



Comprehensive Annual Financial Report

FISCAL YEARS ENDING JUNE 30, 2017 and 2016



GOLD COAST TRANSIT DISTRICT

CITY OF OJAI | CITY OF OXNARD | CITY OF PORT HUENEME | CITY OF VENTURA | COUNTY OF VENTURA
301 EAST THIRD STREET, OXNARD, CA 93030 | P 805.483.3959 | F 805.487.0925 | GOLDCOASTTRANSIT.ORG

Gold Coast Transit District
Board of Directors – November 2017



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Councilman, City of Oxnard
Alternate Director, Mayor Pro Tem Carmen Ramirez, Esq.



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Supervisor, 5th District, County of Ventura



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Councilmember, City of Ventura
Alternate Director, Councilmember James L. Monahan



Jon Sharkey, Director
Councilmember, City of Port Hueneme
Alternate Director, Councilmember Sylvia Munoz Schnopp

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**Gold Coast Transit District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2017 and 2016**

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Gold Coast Transit District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2017 and 2016

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INTRODUCTORY SECTION

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November 30, 2017

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 District's (GCTD) General Manager. In FY 2016-2017, Gold Coast Transit District delivered over 3.6 million passenger trips and operated 2.1 million miles of revenue service in western Ventura County. In addition, our ACCESS paratransit service provided over 102,000 trips to seniors and people with disabilities. This represents the critical role public transit plays in providing access to opportunities for all and helping to reduce traffic and improve air quality in the cities we serve.

Some noteworthy highlights at GCTD during FY 2016-17 include:

- **New Facility** – GCTD broke ground on the new 15-acre, Operations and Maintenance facility in Oxnard. GCTD's Board of Directors, elected officials, community stakeholders, and staff were all on-hand at the ceremonial event to mark the beginning of the largest transportation project in Ventura County in over a decade. Congresswoman Julia Brownley delivered key note remarks that highlighted the great benefits public transit provides to all citizens and businesses in our area. The facility will not only provide us with a larger footprint but will raise the levels of expectation we have for our organization, as well as the services in the community. Staff are continuing to work on a comprehensive review of our organizational procedures to ensure we meet the challenges and opportunities that the new facility will provide. The completion date is slated for Fall of 2018.
- **TDA Audit** – A successful Transportation Development Act (TDA) triennial review was conducted and GCTD did very well, receiving no compliance/functional findings or recommendations. Some positive highlights of the report include: GCTD's paratransit service has the highest farebox recovery ratio in the county, in large part due to the Medi-Cal reimbursements received, and the fixed-route service has the lowest cost per passenger to operate in the county at \$4.29 per trip.
- **Safe Drivers** – Three bus operators were recognized for joining the prestigious One Million Mile Club and Two Million Mile Club, as determined by the National Safety Council. The former recognizes professional drivers who have completed 25,000 hours of drive time (12.5 years) without a preventable accident and the latter recognizes those who have driven 50,000 hours of drive time without a preventable accident.
- **Replacement Vehicles** – Five new, 40-foot buses were added to the fixed route fleet. Additionally, eight new cutaway buses were added to the GO ACCESS paratransit fleet. Passengers have enjoyed the quiet and comfortable ride of the new vehicles.

GOLD COAST TRANSIT DISTRICT

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- **Grant Awards** – Several grants were awarded to GCTD this year. First, Caltrans awarded GCTD a grant to initiate a First-Mile, Last Mile Connectivity Study for Naval Base Ventura County, which is scheduled to begin late 2017. Second, a Sustainability Planning Grant was awarded by the Southern California Association of Governments (SCAG) to develop a “Building Transit Supportive Communities Plan”. Additionally, GCTD was awarded two Congestion Mitigation & Air Quality (CMAQ) grants for near-zero emission engine replacements as well as demonstration service on Ventura Road.
- **Fare Payment Modernization** – Earlier this year, GCTD began accepting credit cards at the Customer Service Center and on November 1, 2017 GCTD launched a mobile ticketing pilot program. Facilitated by Token Transit, the mobile application allows passengers to purchase fares with their mobile phones and board the bus without the need for cash or paper tickets, allowing for faster boardings.

In the next year, staff will continue working on projects including bus stop signage upgrades, installing the new Automatic Vehicle Location and Automatic Voice Annunciation System on the fleet, conducting preliminary planning for the system improvements as identified in the Short Range Transit Plan and continuing to identify new sources of funding. We will also be expanding our work with the cities to identify areas for transit improvements and increased coordination for transit friendly development.

While GCTD is currently the most cost-efficient transit system in the region, we will also continue in the coming year to work hard to stretch our operational dollars (and identify new sources of funding) to enable us to provide the best service possible. We recognize that our costs are increasing faster than our revenue sources. This means we will need to make smart choices in the coming years to ensure we continue to be financially sustainable as we strive to provide high quality bus service to the community. We will be working at all levels of the organization to prepare for this future.

The Gold Coast Transit District team is very proud of its accomplishments to date and 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.

