impact the growing imbalance between transit demand and transit funding in our service area. Establishing GCTD as a district has provided increased financial stability and access to some additional LTF revenue, however the future growth of GCTD and the expansion and improvement of Ventura County transit services overall continues to search for an increased commitment from our citizens by implementing a dedicated transit funding source, just as virtually all other large California counties have already done.

Requests for Information

This financial report is designed to provide GCT's members, customers, stakeholders and other interested parties with an overview of GCT's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Steve Rosenberg, Director of Finance and Administration, at Gold Coast Transit, 301 E. Third St., Oxnard, California, 93030-6048.

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Basic Financial Statements

**Gold Coast Transit
Statement of Net Position
June 30, 2014 and 2013**

<i>Assets</i>	2014	2013
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,115,370	3,547,098
Accrued interest receivable	1,819	2,048
Accounts receivable – federal funding	295,527	3,059,923
Accounts receivable – other	90,688	252,593
Materials and supplies inventory	645,499	1,125,884
Prepaid expenditures	<u>42,614</u>	<u>38,978</u>
Total unrestricted assets – current	<u>7,191,517</u>	<u>8,026,524</u>
Restricted assets – current:		
Cash and cash equivalents (note 2)	12,219,570	6,596,274
Accrued interest receivable	<u>2,781</u>	<u>3,259</u>
Total restricted assets – current	<u>12,222,351</u>	<u>6,599,533</u>
Total current assets	<u>19,413,868</u>	<u>14,626,057</u>
Non-current assets:		
Other post-employment benefits asset (note 7)	34,816	-
Capital assets, net (note 3)	<u>13,213,508</u>	<u>14,468,893</u>
Total non-current assets	<u>13,248,324</u>	<u>14,468,893</u>
Total assets	<u>\$ 32,662,192</u>	<u>29,094,950</u>
<i>Liabilities and Net Position</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,136,972	2,423,097
Accrued salaries and wages	330,172	175,838
Compensated absences (note 4)	615,050	588,991
Unearned revenue	488,241	265,137
Unearned revenue – CA Prop. 1B (note 5)	8,115,402	3,257,389
Unearned local transportation funding (note 6)	<u>3,057,201</u>	<u>2,967,538</u>
Total current liabilities	<u>13,743,038</u>	<u>9,677,990</u>
Net position: (note 9)		
Net investment in capital assets	13,213,508	14,468,893
Restricted for capital acquisitions (note 8)	4,106,949	3,342,144
Unrestricted (note 10)	<u>1,598,697</u>	<u>1,605,923</u>
Total net position	<u>18,919,154</u>	<u>19,416,960</u>
Total liabilities and net position	<u>\$ 32,662,192</u>	<u>29,094,950</u>

See accompanying notes to the basic financial statements

Gold Coast Transit
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013

	2014	2013
Operating revenues:		
Passenger fares:		
Fixed route	\$ 3,386,373	2,908,046
Paratransit	328,541	240,054
Total operating revenues	3,714,914	3,148,100
Operating expenses:		
Vehicle operation	10,431,838	9,171,277
Vehicle maintenance	2,917,575	2,468,149
Planning and marketing	722,554	848,095
Operations and administration	1,947,331	1,921,105
Paratransit	2,512,184	2,233,641
Total operating expenses	18,531,482	16,642,267
Operating loss before depreciation	(14,816,568)	(13,494,167)
Depreciation:		
Capital assets – operations	2,519,756	2,507,373
Capital assets – paratransit operations	-	416,727
Total depreciation	2,519,756	2,924,100
Operating loss	(17,336,324)	(16,418,267)
Non-operating revenues(expenses):		
Local transportation funding	9,631,812	8,976,086
Federal funding – operating grants	4,733,271	3,855,259
Federal funding – pass-through grants – VISTA fareboxes	568,077	-
Federal funding – pass-through expenses – VISTA fareboxes	(568,077)	-
State funding – operating grants	192,000	196,076
Interest earnings	13,885	15,758
Advertising revenue	231,998	219,932
Other, net	13,602	231,056
Total non-operating revenues, net	14,816,568	13,494,167
Loss before capital contributions	(2,519,756)	(2,924,100)
Capital contributions:		
Federal capital grants	876,385	1,095,411
State capital grants	383,962	181,117
Local capital grants	761,603	1,110,523
Total capital contributions	2,021,950	2,387,051
Change in net position	(497,806)	(537,049)
Net position – beginning of period	19,416,960	19,954,009
Net position – end of period	\$ 18,919,154	19,416,960

See accompanying notes to the basic financial statements

Gold Coast Transit
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Receipts from passenger fares – fixed route	\$ 3,771,382	3,226,505
Receipts from passenger fares – paratransit	328,541	240,054
Payments to employees for salaries and wages	(8,341,676)	(7,637,324)
Payments to vendors for services	(10,853,605)	(8,346,715)
Net cash used in operating activities	(15,095,358)	(12,517,480)
Cash flows from non-capital financing activities:		
Proceeds from local transportation funding	9,721,475	9,996,667
Proceeds from federal funding – operating grants	6,689,549	2,024,799
Proceeds from state funding – operating grants	192,000	147,292
Other non-operating revenue, net	245,600	304,723
Net cash provided by non-capital financing activities	16,848,624	12,473,481
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,264,371)	(1,285,183)
Proceeds from federal capital grants	1,684,503	198,007
Proceeds from state capital grants	5,242,453	1,638,508
Proceeds from local capital grants	761,603	10,523
Net cash provided by capital and related financing activities	6,424,188	561,855
Cash flows from investing activities:		
Interest earnings	14,114	17,434
Net cash provided by investing activities	14,114	17,434
Net increase in cash and cash equivalents	8,191,568	535,290
Cash and cash equivalents, beginning of year	10,143,372	9,608,082
Cash and cash equivalents, end of year	\$ 18,334,940	10,143,372
Reconciliation of cash and cash equivalents to statement of net assets:		
Cash and cash equivalents	\$ 6,115,370	3,547,098
Restricted assets – cash and cash equivalents	12,219,570	6,596,274
Total cash and cash equivalents	\$ 18,334,940	10,143,372

Continued on next page

See accompanying notes to the basic financial statements

Gold Coast Transit
Statement of Cash Flows, continued
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	\$ <u>(17,336,324)</u>	<u>(16,418,267)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,519,756	2,924,100
Change in assets – (increase)decrease:		
Accounts receivable – other	161,905	67,388
Materials and supplies inventory	480,385	(569,056)
Prepaid expenditures	(3,636)	13,115
Other post-employment benefits asset	(34,816)	-
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(1,286,125)	1,316,696
Accrued salaries and wages	154,334	(47,733)
Compensated absences	26,059	28,676
Unearned revenue	223,104	251,071
Other post-employment benefits payable	<u>-</u>	<u>(83,470)</u>
Total adjustments	<u>2,240,966</u>	<u>3,900,787</u>
Net cash used in operating activities	\$ <u><u>(15,095,358)</u></u>	<u><u>(12,517,480)</u></u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The principal business activity of Gold Coast Transit (GCT) is to provide public transportation service to customers in the geographic area known as western Ventura County located in Southern California.

