

Gold Coast Transit District

Oxnard, California

Agreed Upon Procedures Applied on the District's Compliance on Transportation Development Act – Article 4

For the Year Ended June 30, 2017

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
of the Gold Coast Transit District
Oxnard, California

We have performed the procedures enumerated below, described in Section 6667 of Article 5.5 of the California Administrative Code, which were agreed to by the Gold Coast Transit District (District), the Ventura County Transportation Commission (Commission), and the State Controller solely to assist you in evaluating the District's compliance with applicable laws, rules, and regulations pursuant to Article 4 of the Transportation Development Act (TDA), and the allocation instructions of the Commission and District for the year ended June 30, 2017. The District's management is responsible for compliance with applicable laws, rules, and regulations pursuant to Article 4 of the Transportation Development Act (TDA), and the allocation instructions of the Commission. Management is responsible for the Schedule of Local Transportation Funding and the Schedule of Changes in Local Transportation Funding Activity of the District for the year ended June 30, 2017. We did not audit these schedules, and accordingly, express no opinion on them.

The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

Our procedures were limited to performing the applicable procedures described in Section 6667 of Article 5.5 of the California Administrative Code, as stated below.

Procedures Performed:

- a. Read the Commission's TDA allocation instructions and read the references cited (Section 99314 and 99313 of the Public Utilities Code (the PUC)) to determine that, as a provider of public transportation, the District's function is consistent with the function required for funding eligibility.
- b. We obtained and read the District's general ledger and chart of accounts, comparing for consistency to the uniform system of accounts and records prescribed by the PUC.
- c. Read Article 4 – Sections 99262 and 99263 (fixed route), which stipulates that TDA funds should be recorded as planning and operations expense. We inspected the District's financial statements and general ledger to determine if TDA funds are recorded as planning and operations expense.
- d. Reviewed the general ledger to determine that 1) the District has not recorded expenses in excess of amounts allocated by the Commission, and 2) based on the accounts charged, the District expended the funds in accordance with the purpose stated in the claims.
- e. Read provisions of PUC Section 99301 and determined that, the District earned interest on the funds and where expended for those purposes for which the funds were allocated.

- f. Read Section 6611.1 – which defines operating costs and uses the same definition as PUC Section 99247, which states that:

"Operating cost" means all costs in the operating expense object classes exclusive of the costs in the depreciation and amortization expense object class of the uniform system of accounts and records adopted by the Controller pursuant to Section 99243, and exclusive of all subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission and of all direct costs for providing charter services, and exclusive of all vehicle lease costs.

Obtained the District's operating costs and fare revenue for 2017 from the general ledger and calculated the fare ratio requirement as depicted below:

Description	Fixed Route	Paratransit	Total
Operating revenues:			
Passenger fares for transit services	\$ 2,936,328	\$ 268,530	\$ 3,204,858
Local support revenues	-	277,269	277,269
Other non-TDA local revenue	796,941	-	796,941
Total operating revenues	3,733,269	545,799	4,279,068
Operating expenses:			
Operations expense	18,949,465	3,163,880	22,113,345
Less: Excluded costs*	(1,075,278)	(322,279)	(1,397,557)
Total operating expenses	\$ 17,874,187	\$ 2,841,601	\$ 20,715,788
Total fare ratio	20.89%	19.21%	20.66%
Total fare ratio requirement pursuant to Section 99268.5(c)	20.00%	10.00%	20.00%

- * Excluded fares – Fixed Route – Fares attributed to routes operated three (3) years or less.
Excluded costs – Fixed Route – Costs allocated to routes operated three (3) years or less.
Excluded costs – Fixed Route – Cost increases in excess of Cost of Living – PUC 992568.17.
Excluded costs – Paratransit – Increase in ADA costs/Adjusted for cost of living – Section 6633.2 (f)(1)

1. Read Section 6633.2 – which requires that an operator of transit service meet the following conditions for its services to the general public:

The ratio of fare revenues to operating cost shall be at least the greater of the following ratio:

Section 6633.2(a) reads as follows:

Twenty percent (20%) if the claimant is serving an urbanized area, ten percent (10%) if the claimant is serving a non-urbanized area, or an intermediate percentage if determined by the transportation planning agency pursuant to its rules and regulations as adopted pursuant to section 6645.

The District has complied with this provision as presented in the fare ratio requirement for Fixed Route above.

2. Read Section 6633.5 and determined that the District provides service to elderly and handicapped persons as well as the general public. Its services combined shall meet the fare ratio specified in Section 6633.2(a).

The District has complied with this provision as presented in the fare ratio requirement for Total above.

- g. Traced \$3,204,858 to the general ledger fare revenue account, amount agreed.
- h. Traced \$277,269 to the general ledger local support account, amount agreed.
- i. Read Section 6634, noting the requirement that no transit service claimant shall be eligible to receive money from the Local Transportation Fund (LTF) and the State Transit Assistance Fund for operating costs in an amount that exceeds its actual operating costs less certain revenues defined in the regulations.

Performed the following calculation specified in Section 6634 (noting that certain revenue sources are not applicable) and determined that the amounts received are less than the upper limit amount (individually for general and Americans with Disabilities Act (ADA) service and in total). Per Section 6649, the District cannot receive amounts in excess of the amounts the claimant is eligible to receive as evidenced by the claims.

