

**GOLD COAST TRANSIT DISTRICT  
LOCAL TRANSPORTATION FUND**

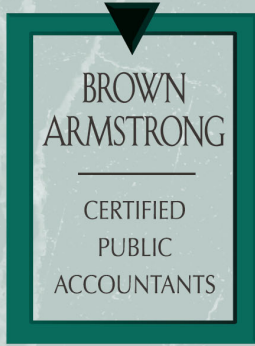
**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**GOLD COAST TRANSIT DISTRICT  
LOCAL TRANSPORTATION FUND  
JUNE 30, 2020**

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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Gold Coast Transit District  
Oxnard, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Local Transportation Fund accounts (the LTF) of Gold Coast Transit District (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions 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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 relating to the LTF relevant to the District'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 District's internal control relating to the LTF. 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 opinions.

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LTF of the District as of June 30, 2020, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements present only the LTF and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. Our opinion on the basic financial statements is not affected by this missing information.

## *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the LTF of the District's financial statements. The Schedule of Amounts Allocated and Disbursed is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Amounts Allocated and Disbursed 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. Such 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 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 Schedule of Amounts Allocated and Disbursed is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards and the Transportation Development Act**

In accordance with *Government Auditing Standards* and the Transportation Development Act, we have also issued our report dated January 29, 2021, on our consideration of the District's internal control over the LTF's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act in considering the District's internal control over the LTF's financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
January 29, 2021

**GOLD COAST TRANSIT DISTRICT  
LOCAL TRANSPORTATION FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

Cash and investments - restricted	<u>\$ 4,915,276</u>
Total assets	<u>4,915,276</u>

**LIABILITIES**

Unearned revenue	<u>1,638,445</u>
Total liabilities	<u>1,638,445</u>

**NET POSITION**

Unrestricted	<u>3,276,831</u>
Total net position	<u><u>\$ 3,276,831</u></u>

See accompanying notes to the financial statements.

**GOLD COAST TRANSIT DISTRICT  
LOCAL TRANSPORTATION FUND  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Revenues:		
Local transportation funding		\$ 14,844,127
Interest		<u>58,320</u>
Total revenues		<u>14,902,447</u>
Expenditures:		
Operating		16,874,812
Capital acquisition and construction		<u>44,077</u>
Total expenditures		<u>16,918,889</u>
Change in net position		(2,016,442)
Net position, beginning of fiscal year		<u>5,293,273</u>
Net position, end of fiscal year		<u><u>\$ 3,276,831</u></u>

See accompanying notes to the financial statements.

**GOLD COAST TRANSIT DISTRICT  
LOCAL TRANSPORTATION FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

On July 1, 2014, Gold Coast Transit became Gold Coast Transit District (the District) as the result of state legislation signed by Governor Brown in October 2013. As a Transit District, the District is entitled to claim the entire amount of state Local Transportation Fund (LTF) funding apportioned by population to its member jurisdictions. The District's enabling legislation also allows District members to claim from the District a portion of its LTF funds for eligible transit services (not provided by the District) that the member funds or operates.

The District receives LTF funding under provisions of the State of California's Transportation Development Act of 1971 (TDA). 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 the County of Ventura (the County) and are allocated based on annual claims filed by the District and approved by the Ventura County Transportation Commission (VCTC). A portion of these proceeds (at the discretion of the District's Board of Directors) may be set aside to fund capital acquisitions and is classified as local transportation funding in the nonoperating section of the statement of activities and changes in net position. The remaining portion of local transportation funding is used to subsidize current operations.

The financial statements present only the activity of the LTF accounts of the District, and are not intended to present the financial position or changes in financial position of the District, or member claimants, in conformity with accounting principles generally accepted in the United States of America.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Interest income is allocated quarterly to the LTF accounts by the Treasurer of the County. All expenditure claims received are authorized by the District.