GCT is a joint powers authority created in 1973 by the Cities of Ojai, Oxnard, Port Hueneme and San Buenaventura for the purpose of operating a public transportation system within and about Western Ventura County. Subsequent to the initial creation of the agency, the City of Santa Paula and County of Ventura were added as participating members. Each of these governments is represented on GCT's Board of Directors.

On October 5, 1994, the City of Santa Paula withdrew from the joint powers authority agreement and surrendered its representation on the Board of Directors. Santa Paula's member equity was reallocated to the other members during the fiscal year ended June 30, 1995.

B. Basis of Accounting and Measurement Focus

GCT reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of GCT is that the costs (including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges (passenger fares) and transportation grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues, such as passenger fares, result from exchange transactions associated with the principal activity of GCT. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from nonexchange transactions in which GCT gives (receives) value without directly receiving (giving) value in exchange.

C. Financial Reporting

GCT's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GCT solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in GCT's proprietary fund.

D. Assets, Liabilities and Net Position

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported changes in GCT's equity during the reporting period. Actual results could differ from those estimates.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

2. Cash and Investments

GCT maintains its cash and investments in accordance with an investment policy adopted by its Board of Directors. The investment policy is more restrictive than applicable state statutes. GCT's investment policy authorizes investments in securities of the U.S. government or its agencies (i.e., Treasury notes or bonds), certificates of deposit, the Ventura County Pooled Investment Fund (VCPIF) and the State of California Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board. Oversight of the VCPIF is conducted by the Ventura County Treasury Oversight Committee.

LAIF and the VCPIF are carried at fair value based on the value of each participating dollar as provided by the LAIF and VCPIF, respectively. The fair value of GCT's position in the LAIF and VCPIF is the same as the value of the pooled shares. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize GCT's deposits with the bank in accordance with the Code.

3. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of bus replacement parts, supplies for vehicle maintenance, spare components, vehicle fuel and oil. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

4. Prepaid Expenses

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

5. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. GCT policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Revenue vehicles – fixed route – 10 to 12 years
- Facilities – 15 to 30 years
- Equipment and furniture – 3 to 10 years
- Revenue vehicles – paratransit – 4 to 5 years
- Paratransit equipment – 3 to 5 years

6. Restricted Assets

Restricted assets consist of funds for capital asset acquisitions that are held in the Capital Reserve Fund administered by the Ventura County Treasurer's Office and unspent California Prop 1B funds.

7. Compensated Absences

GCT's policy is to permit employees to accumulate earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for GCT's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be used up within the next fiscal year. Sick leave can be accumulated, but, under GCT's policy, is not paid until termination or retirement with a minimum of ten years of service. Payment shall be made in an amount of 50% of accrued sick leave upon termination, retirement or death of the employee. Accordingly, 50% of the accumulated sick leave is accrued at year-end to account for GCT's obligation to the employees for the amount owed.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

8. Deferred Local Transportation Funding

Authorized and received Local Transportation Funds that exceed current year expenditure requirements are deferred to future periods.

9. Grant Funding

Grants for operating assistance and capital acquisitions are included in their respective non-operating and capital contribution sections of the statement of revenues, expenses and changes in net position. Grant funds are claimed on a reimbursement basis and receivables for grant funds are recorded as the related obligations are incurred. Grant funds advanced but not yet earned are treated as deferred revenue until the respective obligations the grants were funded for are incurred.

10. Non-Operating Revenues and Capital Contributions

GCT receives Local Transportation Funds (LTF) under provisions of the State of California's Transportation Development Act of 1971. This act provides that a portion of state sales tax proceeds be made available for support and development of public transportation. These funds are generated within Ventura County and are allocated based on annual claims filed by GCT and approved by the Ventura County Transportation Commission (VCTC). A portion of these proceeds (at the discretion of GCT's Board of Directors) is set aside to fund capital acquisitions and is classified as local capital grants in the capital contribution section of the statement of activities. The remaining portion of local transportation funding is used to subsidize current operations and is included in the non-operating revenue section of the statement of revenues, expense and changes in net position.

Under provisions of the Moving Ahead for Progress in the 21st Century Act (MAP-21) signed into law on July 6, 2012, Federal planning and capital assistance grants (under Section 5307) are made available to local urbanized mass transportation systems on a formula basis. Federal operating and matching grants provided to GCT under this act are included in the non-operating revenue section of the statement of revenues, expenses and changes in net position. Capital grants are reported as federal capital grants in the capital contribution section of the statement of revenues, expenses and changes in net position.

State operating grants are included in the non-operating revenue section of the statement of activities, and state capital grants are reported as state capital grants in the capital contribution section of the statement of revenues, expense and changes in net position.

11. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(2) Cash, Cash Equivalents and Investments

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

	2014	2013
Cash and cash equivalents	\$ 6,115,370	3,547,098
Restricted assets - cash and cash equivalents	12,219,570	6,596,274
Total	\$ 18,334,940	10,143,372

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

	2014	2013
Cash on hand	\$ 12,104	17,672
Deposits held with financial institutions	10,951,718	4,658,803
Deposits held with California Local Agency Investment Fund (LAIF)	3,298,527	2,141,495
Deposits held with the Ventura County Pooled Investment Fund (VCPIF)	4,072,591	3,325,402
Total	\$ 18,334,940	10,143,372

As of June 30, GCT's authorized deposits had the following maturities:

	2014	2013
Deposits held with California Local Agency Investment Fund (LAIF)	232 days	278 days
Deposits held with the Ventura County Pooled Investment Fund (VCPIF)	290 days	276 days

Authorized Deposits and Investments

GCT's investment policy only authorizes investments in the local government investment pools administered by the Ventura County Treasurer (VCPIF) and the State of California (LAIF). GCT's investment policy does not contain any specific provisions intended to limit GCT's exposure to interest rate risk, credit risk, and concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and GCT's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure GCT's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of GCT's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in GCT's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and GCT's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and VCPIF).

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(2) Cash, Cash Equivalents and Investments, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. GCT's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2014 and 2013, GCT's investment in the VCPIF was rated by Standard & Poor's as AAAs/S1+. LAIF is not rated.

Concentration of Credit Risk

GCT's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. GCT's deposit portfolio with governmental agencies, LAIF and VCPIF, are 18% and 22% for 2014, respectively, and 21% and 33% for 2013, respectively, of GCT's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of GCT's total investments.