For the year ended June 30, 2017, we performed the following calculation:

Operations expense	<u>\$ 22,113,345</u>
Less:	
Passenger fares for transit services	(3,204,858)
Local support revenues	(277,269)
Other non-TDA local revenue	(796,941)
Federal funding – operating grants	<u>(4,335,128)</u>
Total adjustments	<u>(8,614,196)</u>
Upper limit for local transportation fund revenue recognized	<u>\$ 13,499,149</u>
Local transportation funds revenue recognized – 2017	<u><u>\$ 13,338,152</u></u>

- j. Read Section 6633.1, the funds received from the Local Transportation Fund (LTF) under Article 4 of the Act shall not exceed 50-percent of the amount that is the sum of the operator's operating cost, capital requirements, and debt service requirements less certain revenues defined in the regulations.

Beginning with the 1980-81 fiscal year, each operator and transit service claimant shall qualify for funding during the fiscal year as specified in this section and in sections 6633.1 to 6633.9. (a) An operator that began operation before July 1, 1974, may qualify under either Public Utilities Code section 99268.1 (the 50-percent expenditure limitation) or 99268.2 (the fare and local support ratios), unless the operator was granted a waiver from the 50-percent expenditure limitation for 1978-79. The following operators were granted such a waiver: South Coast Area Transit (Ventura County), City of Banning, City of Auburn, and City of Napa.

In June 2007, South Coast Area Transit's Joint Powers Agreement was amended to rename the agency to Gold Coast Transit. Then in October 2013, Governor Brown signed into law Assembly Bill AB 664, which formed the Gold Coast Transit District.

- k. Read provisions of PUC Sections 99271, 99272, and 99273 to determine that the District's pension plan is in conformance with the provisions.
- l. Inspected the District and the applicable District's Contracted Paratransit Operator for compliance certificates to verify that the District and the Contracted Paratransit Operator had certification by the Department of the California Highway Patrol and is in compliance with section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251.
- m. Read provisions of PUC sections 99314.6 and 99314.7 and determined that the District has complied with the provisions.
- n. Read Sections 99155 and 99155.5 and published fares to determine that the District offers reduced fares to senior citizens and persons with disabilities.

The Schedule of Local Transportation Funding and the Schedule of Changes in Local Transportation Funding Activity of the District for the year ended June 30, 2017 (Schedules) are presented for purposes of additional analysis and are not required parts of the Agreed-Upon Procedures. The Schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records. We have applied certain limited procedures to the Schedules, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, and other knowledge we obtained during the performance of the agreed-upon procedures. We do not provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to provide any assurance.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of the Gold Coast Transit District as well as the Commission and the State Controller and is not intended to be and should not be used by anyone other than these specified parties.

The Pw Group, LLP

Gold Coast Transit District
Schedule of Local Transportation Funding
For the Year Ended June 30, 2017

	Local Transportation Funding
Additions:	
Local transportation funding received	\$ 15,100,317
Total additions	\$ 15,100,317
Deductions:	
Claims paid to claimants:	
City of Ojai	202,000
City of Oxnard	511,059
City of Port Hueneme	79,518
City of San Buenaventura	152,079
County of Ventura	1,071,093
Gold Coast Transit District	13,084,568
Total deductions	\$ 15,100,317

Gold Coast Transit District
Schedule of Changes in Local Transportation Funding Activity of the District
For the Fiscal Year Ended June 30, 2017

Local Transportation Funding:		<u>Balance</u>
Beginning balance:		
Liability:		
Unearned local transportation funding – June 30, 2016	\$ 5,790,964	
Net Position:		
Restricted for capital acquisitions – June 30, 2016	<u>8,087,811</u>	
Total beginning balance	<u><u>\$ 13,878,775</u></u>	\$ 13,878,775
Current year operating revenue:		
Local transportation funding	13,084,568	13,084,568
Fiscal year 2014-2015 unearned local transportation funding portion recognized as revenue	3,614,209	
Fiscal year 2016-2017 unearned local transportation funding portion	(3,110,625)	
Fiscal year 2016-2017 local transportation funding recognized as a local capital grant	<u>(250,000)</u>	
Fiscal year 2016-2017 local transportation funds revenue recognized	<u><u>\$ 13,338,152</u></u>	(13,338,152)
Current year capital revenue:		
Fiscal year 2016-2017 local transportation funding recognized as a local capital grant	\$ 250,000	
Local capital grants – interest earnings	50,162	50,162
Local capital grants – market valuation of investment	<u>(7,896)</u>	(7,896)
Fiscal year 2016-2017 local capital grants revenue recognized	<u><u>\$ 292,266</u></u>	
Current year capital acquisitions:		
Capital acquisitions – current year use of local transportation funds	<u><u>\$ (341,257)</u></u>	(341,257)
Total ending balance		<u><u>\$ 13,326,200</u></u>
Ending balance:		
Liability:		
Unearned – local transportation funding – June 30, 2017	\$ 5,287,380	
Net Position:		
Restricted for capital acquisitions – June 30, 2017	<u>8,038,820</u>	
Total ending balance	<u><u>\$ 13,326,200</u></u>	<u><u>\$ 13,326,200</u></u>