Sincerely,



Steven P. Brown
General Manager



November 30, 2017

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

Members of the Board:

This is Gold Coast Transit District's Comprehensive Annual Financial Report (CAFR) covering the fiscal years ended June 30, 2017 and 2016.

The CAFR has been prepared by the Office of the Director of Finance and Administration, working with our independent auditors, The Pun Group, LLP, 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 the District as of June 30, 2017 and 2016. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

The CAFR represents the culmination of all budgeting, financial and accounting activities engaged in by the District 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 the District 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 the District in conformity with generally accepted accounting principles.
3. The **Statistical Section** contains comparative statistical data on the District's financial, physical, economic and social characteristics.

GOLD COAST TRANSIT DISTRICT

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The preparation of this CAFR required the cooperation of GCTD management, staff and our independent auditors, The Pun Group, led by the audit engagement partner, Paul J. Kaymark, CPA. I wish to express my thanks and appreciation to the GCTD Accounting and Finance staff; Finance Manager Daniel Amaro, Administrative Specialist Veronica Navarro and Payroll Specialist Sonia Rosales, and especially Accounting Manager Lili Marlene T. Tomen. Ms. Tomen's hard work and expertise is most responsible for the Accounting Department's continued success as GCTD's financial and accounting environment grows more complex. This skilled and dedicated group continues to work diligently to keep the agency compliant and moving forward.

A handwritten signature in blue ink, appearing to read "S. Rosenberg", is positioned above a horizontal line.

Steve L. Rosenberg

Director of Finance and Administration

About GCTD - Organizational Information

About Us

Gold Coast Transit District provides public fixed-route and paratransit service in the cities of Ojai, Oxnard, Port Hueneme, Ventura and the unincorporated areas of Ventura County. With nearly 4 million passenger trips provided each year, GCTD is the largest public transportation operator in Ventura County. The fleet includes 56 buses and 26 paratransit vehicles all powered by clean natural gas supplied by an on-site CNG fueling station.

Our Mission

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

History

GCTD was founded in 1973 as "South Coast Area Transit" when 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.

Prior to 1973, Ventura Transit City Lines operated local service in Ventura and Ojai, and Oxnard Municipal Bus Lines served Oxnard and Port Hueneme. Following a national trend, the bus systems that flourished through the mid-century began to decline in the 1960's. 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. The County of Ventura joined SCAT in October of 1977. By February of 1980 the transit functions in western Ventura County were consolidated into a single administrative, operating and maintenance facility on a three-acre site at 301 East Third Street in Downtown Oxnard.

In the 1990's SCAT began operation of ACCESS, a regional paratransit service providing curb-to-curb transportation for people with disabilities and senior citizens.

In June 2007, SCAT's Joint Powers Agreement was amended to rename the agency from South Coast Area Transit to Gold Coast Transit. The change in name was intended to help distinguish the agency from the 11 other agencies named SCAT around the nation and to better connect the service to the community it served.

In October 2013, Governor Brown signed into law Assembly Bill AB 664, which formed the Gold Coast Transit District. The district legislation was initiated in response to Senate Bill SB 716, which required that all TDA funds in Ventura County be used solely for public transit purposes. Formation of a transit district allows GCTD's Board of Directors and staff to have greater flexibility in implementing service improvements by looking beyond jurisdictional borders in order to efficiently and effectively meet the public's transit needs.

In 2014 Gold Coast Transit District was named Small Agency of the Year by the California Transit Association. In 2015, GCTD unveiled a new logo and bus paint scheme to coincide with the purchase of replacement buses. The new colors reflect GCTD's commitment to quality public transportation, and evokes the agency's vision of a more modern, clean and efficient future.

During FY16-17 the District began construction of a New Administration and Operations Facility in North Oxnard that will allow GCTD to continue to meet the growing transit needs of the community.

Statistics

- Service Area: Ojai, Oxnard, Port Hueneme, Ventura & County of Ventura
- Population Served: 375,000
- Average Weekday Passengers: (FY 16-17) 11,328
- Fixed-Route Annual Passengers: (FY 16-17) 3.6 million
- Fixed-Route Annual Revenue Miles: (approx.) 2.1 million
- ACCESS Paratransit Annual Passengers: 93,274
- 56 - fixed-route buses
- 26 - paratransit buses and vans
- Fuel Type: 100% Clean Natural Gas

Board of Directors

Gold Coast Transit District is governed by a Board of Directors. Each of GCTD's five member agencies appoints one elected official from its governing body to serve on the Board of Directors and a second to serve as an alternate member. The Board of Directors regular monthly meetings are held on the first Wednesday of each month at 10 a.m.