(3) Capital Assets

Changes in capital assets for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Non-depreciable assets:				
Land	\$ 300,298	-	-	300,298
Construction-in-process	36,999	1,264,371	(347,701)	953,669
Total non-depreciable assets	<u>337,297</u>	<u>1,264,371</u>	<u>(347,701)</u>	<u>1,253,967</u>
Depreciable assets:				
Revenue vehicles – fixed route	21,542,653	-	-	21,542,653
Facilities	6,645,151	-	-	6,645,151
Equipment and furniture	3,355,640	347,701	(59,368)	3,643,973
Intangible assets	39,401	-	-	39,401
Paratransit revenue vehicles	2,220,253	-	-	2,220,253
Paratransit equipment	166,576	-	-	166,576
Total depreciable assets	<u>33,969,674</u>	<u>347,701</u>	<u>(59,368)</u>	<u>34,258,007</u>
Accumulated depreciation				
Revenue vehicles – fixed route	(10,889,040)	(1,698,467)	-	(12,587,507)
Facilities	(4,767,857)	(486,481)	-	(5,254,338)
Equipment and furniture	(1,776,840)	(321,674)	59,368	(2,039,146)
Intangible assets	(17,512)	(13,134)	-	(30,646)
Paratransit revenue vehicles	(2,220,253)	-	-	(2,220,253)
Paratransit equipment	(166,576)	-	-	(166,576)
Total depreciation	<u>(19,838,078)</u>	<u>(2,519,756)</u>	<u>59,368</u>	<u>(22,298,466)</u>
Total depreciable assets	<u>14,131,596</u>	<u>(2,172,055)</u>	<u>-</u>	<u>11,959,541</u>
Total capital assets, net	<u>\$ 14,468,893</u>			<u>13,213,508</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(3) Capital Assets, continued

During fiscal year 2014, GCT added \$347,701 in depreciable capital asset additions. This included \$162,310 for an Operator Training System, \$122,313 for service vehicles and trucks, \$53,471 for a point-of-sale system for the Customer Service Center, \$6,600 for a new module for the Fleet-Net software system and \$3,007 for an addition to the Security trailer.

Changes in capital assets for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Non-depreciable assets:				
Land	\$ 300,298	-	-	300,298
Construction-in-process	<u>188,913</u>	<u>1,239,909</u>	<u>(1,391,823)</u>	<u>36,999</u>
Total non-depreciable assets	<u>489,211</u>	<u>1,239,909</u>	<u>(1,391,823)</u>	<u>337,297</u>
Depreciable assets:				
Revenue vehicles – fixed route	21,542,653	-	-	21,542,653
Facilities	6,557,021	88,130	-	6,645,151
Equipment and furniture	2,006,673	1,348,967	-	3,355,640
Intangible assets	39,401	-	-	39,401
Paratransit revenue vehicles	2,220,253	-	-	2,220,253
Paratransit equipment	<u>166,576</u>	<u>-</u>	<u>-</u>	<u>166,576</u>
Total depreciable assets	<u>32,532,577</u>	<u>1,437,097</u>	<u>-</u>	<u>33,969,674</u>
Accumulated depreciation				
Revenue vehicles – fixed route	(9,093,294)	(1,795,746)	-	(10,889,040)
Facilities	(4,280,976)	(486,881)	-	(4,767,857)
Equipment and furniture	(1,565,228)	(211,612)	-	(1,776,840)
Intangible assets	(4,378)	(13,134)	-	(17,512)
Paratransit revenue vehicles	(1,821,146)	(399,107)	-	(2,220,253)
Paratransit equipment	<u>(148,956)</u>	<u>(17,620)</u>	<u>-</u>	<u>(166,576)</u>
Total depreciation	<u>(16,913,978)</u>	<u>(2,924,100)</u>	<u>-</u>	<u>(19,838,078)</u>
Total depreciable assets	<u>15,618,599</u>	<u>(1,487,003)</u>	<u>-</u>	<u>14,131,596</u>
Total capital assets, net	<u>\$ 16,107,810</u>			<u>14,468,893</u>

During fiscal year 2013, GCT added \$1,437,097 in depreciable capital asset additions. This included \$947,300 for the new fareboxes, \$156,372 for the new schedule/run cut software system, \$48,791 for the bike racks, \$44,891 for new bus cameras and \$239,743 for various other equipment purchases.

(4) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. GCT's liability for compensated absences is determined annually.

The changes to compensated absences balances at June 30, were as follows:

<u>Balance 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2014</u>	<u>Due Within One Year</u>
\$ <u>588,991</u>	<u>901,216</u>	<u>(875,157)</u>	<u>615,050</u>	<u>615,050</u>
<u>Balance 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2013</u>	<u>Due Within One Year</u>
\$ <u>560,315</u>	<u>866,191</u>	<u>(837,515)</u>	<u>588,991</u>	<u>588,991</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(5) Deferred Revenue – CA Prop 1B Grant Funding (PTMISEA/Safety & Security)

The changes to deferred revenue – CA Prop 1B balances at June 30, were as follows:

<u>Balance</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2014</u>
\$ 3,257,389	5,223,880	(365,867)	8,115,402
<u>Balance</u> <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2013</u>
\$ 1,787,398	1,626,893	(156,902)	3,257,389

(6) Deferred Local Transportation Funding

In accordance with Transportation Development Act statutes and the California Code of Regulations, Title 21, Chapter 3, Subchapter 2, Article 5, Section 6649(b), Local Transportation Funds (LTF) received for operating assistance in excess of the amount that GCT is eligible to receive is recorded as a deferred revenue and is to be recognized as revenue and a reduction of eligible LTF during the following fiscal years.

<u>Amount</u> <u>Authorized</u>	<u>Year</u> <u>Received</u>	<u>Deferred</u> <u>LTF Amount</u>	<u>Year to be</u> <u>Recognized</u>
\$ 9,996,667	2012-2013	1,302,713	2014-2015
<u>10,501,766</u>	2013-2014	<u>1,754,488</u>	2015-2016
		\$ <u>3,057,201</u>	

(7) Other Post-Employment Benefits Asset

During the fiscal year ended June 30, 2012, GCT implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The reporting requirements for these benefit programs as they pertain to GCT are set forth below.

Plan Description – Eligibility

GCT pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by GCT.

Membership in the OPEB plan consisted of the following members as of June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Active plan members	185	171	166
Retirees and beneficiaries receiving benefits	13	11	6
Separated plan members entitled to but not yet receiving benefits	<u>68</u>	<u>63</u>	<u>55</u>
Total plan membership	<u>266</u>	<u>245</u>	<u>227</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(7) Other Post Employment Benefits Payable, continued

Plan Description – Benefits

GCT offers post employment medical benefits to retired employees who satisfy the eligibility rules (5-years of service). Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through GCT’s CalPERS medical program. The contribution requirements of Plan members and GCT are established and may be amended by the Board of Directors.