C. Cash and Investments

Substantially all of the District's cash is invested in interest bearing cash accounts. The District considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. The District holds its cash in the County Treasury. The County maintains a cash and investment pool, and allocates interest to the various funds based upon the average daily cash balances. Information regarding categorization of investments can be found in the County's basic financial statements.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. Amounts Due From Other Governments

Generally, amounts due from other governments are recorded as revenues when received. However, when expenditures of funds are the prime factor for determining eligibility for grants, revenues are accrued when the expenditures have been made on approved grants.

**NOTE 2 – CASH AND INVESTMENTS**

Demand Deposits

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California, as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Ventura County Pooled Investment Fund (VCPIF)

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee, comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools, and other Treasury Department support staff, meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. Further information about the VCPIF is available on the County Treasurer-Tax Collector's website: [www.ventura.org/ttc/](http://www.ventura.org/ttc/).

Cash and investments of the LTF accounts at June 30, 2020, consist of the following:

	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Remaining Maturity</u>
Pooled Investment Funds:				
Cash in County Investment Pool	Level 2	AAA	\$ 3,330,536	< 12 Months
Money Market Accounts Held with Financial Institutions	Level 2	AAA/S-1+	<u>1,584,740</u>	< 12 Months
			<u>\$ 4,915,276</u>	

Custodial Credit Risk

The 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 District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.



## **NOTE 2 – CASH AND INVESTMENTS (Continued)**

### **Custodial Credit Risk (Continued)**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty 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 District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. 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 Local Agency Investment Fund (LAIF) and VCPIF.

As of June 30, 2020, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in Money Market Funds are valued using Level 2 inputs. The District's remaining investments are in the VCPIF, which is an external investment pool not valued under Level 1, 2, or 3.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy follows the California Government 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**

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. The County Treasury's pooled investment funds are unrated.

## **NOTE 3 – UNEARNED – LOCAL TRANSPORTATION FUNDING**

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

**NOTE 3 – UNEARNED – LOCAL TRANSPORTATION FUNDING** (Continued)

Unearned LTF funding for the fiscal year ended June 30, 2020:

<u>Year Received</u>	<u>Amount Authorized</u>	<u>Unearned LTF Amount</u>	<u>Year to be Recognized</u>
2018-2019	<u>\$ 13,416,790</u>	\$ 1,143,183	2020-2021
2019-2020	<u>\$ 14,844,127</u>	<u>495,262</u>	2021-2022
		<u>\$ 1,638,445</u>	

**NOTE 4 – SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. In response, the County, followed by the Governor of California, issued a Shelter at Home order effective March 19, 2020, requiring certain non-essential businesses to temporarily close to the public. At the current time, management is unable to quantify the potential effects of this pandemic on its future financial statements.

Subsequent events have been evaluated through January 29, 2021, the date these financial statements were available to be issued.



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT 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 AND THE TRANSPORTATION DEVELOPMENT ACT**

Board of Directors  
Gold Coast Transit District  
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 the Local Transportation Fund (LTF) accounts of the Gold Coast Transit District (the District) for the fiscal year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) relating to the LTF accounts as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control relating to the LTF accounts. Accordingly, we do not express an opinion on the effectiveness of the District's internal control relating to the LTF accounts.

*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.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LTF accounts' financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the applicable statutes, rules, and regulations of the Transportation Development Act, including Section 6667 of Title 21, of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or the Transportation Development Act.

## 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 approve an opinion on the effectiveness of the District's internal control or on compliance relating to the LTF accounts. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance relating to the LTF accounts. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
January 29, 2021

**SUPPLEMENTARY INFORMATION**

**GOLD COAST TRANSIT DISTRICT  
LOCAL TRANSPORTATION FUND  
SCHEDULE OF AMOUNTS ALLOCATED AND DISBURSED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

		Transportation Development Act - Article 4 Funds
Allocations, Disbursements, and Payables		
City of Ojai	\$	158,000
City of Oxnard		422,729
City of Port Hueneme		39,466
City of San Buenaventura		264,165
County of Ventura		1,497,169
Gold Coast Transit District		14,844,127
 Total Allocations, Disbursements, and Payables	 \$	 17,225,656