GCTD's Leadership

GCTD's General Manager is appointed by, and reports to, the Board of Directors. The General Manager is charged with carrying out the Board's policies and directives, and has full charge of the operation of GCTD's services, facilities, and administration of business affairs. GCTD's Management Team is comprised of: *(Listed in alphabetical order by Department)*

- **General Manager - Steven P. Brown**
- Director of Engineering and Construction - Reed Caldwell
- Director of Finance and Administration - Steve L. Rosenberg
- Director of Human Resources - Debbie Williams
- Director of Planning and Marketing - Vanessa Rauschenberger
- Director of Transit Operations - Andrew Mikkelsen

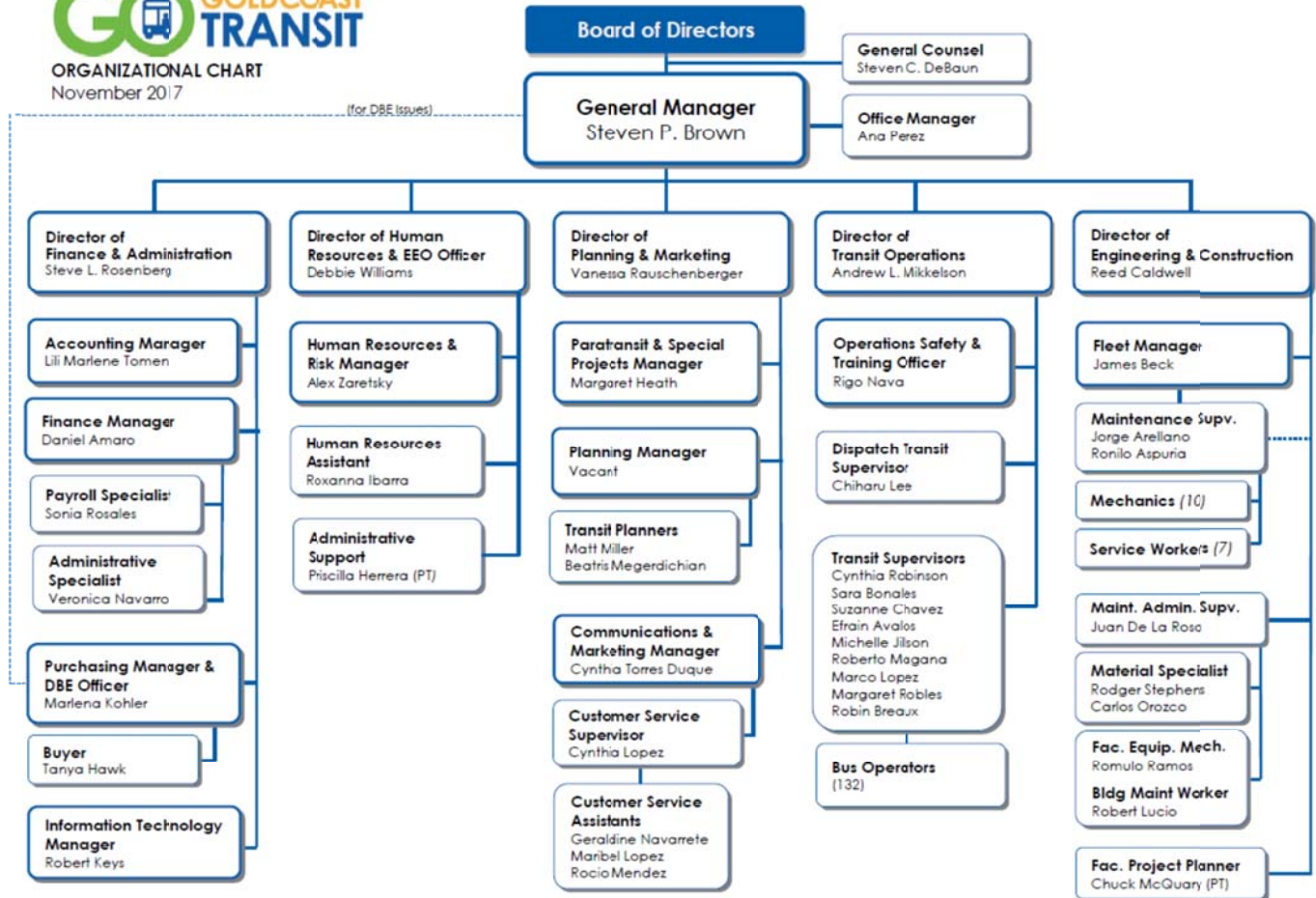
Employees

GCTD has approximately 200 employees, the majority of whom operate or maintain buses. Service Employees International Union Local 721 represents all bus operators, most maintenance employees and five administrative staff members. GCTD contracts with MV Transportation for the maintenance and operation of ACCESS Paratransit.

Gold Coast Transit District Organizational Chart



ORGANIZATIONAL CHART
November 2017



Gold Coast Transit District Bus System Map



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Gold Coast Transit District (District), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic 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 financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 20 and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension Plan and the Schedule of Funding Progress – Other Post-Employment Benefits Plan on pages 63 through 65, respectively, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 69 and 70 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 financial statements taken as a whole.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements. 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.

Management has not presented certain accrual-based information that accounting principles generally accepted in the United States of America require to be presented in the statistical section of the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to improve consistency and comparability in reporting and provide clearer guidance regarding the applicability of the standards for the statistical section to all types of governmental entities. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the District's internal control over financial reporting and compliance.