Funding Policy

GCT is required to identify the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 1.01% of the annual covered payroll.

GCT will pay 100% of the cost of the post-employment benefit plan, which has been capped at the minimal administrative amount per month and adjusted and indexed pursuant to California Governmental Code Section 22892. GCT funds the plan on a pay-as-you-go basis and maintains reserves (by recording a liability) for the difference between the annual pay-as-you-go amount and the actuarially determined ARC cost.

Annual Cost

For the year ended June 30, 2014, GCT’s ARC cost was \$84,570. GCT’s net OPEB payable obligation amounted to (\$34,816) for the year ended June 30, 2014. GCT contributed \$74,785 to the California Employees Retirement Benefit Trust (CERBT) fund and paid \$9,785 in current retiree OPEB premiums outside of the CERBT fund for the fiscal year ended June 30, 2014.

The balance at June 30, consists of the following:	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 84,570	89,984	87,363
Interest on net OPEB obligation	-	4,174	-
Interest earnings on irrevocable trust balance	(35,081)	-	-
Adjustment to annual required contribution	265	-	-
Total annual OPEB expense	<u>49,754</u>	<u>94,158</u>	<u>87,363</u>
Contributions made:			
Contributions made to irrevocable trust	(74,785)	(169,868)	-
Retiree benefit payments paid outside of a trust	<u>(9,785)</u>	<u>(7,760)</u>	<u>(3,893)</u>
Total contributions made	<u>(84,570)</u>	<u>(177,628)</u>	<u>(3,893)</u>
Total change in net OPEB payable obligation	(34,816)	(83,470)	83,470
OPEB payable(asset) – beginning of year	<u>-</u>	<u>83,470</u>	<u>-</u>
OPEB payable(asset) – end of year	<u>\$ (34,816)</u>	<u>-</u>	<u>83,470</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(7) Other Post Employment Benefits Payable, continued

The GCT's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Contributions Made to Trust	Retiree Benefit Payments	Percentage of Annual OPEB Cost Contributed	Net OPEB Payable(Asset)
2014	\$ 49,754	74,785	9,785	169.98%	\$ (34,816)
2013	94,158	169,868	7,760	188.65%	-
2012	87,363	-	3,893	4.46%	83,470

Funded Status and Funding Progress of the Plan

The most recent valuation (dated July 1, 2013) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$490,915. GCT's plan assets amounted to \$170,963 in the CERBT fund at the valuation date. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2013 was \$8,341,676. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 5.89%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2013
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent, closed 30 years for initial UAAL
	Level percent, open 30 years for any residual UAAL
Remaining amortization period	28 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increase	3.00%
Inflation - discount rate	2.75%
Health care trend rate	4.00% per year

See page 40 for the Schedules of Funding Status for the other post-employment defined benefit plan, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(8) Net Position – Restricted for Capital Acquisitions

Local Transportation Funds granted for operating assistance, but are to be used, to purchase new buses, fareboxes, coach equipment, facility and other improvements as part of a service expansion program and related interest earnings included in restricted net position at June 30, 2014 and 2013, are as follows:

	2014	2013
Balance – beginning of period	\$ 3,342,144	2,234,181
Additions: Local transportation funding	750,000	1,100,000
Additions: Local capital grants – interest earned	11,603	10,523
Deletions: Capital acquisitions	(14,893)	(9,599)
Interest earned on CA Prop. 1B funds	18,095	7,039
Balance – end of period	\$ 4,106,949	3,342,144

(9) Net Position Rollforward

The following is a summary of changes in net position for the year ended June 30, 2014, as follows:

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Net Position Total
Beginning of period	\$ 14,468,893	3,342,144	1,605,923	19,416,960
Net loss before capital contributions	-	-	(2,519,756)	(2,519,756)
Depreciation expense	(2,519,756)	-	2,519,756	-
Federal capital grants	876,385	-	-	876,385
State capital grants	383,962	-	-	383,962
Local capital grants	-	761,603	-	761,603
Interest earned on CA Prop. 1B funds	(18,095)	18,095	-	-
Capital asset acquisition matching	22,119	(14,893)	(7,226)	-
Change in net position	(1,255,385)	764,805	(7,226)	(497,806)
End of period	\$ 13,213,508	4,106,949	1,598,697	18,919,154

The following is a summary of changes in net position for the year ended June 30, 2013, as follows:

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Net Position Total
Beginning of period	\$ 16,107,810	2,234,181	1,612,018	19,954,009
Net loss before capital contributions	-	-	(2,924,100)	(2,924,100)
Depreciation expense	(2,924,100)	-	2,924,100	-
Federal capital grants	1,095,411	-	-	1,095,411
State capital grants	181,117	-	-	181,117
Local capital grants	-	1,110,523	-	1,110,523
Interest earned on CA Prop. 1B funds	(7,039)	7,039	-	-
Capital asset acquisition matching	15,694	(9,599)	(6,095)	-
Change in net position	(1,638,917)	1,107,963	(6,095)	(537,049)
End of period	\$ 14,468,893	3,342,144	1,605,923	19,416,960

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(10) Unrestricted Net Position

	2014	2013
Unrestricted net position:		
Non-spendable net position:		
Materials and supplies inventory	\$ 645,499	1,125,884
Prepaid expenditures	42,614	38,978
Total non-spendable net position	688,113	1,164,862
Spendable net position is designated as follows:		
Undesignated net position reserve	910,584	441,061
Total spendable net position	910,584	441,061
Total unrestricted net position	\$ 1,598,697	1,605,923

(11) Deferred Compensation Savings Plan

For the benefit of its employees, GCT participates in three 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, GCT is in compliance with this legislation. Therefore, these assets are not the legal property of GCT, and are not subject to claims of GCT's general creditors. Market value of the plan assets held with the trustees is as follows:

	2014	2013
Nationwide	\$ 1,230,324	931,563
Mass Mutual	842,779	768,754
ICMA Retirement Corp	994,263	940,829
Total	\$ 3,067,366	2,641,146

GCT has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since GCT has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(12) Defined Benefit Pension Plan

Plan Description

GCT contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the GCT. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA, 95814.

Funding Policy and Annual Pension Cost

The contribution rate for plan members in the CalPERS 2.7% at 55 Retirement Plan is 8.0% of their annual covered wages. GCT makes these contributions required of GCT employees on their behalf and for their account. (As of November 2, 2011, all newly hired employees after that date are responsible to pay one half or 4.0% of the 8.0% employee portion of their wages) Also, GCT is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2014, 2013 and 2011 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

California Public Employees Pension Reform Act of 2014

On September 12, 2013, the California Governor signed the California Public Employees' Pension Reform Act of 2014 (PEPRA) into law. PEPRA took effect January 1, 2014.

Key components of the legislation are as follows:

- Establishes PEPRA which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payments from being counted as compensation; and
- Increases retirement age for all new public employees.

Second-Tier – Beginning January 1, 2013

The contribution rate for plan members in the CalPERS 2.0% at 62 Retirement Plan under PEPRA is 6.25% of their annual covered wages. GCT employees contribute 6.25% of their annual covered wages to their account once all existing MOU's expire. Also, GCT is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

For fiscal years 2014, 2013 and 2011, GCT's annual contributions for the CalPERS plan were equal to GCT's required and actual contributions for each fiscal year as follows:

Three-Year Trend Information for CalPERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2012	\$ 1,016,850	100%	-	14.289%
2013	1,067,239	100%	-	14.496%
2014	1,769,845	100%	-	14.967%

See Page 40 for the Schedule of Funding Progress.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(12) Defined Benefit Pension Plan, continued

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Average remaining amortization per	15 Years as of the valuation date
Asset valuation method	15 Year smoothed market
Actuarial assumptions:	
Discount rate	7.50% (net of administrative expenses)
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6 percent of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

(13) Risk Management

GCT is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. GCT has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources.

GCT participates in the California Transit Insurance Pool (CalTIP), a joint powers agency created to provide liability and physical damage insurance to its members through an insurance pool. GCT holds property insurance, general and automotive liability, and public officials' errors and omissions liability with CalTIP on a first dollar basis, up to \$20 million on liability.

GCT purchases blanket insurance coverage from commercial brokers for the following:

<u>Insurance coverage limits:</u>	<u>2014</u>	<u>2013</u>
CNG fueling station	\$ 3,880,910	3,528,100
Buildings and structures	3,015,172	2,841,500
Business and property	2,543,123	2,369,410
Boiler and machinery	8,957,600	8,957,600

Some of the above insurance policies are subject to various deductibles.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(13) Risk Management, continued

GCT's employee practices liability insurance coverage is \$2.0 million and handled through Navigators Insurance. Also, GCT participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) a joint powers agency created to provide workers' compensation insurance to its members through a risk retention insurance pool. GCT holds workers' compensation insurance coverage with CSAC-EIA up to statutory limits.

Settled claims have not exceeded any of the coverage amounts in any of the last five fiscal years and there were no reductions in GCT's insurance coverage during those years. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

(14) Governmental Accounting Standards Board Statements

Newly Issued Accounting Pronouncements, But Not Yet Effective

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to GCT's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The impact of the implementation of this Statement to GCT's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 71

In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. The impact of the implementation of this Statement to GCT's financial statements has not been assessed at this time.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2014 and 2013

(15) Commitments

Operating Lease

Beginning October 1, 2001, GCT entered into a lease agreement with the City of Oxnard to rent office space in the Oxnard Transportation Center for customer service and administrative purposes. At the end of the lease, GCT will have the option to extend the term of the lease. Interest will be accrued on rent due and unpaid. In 2011, GCT extended the term of its lease. The base annual rent for the leased premises is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 11,279
2016	11,617

Litigation

In the ordinary course of operations, GCT is subject to claims and litigation from outside parties. After consultation with legal counsel, GCT believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Grant Funding

Grant funds received by GCT are subject to review by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. The management of GCT believes that such disallowances, if any, would not be significant.

Operating Fare Revenue Ratio

GCT is required to maintain a ratio of fares to operating costs of at least 20% for either the combined service of fixed route and paratransit service or meeting the goals separately (i.e. 20% for fixed route and 10% for paratransit service) to continue to be eligible for Local Transportation Funds. For the years ended June 30, 2014 and 2013, GCT met this requirement with fares to operating costs ratio of combined service of 22.52% and 20.24%, respectively, as calculated below.

	2014	2013
Total passenger fare revenue	\$ 3,714,914	3,148,100
Fares excluded for routes operated 3-years or less	(284,190)	-
Local support – advertising revenue	231,998	219,932
Total local support	3,662,722	3,368,032
Operating expenses before depreciation	18,531,482	16,642,267
Costs excluded for routes operated 3-years or less	(2,269,273)	-
Total costs	\$ 16,262,209	16,642,267
Operating fare revenue ratio	22.52%	20.24%

(16) Subsequent Events

Events occurring after June 30, 2014 have been evaluated for possible adjustment to the financial statements or disclosure as of September 30, 2014, which is the date the financial statements were available to be issued.

Gold Coast Transit District

As of July 1, 2014, the Gold Coast Transit became known as the Gold Coast Transit District.

Land Purchase – Future Facility Site

On July 28, 2014, the Gold Coast Transit District closed escrow on an \$8.67 million dollar unimproved parcel of land for a future facility site.

Required Supplementary Information

Gold Coast Transit
Schedule of Funding Progress
For the Fiscal Years Ended June 30, 2013 and 2013

1. Defined Benefit Pension Plan

<i>Required Supplemental Information – Schedule of Funding Progress</i>						
Actuarial Valuation Date	Actuarial Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio	Annual Covered Payroll	
June 30, 2008	\$ 24,502,037	22,874,704	1,627,333	93.4%	\$	5,849,894
June 30, 2009	28,068,997	17,687,412	10,381,585	63.0%		6,573,834
June 30, 2010	30,534,893	20,773,027	9,761,866	68.0%		6,592,135
June 30, 2011	33,035,700	25,489,055	7,546,645	77.2%		6,654,954
June 30, 2012	35,138,371	25,829,337	9,309,034	73.5%		7,073,050

Funding History

The Funding History above shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan.

2. Other Post Employment Benefits Payable

<i>Required Supplemental Information – Schedule of Funding Progress</i>						
Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ 170,963	661,878	490,915	25.83%	\$ 8,341,676	5.89%
July 1, 2011	-	1,197,250	1,197,250	0.00%	\$ 7,737,267	15.47%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. In fiscal year 2014, GCT began funding an irrevocable trust fund to accumulate funds for the other post employment benefits payable liability. Therefore, the next scheduled actuarial review and analysis of the other post employment benefits payable liability and funding status will be performed in fiscal year 2014 based on the fiscal year ending June 30, 2014.

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Statistical Section

Gold Coast Transit
Financial Ratios
June 30, 2014, 2013 and 2012

Current Ratio:

Measures GCT's ability to meet short-term commitments by dividing current assets by current liabilities.