The Pw Group, LLP

Santa Ana, California
November 30, 2017

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**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***

Independent Auditors' Report

To the Board of Directors
of the 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 Gold Coast Transit District (District) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 30, 2017.

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) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 the District'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*.

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

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.

The Pw Group, LLP

Santa Ana, California
November 30, 2017

Gold Coast Transit District
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2017 and 2016

The following Management Discussion and Analysis (MD&A) of activities and financial performance of Gold Coast Transit District (GCTD) provides an introduction to the financial statements of GCTD for the fiscal year ended June 30, 2017. 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.

Activities and Highlights

GCTD 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.

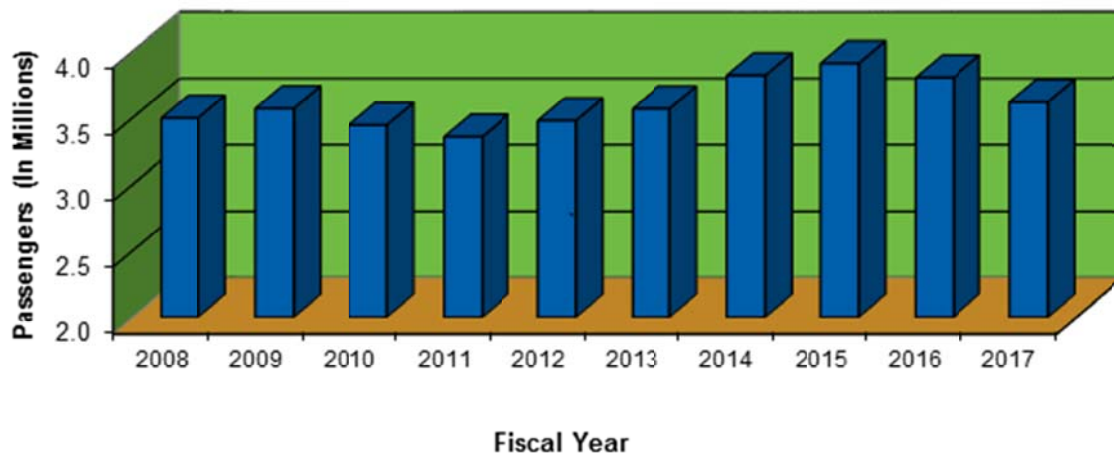
GCTD owns 80 revenue vehicles which are 100% fueled with clean burning compressed natural gas (CNG), primarily from GCTD's owned and operated CNG fueling station. In FY 2016-17, GCTD vehicles carried nearly 3.7 million passengers while traveling over 2.9 million revenue miles.

GCTD operates a fleet of 56 fixed-route buses. In FY 2016-17, GCTD fixed-route buses operated 2.19 million miles of revenue service, the highest service mileage in its history, and served 3.6 million passenger boardings, a decrease of 4.8% from the previous year.

In FY 2016-17, the ACCESS paratransit system transported 102,354 passengers, an increase of 9.7% from the previous year and 21% over the past two years. The GCTD ACCESS service is operated under contract by MV Transportation, Inc. GCTD owns the paratransit fleet, which typically consists of 24 vehicles, including 13 MV1 vans and 11 cutaway vans.

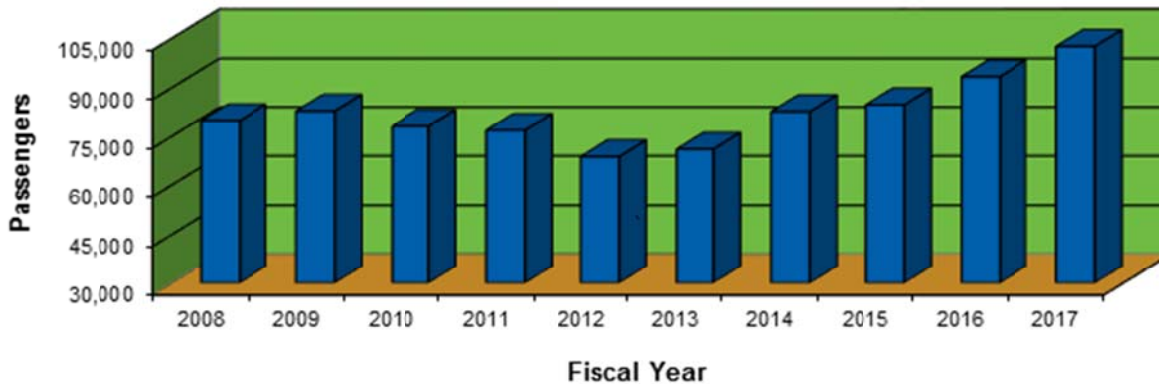
| | <u>2017</u> | <u>2016</u> | <u>Increase/ (Decrease)</u> |
|---|-------------------------|-------------------------|---------------------------------|
| Fixed-Route Passenger Trips | 3,616,386 | 3,800,673 | -4.8% |
| ACCESS Paratransit One-Way Trips | <u>102,424</u> | <u>93,274</u> | <u>10.3%</u> |
| Total Boardings | <u>3,718,810</u> | <u>3,893,947</u> | <u>-2.5%</u> |

Fixed Route Bus Ridership – Unlinked Passenger Trips from 2008 to 2017



Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

ACCESS Paratransit Ridership – One-way Trips from 2008 to 2017

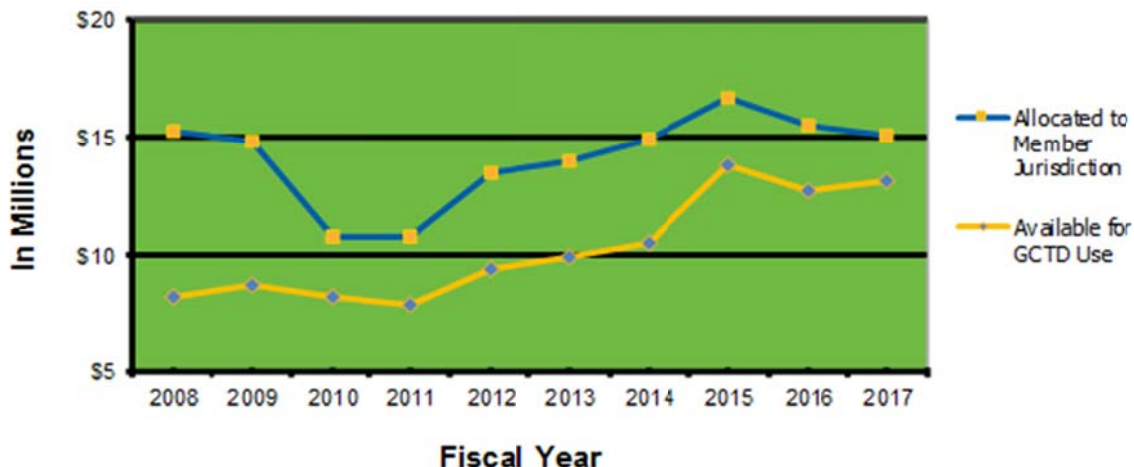


GCTD is different than the majority of transit operations in Southern California in that it provides transit service without support from a direct local sales tax measure, tax levy or dedicated general fund support. The use of Local Transportation Funds (LTF) from a quarter-cent state sales tax provided by the Transportation Development Act (TDA) of 1974 has historically been the primary funding source available to GCTD to support transit services.

LTF increased substantially through the early 2000s, peaked in FY 2006-07, and was highly impacted by the recession that followed. After decreasing 35% from FY 2006-07 to FY 2009-10, LTF funding allocated to GCTD member jurisdiction (by population) is approaching its pre-recession level. In FY 2016-17 GCTD received just over \$15.1 million in LTF funding.

In FY 2014-15, Gold Coast Transit, a joint powers authority (JPA), became Gold Coast Transit District as the result of state legislation. As a transit district, GCTD directly receives all LTF funds allocated to its member jurisdictions; previously GCT was allocated a portion of the LTF by its members based on budget requirements. The legislation also allows GCTD members to claim from the district a portion of its LTF funds for transit services (not provided by the District) that the member funds or operates.

LTF Funding Allocated to District Members - 2008 to 2017



Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

GCTD's second largest source of operating revenue is the Federal Transit Administration (FTA). Federal Section 5307 grants, the core program that provides funds for GCTD operating activities, are based on a federal formula and have remained relatively stable over the past ten years. GCTD expended \$3.75M in Section 5307 grant funds for eligible operating activities in FY 2016-17. GCTD also uses Federal Congestion Mitigation and Air Quality Improvement (CMAQ) funds to help pay for new routes, called demonstration projects. GCTD expended \$579K in CMAQ funds supporting one new route in FY 2016-17.

Another revenue source for GCTD is State Transportation Assistance. While STA accounts for a small percentage of GCTD revenues (.68% in FY 2016-17), STA does provide significant funding for competing Ventura County transit priorities such as Metrolink and VCTC Intercity Transit. GCTD expended \$150K in STA funds for operating activities in FY 2016-17.

GASB 68 & 71

The Governmental Accounting Standards Board (GASB) is an independent, nonprofit, non-governmental regulatory body charged with setting accounting and financial reporting standards for state and local governments. Beginning with Fiscal Year 2014-15, GASB Statements 68 & 71 required agencies to report their net pension liability in accrual-based financial statements. This is distinctly different than previous methods in which funding and accounting were aligned. Please note that these standards only impact the accounting and financial reporting of pension obligations for governmental employers; pension contribution rates and funding requirements are not impacted.

GCTD employees are covered by a CalPERS pension plan. As a result of these accounting changes and CalPERS' policy decision to value net pension liability based on value on June 30th of the prior year (in this case, June 30, 2016) as opposed to the current year, our auditors calculated an adjustment that decreased our FY 2016-17 pension expense by \$304,817. This adjustment is reflected in the information discussed herein. We anticipate that in FY 2017-18 this adjustment will result in a pension expense increase. In total, the GASB 68 & 71 requirement adds a net pension liability of \$10,543,910 to GCTD's balance sheet.