2014	<u>Current Assets</u>	<u>\$19,413,868</u>	
	Current Liabilities	\$13,743,038	1.41:1
2013	<u>Current Assets</u>	<u>\$14,626,057</u>	
	Current Liabilities	\$ 9,677,990	1.51:1
2012	<u>Current Assets</u>	<u>\$10,668,377</u>	
	Current Liabilities	\$ 6,738,708	1.58:1

Quick Ratio:

This variation of the current ratio is an indicator of GCT's liquidity by including only those current assets that could be converted readily to cash and receivables due within 30 days.

2014	Cash and Cash Equivalents plus	\$18,334,940	
	<u>Receivables within 30 days</u>	<u>\$ 390,815</u>	
	Current Liabilities	\$13,743,038	1.36:1
2013	Cash and Cash Equivalents plus	\$10,143,372	
	<u>Receivables within 30 days</u>	<u>\$ 3,317,823</u>	
	Current Liabilities	\$ 9,677,990	1.39:1
2012	Cash and Cash Equivalents plus	\$ 9,608,082	
	<u>Receivables within 30 days</u>	<u>\$ 451,374</u>	
	Current Liabilities	\$ 6,738,708	1.49:1

Debt Ratio:

Reflects the long-term solvency risk, in assessing GCT's financial capacity to meet long-term debts and similar obligations, by dividing total liabilities by total assets. As of the end of each fiscal year, GCT had no long-term debt.

2014	<u>Total Liabilities</u>	<u>\$13,743,038</u>	42.1%
	Total Assets	\$32,662,192	
2013	<u>Total Liabilities</u>	<u>\$ 9,677,990</u>	33.3%
	Total Assets	\$29,094,950	
2012	<u>Total Liabilities</u>	<u>\$ 6,822,178</u>	25.5%
	Total Assets	\$26,776,187	

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Gold Coast Transit
Operating Revenues and Expenses – Ten Year Comparison
Fiscal Years 2005 to 2014

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Passenger Fares	\$2,459,632	\$2,656,931	\$2,798,083	\$3,093,606	\$3,206,142	\$3,137,831	\$3,041,669	\$3,303,563	\$3,148,100	\$3,714,914
Operating Expenses	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,203	\$15,141,244	\$16,404,321	\$16,642,267	\$18,531,482
Depreciation Expense	\$1,845,824	\$1,941,762	\$2,200,792	\$1,524,851	\$1,817,089	\$2,831,039	\$3,054,738	\$3,016,832	\$2,924,100	\$2,519,756
Operating Loss	(\$12,211,496)	(\$12,571,653)	(\$12,556,224)	(\$12,491,117)	(\$13,798,231)	(\$15,250,411)	(\$15,154,313)	(\$16,117,590)	(\$16,418,267)	(\$17,336,324)
<i>Nonoperating Revenues</i>										
Local Transportation Funds	\$6,825,349	\$6,648,885	\$6,603,987	\$7,314,731	\$7,618,873	\$7,838,752	\$7,348,445	\$8,595,776	\$8,976,086	\$9,631,812
Other local funds	\$0	\$0	\$0	\$0	\$0	\$30,530	\$0	\$0	\$0	\$0
State Funds	\$45,748	\$59,643	\$180,151	\$80,270	\$245,741	\$66,989	\$188,221	\$220,821	\$196,076	\$192,000
Federal Funds	\$3,484,050	\$3,895,600	\$3,472,655	\$3,346,048	\$3,925,318	\$4,043,661	\$4,378,878	\$4,042,074	\$3,855,259	\$4,733,271
Interest Income	\$10,352	\$20,960	\$90,513	\$119,413	\$52,444	\$16,875	\$13,901	\$14,540	\$15,758	\$13,885
Other Income	\$173	\$4,804	\$8,127	\$105,805	\$138,766	\$152,152	\$170,130	\$227,548	\$450,988	\$245,600
Total, Nonoperating	\$10,365,672	\$10,629,892	\$10,355,433	\$10,966,266	\$11,981,142	\$12,148,959	\$12,099,575	\$13,100,759	\$13,494,167	\$14,816,568
Net Income (Loss)	(\$1,845,824)	(\$1,941,761)	(\$2,200,792)	(\$1,524,851)	(\$1,817,089)	(\$3,101,452)	(\$3,054,738)	(\$3,016,832)	(\$2,924,100)	(\$2,519,756)

Operating Expenses - Actual Dollars Compared to Constant Dollars (over Ten Year Period)

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Actual Dollars	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,203	\$15,141,244	\$16,404,321	\$16,642,267	\$18,531,482
Constant Dollars (2004)	\$12,377,984	\$12,191,651	\$11,726,427	\$11,890,851	\$13,138,446	\$13,341,023	\$12,623,786	\$13,462,629	\$13,475,323	\$14,739,776
CPI Percent Change	3.6%	5.2%	2.9%	5.4%	-2.2%	0.9%	2.9%	1.6%	1.4%	1.8%
Index Number (1982=100)	200.7	211.1	217.3	229.0	223.9	225.9	232.3	236.0	239.2	243.5
Cumulative Percent	3.6%	9.0%	12.2%	18.2%	15.6%	16.6%	19.9%	21.9%	23.5%	25.7%

Gold Coast Transit
Passenger Cost By Mode – Ten Year Comparison
Fiscal Years 2005 to 2014