Note 10 of the Audit Report addresses the GASB 68 & 71 requirement in substantially greater detail.

Financial Position Summary

GCTD's total net position is for FY 2016-17 is \$30,867,262, a 21% increase from \$25,440,841 at year end FY 2015-16. Current assets are lower than the prior year because receivables from delayed federal grant approvals, while sizable, were lower than in the previous year. These grants were approved and funds were received shortly after year-end. Non-current assets and long-term liabilities increased substantially as the result of GCTD having received just over \$22 million from having in March 2017 issued certificates of participation (COPs) to fund a portion of GCTD's new Operations and Maintenance Facility in North Oxnard. Construction started in March 2017 and is presently on schedule to complete in fall of 2018. Capital assets increased as the result of construction in process associated with the construction.

Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Financial Position Summary, continued

| | Condensed Balance Sheets | | |
|--|---------------------------------|-----------------------------|-----------------------------|
| | <u>2017</u> | <u>2016</u> | <u>Change</u> |
| Assets: | | | |
| Current assets | \$ 9,882,036 | \$ 11,335,824 | \$ (1,453,788) |
| Non-current assets | 31,814,958 | 8,087,811 | 23,727,147 |
| Capital assets, net | <u>31,046,771</u> | <u>24,938,691</u> | <u>6,108,080</u> |
| Total assets | <u>72,743,765</u> | <u>44,362,326</u> | <u>28,381,439</u> |
| Deferred outflows of resources | <u>4,785,604</u> | <u>3,062,166</u> | <u>1,723,438</u> |
| Total assets and deferred outflows of resources | <u><u>\$ 77,529,369</u></u> | <u><u>\$ 47,424,492</u></u> | <u><u>\$ 30,104,877</u></u> |
| Liabilities: | | | |
| Current liabilities | \$ 9,983,839 | \$ 10,432,628 | \$ (448,789) |
| Non-current liabilities | <u>34,633,007</u> | <u>8,765,770</u> | <u>25,867,237</u> |
| Total liabilities | <u>44,616,846</u> | <u>19,198,398</u> | <u>25,418,448</u> |
| Deferred inflows of resources | <u>2,045,261</u> | <u>2,785,253</u> | <u>(739,992)</u> |
| Net position: | | | |
| Net investment in capital assets | 29,380,766 | 24,938,691 | 4,442,075 |
| Restricted | 9,426,367 | 8,087,811 | 1,338,556 |
| Unrestricted (Deficit) | <u>(7,948,780)</u> | <u>(7,585,661)</u> | <u>(363,119)</u> |
| Total net position | <u>30,858,353</u> | <u>25,440,841</u> | <u>5,417,512</u> |
| Total liabilities, deferred inflows of resources and net position | <u><u>\$ 77,520,460</u></u> | <u><u>\$ 47,424,492</u></u> | <u><u>\$ 30,095,968</u></u> |

The largest portion of GCTD's *net position* is its net investment in capital assets, such as buses, buildings, improvements, and equipment. GCTD uses these capital assets to provide services to its passengers; consequently, these assets are not available for future spending. The increase in capital assets is primarily due to work in process on the construction of the new GCTD Operations and Administration Facility in north Oxnard.

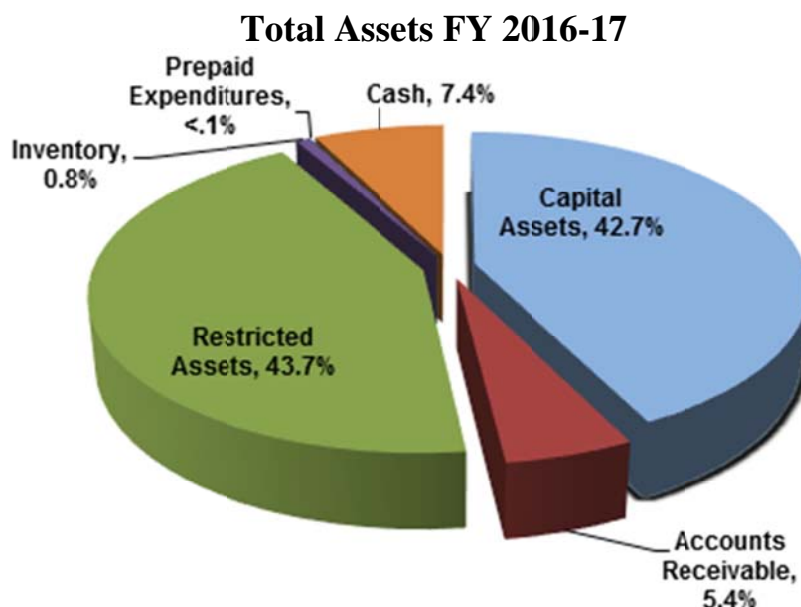
Restricted net position are those funds set aside or specifically awarded to fund the purchase of future capital projects and transit vehicle acquisitions. The increase in restricted *net position* is primarily due to the addition of a Reserve Fund for the Certificates of Participation issued in March 2017 to fund construction of the new facility.