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Bus - Fixed Route										
Total Passengers	3,145,890	3,369,704	3,438,989	3,495,875	3,568,028	3,442,005	3,353,539	3,476,408	3,566,470	3,817,758
Passenger Fare Rev.	\$2,275,562	\$2,499,831	\$2,641,230	\$2,681,149	\$2,709,665	\$2,575,992	\$2,581,811	\$2,689,740	\$2,708,046	\$2,996,373
Local Govt. Fare Rev.				\$250,000	\$335,000	\$400,000	\$217,000	\$370,000	\$200,000	\$390,000
Total Operating Cost	\$10,987,915	\$11,589,399	\$11,471,558	\$12,287,553	\$12,719,127	\$13,395,101	\$13,136,934	\$14,367,128	\$14,408,626	\$16,019,298
Revenue per passenger	\$0.72	\$0.742	\$0.768	\$0.767	\$0.759	\$0.748	\$0.770	\$0.774	\$0.759	\$0.785
Cost per passenger	\$3.49	\$3.44	\$3.34	\$3.51	\$3.56	\$3.89	\$3.92	\$4.13	\$4.04	\$4.20
Farebox Recovery %	20.8%	21.6%	23.0%	21.8%	21.3%	19.2%	19.7%	18.7%	18.8%	20.2%
Adjusted Farebox Recovery %				23.9%	23.9%	22.2%	21.3%	21.3%	20.2%	22.6%
Subsidy per passenger	\$2.77	\$2.70	\$2.57	\$2.75	\$2.81	\$3.14	\$3.15	\$3.36	\$3.28	\$3.41
Subsidy %	79.3%	78.4%	77.0%	78.2%	78.7%	80.8%	80.3%	81.3%	81.2%	81.3%
Bus - Paratransit										
Total Passengers	88,563	77,982	76,054	79,686	82,655	77,985	76,730	68,618	70,927	82,495
Passenger Fare Rev.	\$184,070	\$157,100	\$156,854	\$162,457	\$161,476	\$161,839	\$164,858	\$168,823	\$170,054	\$202,324
Local Govt. Fare Rev.							\$78,000	\$75,000	\$70,000	\$126,217
Total Operating Cost	\$1,837,389	\$1,697,423	\$1,681,958	\$1,772,319	\$2,468,157	\$2,162,102	\$2,004,310	\$2,037,193	\$2,233,641	\$2,512,184
Revenue per passenger	\$2.08	\$2.01	\$2.06	\$2.04	\$1.95	\$2.08	\$2.15	\$2.46	\$2.40	\$2.45
Cost per passenger	\$20.75	\$21.77	\$22.12	\$22.24	\$29.86	\$27.72	\$26.12	\$29.69	\$31.49	\$30.45
Farebox Recovery %	10.0%	9.3%	9.3%	9.2%	6.5%	7.5%	8.2%	8.3%	7.6%	8.1%
Adjusted Farebox Recovery %							12.1%	12.0%	10.7%	13.1%
Subsidy per passenger	\$18.67	\$19.75	\$20.05	\$20.20	\$27.91	\$25.65	\$23.97	\$27.23	\$29.09	\$28.00
Subsidy %	90.0%	90.7%	90.7%	90.8%	93.5%	92.5%	91.8%	91.7%	92.4%	91.9%
All Mode - Total										
Total Passengers	3,234,453	3,447,686	3,515,043	3,575,561	3,650,683	3,519,990	3,430,269	3,545,026	3,637,397	3,900,253
Passenger Fare Rev.	\$2,459,632	\$2,656,931	\$2,798,083	\$2,843,606	\$2,871,141	\$2,737,831	\$2,746,669	\$2,858,563	\$2,878,100	\$3,198,697
Total Operating Cost	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,203	\$15,141,244	\$16,404,321	\$16,642,267	\$18,531,482
Revenue per passenger	\$0.76	\$0.77	\$0.80	\$0.80	\$0.79	\$0.78	\$0.80	\$0.81	\$0.79	\$0.82
Cost per passenger	\$3.97	\$3.85	\$3.74	\$3.93	\$4.16	\$4.42	\$4.41	\$4.63	\$4.58	\$4.75
Farebox Recovery %	19.3%	20.0%	21.3%	20.2%	18.9%	17.6%	18.1%	17.4%	17.3%	18.5%
Adjusted Farebox Recovery %							20.1%	20.1%	18.9%	21.3%
Subsidy per passenger	\$3.20	\$3.08	\$2.95	\$3.14	\$3.37	\$3.64	\$3.61	\$3.82	\$3.78	\$3.93
Subsidy %	80.8%	80.0%	78.7%	79.8%	81.1%	82.4%	81.9%	82.6%	82.7%	82.7%

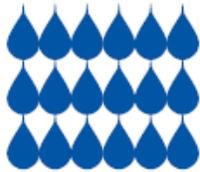
Gold Coast Transit
Service Cost By Mode – Ten Year Comparison
Fiscal Years 2005 to 2014

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Bus - Fixed Route										
Revenue Miles	1,405,007	1,536,309	1,534,611	1,610,734	1,718,639	1,676,728	1,605,651	1,752,942	1,850,676	2,044,386
Revenue Hours	129,200	138,854	137,872	140,057	148,477	154,956	145,228	168,491	181,417	196,925
Total Operating Cost	\$10,987,915	\$11,589,399	\$11,471,558	\$12,287,553	\$12,719,127	\$13,395,101	\$13,136,934	\$14,367,128	\$14,408,626	\$16,019,298
Cost per Revenue Mile	\$7.82	\$7.54	\$7.48	\$7.63	\$7.40	\$7.99	\$8.18	\$8.20	\$7.79	\$7.84
Cost per Revenue Hour	\$85.05	\$83.46	\$83.20	\$87.73	\$85.66	\$86.44	\$90.46	\$85.27	\$79.42	\$81.35
Bus - Paratransit										
Revenue Miles	536,215	519,447	528,276	528,336	537,060	502,026	501,280	462,927	482,005	552,342
Revenue Hours	35,189	31,230	34,924	35,636	39,218	32,993	32,717	29,524	30,649	36,210
Total Operating Cost	\$1,837,389	\$1,697,423	\$1,681,958	\$1,772,319	\$2,468,157	\$2,162,102	\$2,004,310	\$2,037,193	\$2,233,641	\$2,512,184
Cost per Revenue Mile	\$3.43	\$3.27	\$3.18	\$3.35	\$4.60	\$4.31	\$4.00	\$4.40	\$4.63	\$4.55
Cost per Revenue Hour	\$52.21	\$54.35	\$48.16	\$49.73	\$62.93	\$65.53	\$61.26	\$69.00	\$72.88	\$69.38
All Mode - Total										
Revenue Miles	1,941,222	2,055,756	2,062,887	2,139,070	2,255,699	2,178,754	2,106,931	2,215,869	2,332,681	2,596,727
Revenue Hours	164,389	170,084	172,796	175,693	187,695	187,949	177,944	198,015	212,065	233,135
Total Operating Cost	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,203	\$15,141,244	\$16,404,321	\$16,642,267	\$18,531,482
Cost per Revenue Mile	\$6.61	\$6.46	\$6.38	\$6.57	\$6.73	\$7.14	\$7.19	\$7.40	\$7.13	\$7.14
Cost per Revenue Hour	\$78.02	\$78.12	\$76.12	\$80.03	\$80.91	\$82.77	\$85.09	\$82.84	\$78.48	\$79.49

Gold Coast Transit
Ridership and Service – Ten Year Comparison
Fiscal Years 2005 to 2014

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Passengers										
Fixed Route	3,145,890	3,369,704	3,438,989	3,495,875	3,568,028	3,442,005	3,353,539	3,476,408	3,566,470	3,817,758
Paratransit	88,563	77,982	76,054	79,686	82,655	77,985	76,730	68,618	70,927	82,495
TOTAL	3,234,453	3,447,686	3,515,043	3,575,561	3,650,683	3,519,990	3,430,269	3,545,026	3,637,397	3,900,253
Revenue Miles										
Fixed Route	1,405,007	1,536,309	1,534,611	1,610,734	1,718,639	1,676,728	1,605,651	1,752,942	1,850,676	2,044,386
Paratransit	536,215	519,447	528,276	528,336	537,060	502,026	501,280	462,927	482,005	552,342
TOTAL	1,941,222	2,055,756	2,062,887	2,139,070	2,255,699	2,178,754	2,106,931	2,215,869	2,332,681	2,596,727
Revenue Hours										
Fixed Route	129,200	138,854	137,872	140,057	148,477	154,956	145,228	168,491	181,417	196,925
Paratransit	35,189	31,230	34,924	35,636	39,218	32,993	32,717	29,524	30,649	36,210
TOTAL	164,389	170,084	172,796	175,693	187,695	187,949	177,944	198,015	212,065	233,135
Passengers Per Mile										
Fixed Route	2.24	2.19	2.24	2.17	2.08	2.05	2.09	1.98	1.93	1.87
Paratransit	0.17	0.15	0.14	0.15	0.15	0.16	0.15	0.15	0.15	0.15
TOTAL	1.67	1.68	1.70	1.67	1.62	1.62	1.63	1.60	1.56	1.50
Passengers Per Hour										
Fixed Route	24.35	24.27	24.94	24.96	24.03	22.21	23.09	20.63	19.66	19.39
Paratransit	2.52	2.50	2.18	2.24	2.11	2.36	2.35	2.32	2.31	2.28
TOTAL	19.68	20.27	20.34	20.35	19.45	18.73	19.28	17.90	17.15	16.73
Bus - Fixed Route										
Cost per Boarding	\$3.49	\$3.44	\$3.34	\$3.51	\$3.56	\$3.89	\$3.92	\$4.13	\$4.04	\$4.20
Bus - Paratransit										
Cost per Boarding	\$20.75	\$21.77	\$22.12	\$22.24	\$29.86	\$27.72	\$26.12	\$29.69	\$31.49	\$30.45

Report on Compliance and Internal Controls



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

Board of Directors
Gold Coast Transit
Oxnard, 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 Gold Coast Transit (GCT) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises GCT's basic financial statements, and have issued our report thereon dated August 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GCT's internal control over financial reporting (internal control) to determine the 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 GCT's internal control. Accordingly, we do not express an opinion on the effectiveness of GCT's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GCT'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 determination of financial statement amounts. 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*.

**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*, continued**

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.

A handwritten signature in black ink that reads "Charles Z. Fedak: Company CPAs - An Accountancy Corporation". The signature is written in a cursive, slightly slanted style.

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 30, 2014

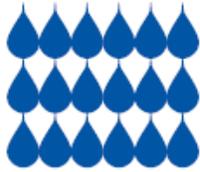
Single-Audit Section

Gold Coast Transit
Single-Audit Report
For the Fiscal Year Ended June 30, 2014

**Gold Coast Transit
Single Audit Report
For the Fiscal Year Ended June 30, 2014**

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

Board of Directors
Gold Coast Transit
Oxnard, 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 basic financial statements of the Gold Coast Transit (GCT) as of and for the years ended June 30, 2014 and 2013, and have issued our report thereon dated September 30, 2014

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the GCT's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GCT's internal control. Accordingly, we do not express an opinion on the effectiveness of the GCT'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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the GCT'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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*.

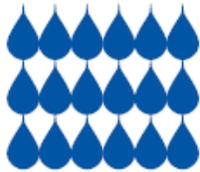
**Independent Auditor's Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

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 did not 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.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPAs – An Accountancy Corporation
Cypress, California
September 30, 2014



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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

Board of Directors
Gold Coast Transit
Oxnard, California

Report on Compliance for Each Major Federal Program

We have audited the Gold Coast Transit's (GCT) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the GCT's major federal programs for the year ended June 30, 2014. The GCT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the GCT's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the GCT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the GCT's compliance.

Opinion on Each Major Federal Program

In our opinion, the GCT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

The management of the GCT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the GCT's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the GCT's internal control over compliance.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133, continued

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the basic financial statements of the GCT as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated September 30, 2014, which contained an unmodified opinion on those basic financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPAs – An Accountancy Corporation
Cypress, California
September 30, 2014

Gold Coast Transit
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

<u>Federal Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Amount Receivable June 30, 2013</u>	<u>Grant Expenditures</u>	<u>Grant Funds Received by June 30, 2014</u>	<u>Amount Receivable June 30, 2014</u>
U.S. Department of Transportation Federal Transportation Administration					
Major Program:					
Federal Transit – Formula Grants – Section 5307					
Operating, Planning and Capital Grants:		20.507			
Directly Awarded:					
CA-90-Y190-00		\$ 16,960	38,852	55,812	-
CA-90-Y336-00		12,662	-	12,662	-
CA-90-Y418-00		-	155,119	155,119	-
CA-90-Y965-00		144,427	189,079	176,128	157,378
CA-90-Z024-00		1,490,564	1,738,861	3,229,425	-
CA-90-Z173-00		-	1,652,049	1,652,049	-
CA-95-X159-00		217,839	502,825	660,178	60,486
CA-95-X212-00		196,300	595,042	717,477	73,865
CA-96-X006-00	ARRA	980,031	749,475	1,725,708	3,798
Total for CFDA No.	20.507	<u>3,058,783</u>	<u>5,621,302</u>	<u>8,384,558</u>	<u>295,527</u>
Other Programs:					
Directly Awarded:					
Federal Transit Capital Improvement – CA-04-0139-00	20.500	1,140	446,431	447,571	-
Job Access Reverse Commute – CA-37-X139-00	20.516	-	110,000	110,000	-
Total Federal Assistance		<u>\$ 3,059,923</u>	<u>6,177,733</u>	<u>8,942,129</u>	<u>295,527</u>

Notes to Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Gold Coast Transit (GCT) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(2) Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements

Statement of Revenues, Expenses and Changes in net Assets:

Non-operating revenues:

Federal funding – operating grants	\$ 4,733,271
Federal funding – pass-through grants	568,077

Capital contributions:

Federal capital grants	<u>876,385</u>
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Total federal awards	6,177,733
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Add – Accounts receivable – federal funding – June 30, 2013	3,059,923
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Less – Accounts receivable – federal funding – June 30, 2014	<u>(295,527)</u>
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Federal receipts or revenues recognized per schedule	<u>\$ 8,942,129</u>
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Gold Coast Transit
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

<i>Section I—Summary of Auditor’s Results</i>	<i>Response</i>
<i>Basic Financial Statements</i>	
Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered material weakness	No
Noncompliance that is material to financial statements?	No
<i>Federal Awards</i>	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered material weakness	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133:	No
Identification of major programs tested included:	
U.S. Department of Transportation, Federal Transportation Administration	
Federal Transit – Formula Grants – Section 5307 Operating, Planning and Capital Grants – CFDA No. 20.507	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

Section IV—Prior Year Findings and Questioned Costs

No matters were reported.