The remaining (\$7,948,780) *unrestricted deficit net position* is primarily the result of the net pension liability and related deferred resources recorded in accordance with GASB 68 requirements (see note 10 and 13).

GCTD held in its fiduciary funds at year-end \$ 9.6 million from California Proposition 1B and LCTOP program funds to be used for pending capital improvement and transit support projects.

Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

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



GCTD 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 2009-10, 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 GCTD 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.

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

GCTD 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 GCTD I.D or proof of age) | \$0.75 | 31-Day Pass | \$50.00 |
| Medicare (with Medicare Card) | \$0.75 | Youth | |
| Disabled (ADA card or GCTD I.D.) | \$0.75 | 15-Ride | \$15.00 |
| Seniors 75+ (with GCTD 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 |

GCTD 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 District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Financial Operations Highlights

Operating revenues increased 3.3%, from \$3,369,769 in FY 2015-16 to \$3,482,127 in FY 2016-17. Fixed route revenues decreased 4.3% as the result of a 4.9% drop in passenger boardings. Paratransit fare revenues increased 81% in FY 2016-17; direct fare sales increased 5.3% to go along with a 9.7% increase in passenger boardings, and fare support revenue received from the Medi-Cal Administrative Activities (MAA) program increased six-fold from last year as the result of GCTD having received prior year reimbursements during FY 2016-17. GCTD records these funds in the year received because reimbursement data is not available in the year services are provided. GCTD achieved its TDA-mandated minimum fare box recovery ratio of 20% overall or 20% for fixed route and 10% for paratransit.

Operating expenses before depreciation increased 7.6% from \$20,547,881 to \$22,113,345. Excluding credits for GASB 68 & 71 adjustments, Operating expenditures increased 5.5%, from \$21,252,965 to \$22,418,162. FY 2016-17 operating expenditures were still considerably lower than the approved budget of \$23,630,600. The year-to-year increase was driven by:

1. A 4.3% increase in salaries and wages, driven by a 4% wage increase in July 2016 for the third year of three (3) four-year Memoranda of Understanding (MOU) between GCTD and SEIU Local 721. The MOUs also included increasing employee pension contributions and decreasing employer pension contributions for "classic" (pre-2013) employees by 2% per year for each of the first three years of the contract. GCTD increased the fixed route Revenue Service Hours (RSH) it provides to the public by .5%, from 201,905 in FY 2015-16 to 202,938 in FY 2016-17.
2. A 3.8% increase in medical benefit contribution costs, resulting from a 4% increase in GCTD's medical benefit contribution on January 1, 2017 as negotiated in the referenced MOU.
3. A 34% increase in pension expense as the result of required GASB 68 & 71 adjustments. This reflects credits in both years, with a considerably larger credit in FY 2015-16. Last year this line item reflected a 24% decrease from the previous year. Excluding GASB 68 & 71 adjustments, pension expense was .8% lower in FY 2016-17 compared to FY 2015-16. It is anticipated that next year these non-cash adjustments will increase GCTD's pension expense.
4. A 25.5% increase in insurance costs, primarily the result of substantially increased costs for liability insurance to cover GCTD's fleet operations, on top of a 58% increase last year. The transit liability insurance market became much harder over the past two years, and GCTD's costs as part of the California Transit Indemnity Pool (CalTIP) have increased substantially. Market conditions support continued increases in FY 2017-18, although GCTD raised its self-insured level to reduce premium growth.
5. A 13.7% increase in the cost for contracted ADA Paratransit service, driven primarily by a 9.7% increase in boardings and a 20.4% increase in revenue hours.
6. An 4.5% increase in repair parts expense, resulting from the disposal of obsolete parts for recently-retired fleet type.
7. GCTD's fleet operates exclusively on compressed natural gas (CNG). While natural gas continues to experience historic low pricing, GCTD's FY 2016-17 average commodity unit cost for fuel in FY 2016-17 increased 27% from FY 2015-16. Factoring in the less volatile transmission cost, as well as other costs included in the retail cost of natural gas, the average monthly unit cost of natural gas increased 16% in FY 2016-17. GCTD's actual fuel cost increased 8.8% while using .8% less fuel. Fuel cost for Paratransit service decreased as the result of shifting the fleet composition to smaller, more fuel-efficient vans.

Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Condensed Statements of Revenues, Expenses and Changes in Net Position

| | 2017 | 2016 | Change |
|---|----------------------|----------------------|---------------------|
| Operating revenues | \$ 3,482,127 | \$ 3,369,769 | \$ 112,358 |
| Operating expenses | (22,113,345) | (20,547,884) | (1,565,461) |
| Operating (loss) before depreciation | (18,631,218) | (17,178,115) | (1,453,103) |
| Depreciation | (2,919,180) | (2,843,634) | (75,546) |
| Operating (loss) | (21,550,398) | (20,021,749) | (1,528,649) |
| Non-operating revenues, net | 18,313,808 | 17,178,115 | 1,135,693 |
| (Loss) before capital contributions | (3,236,590) | (2,843,634) | (392,956) |
| Capital contributions | 8,663,011 | 6,882,916 | 1,780,095 |
| Change in net position | 5,426,421 | 4,039,282 | 1,387,139 |
| Net position: | | | |
| Beginning of year | 25,440,841 | 21,401,559 | 4,039,282 |
| End of year | <u>\$ 30,867,262</u> | <u>\$ 25,440,841</u> | <u>\$ 5,426,421</u> |

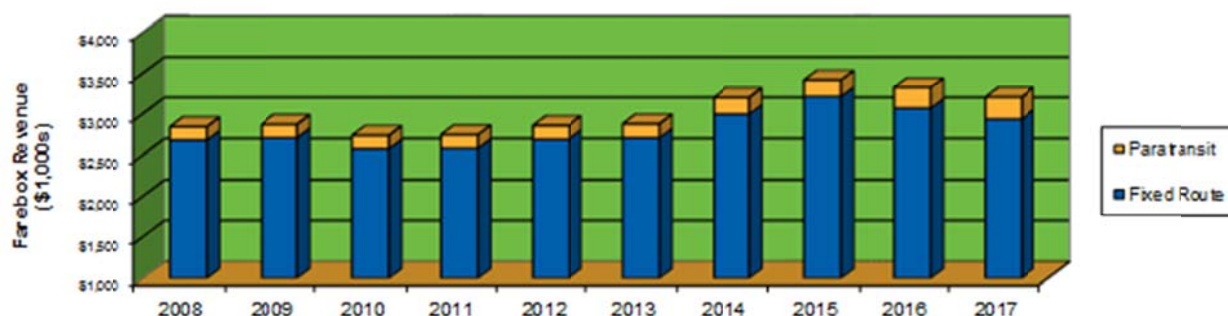
Revenues

A summary of revenues for the year ended June 30, 2017 including the amount and percentage of change in relation to prior year amounts is as follows:

| | 2017 | Percentage of Total | 2016 | Increase (Decrease) | % Increase (Decrease) |
|-----------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------------------|
| Operating revenues: | | | | | |
| Fixed-route passenger fares | \$ 2,936,328 | 13.5% | \$ 3,068,465 | \$ (132,137) | -4.3% |
| ACCESS paratransit fares | 545,799 | 2.5% | 301,304 | 244,495 | 81.1% |
| Total operating | 3,482,127 | 16.0% | 3,369,769 | 112,358 | 3.3% |
| Non-operating: | | | | | |
| Local assistance | 13,338,152 | 61.2% | 10,601,709 | 2,736,443 | 25.8% |
| Federal funding | 4,335,128 | 19.9% | 4,930,720 | (595,592) | -12.1% |
| State funding | 153,094 | 0.7% | 207,973 | (54,879) | -26.4% |
| Other | 487,434 | 2.2% | 1,437,713 | (950,279) | -66.1% |
| Total non-operating | 18,313,808 | 84.0% | 17,178,115 | 1,135,693 | 6.6% |
| Total revenues | <u>\$ 21,795,935</u> | <u>100%</u> | <u>\$ 20,547,884</u> | <u>\$ 1,248,051</u> | <u>6.1%</u> |

Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Passenger fare revenues for fixed route bus service decreased 4.3% from FY 2015-16 to FY 2016-17, as the result of a 4.8% decrease in passenger boardings. Paratransit fare revenues increased 5.3% as the result of a 9.8% increase in passenger boardings, offset by higher than expected pass sales at the close of FY 2015-16. Local fare support for paratransit (MAA service reimbursements from Ventura County) in FY 2016-17 were six times that of FY 2015-16 as the result of having received in FY 2016-17 additional support funds from service in a prior year. GCTD's FY 2016-17 trend of lower boardings for fixed route and increased boardings for Paratransit service are consistent with industry trends. The following chart shows GCTD's passenger farebox revenues over the past ten years:



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. The revenue calculation for the ratio may include local funds, defined as *“any nonfederal or nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.”* GCTD includes funds from local jurisdictions and Medi-cal trip reimbursements, as well as agency-generated funds such as revenue from on-board advertising and credits associated with GCTD's use of alternative fuels. The expense calculation may exclude startup costs to provide new services, as well as annual cost increases in excess of the CPI for costs including provision of paratransit services, fuel, alternative fuel programs, power (including electricity), insurance premiums and payments in settlement of claims arising out of the operator's liability and state and federal mandates.

GCTD's fare box recovery ratio (FBRR) for FY 2016-17 was 20.9% for fixed route and 19.2% for paratransit, with a combined FBRR of 20.7%. The following chart details GCTD's fare box recovery ratio calculation.

GCTD Fare Box Ratio Calculation - FY 2016-17

| <u>Fixed Route</u> | <u>\$ in millions</u> | <u>Paratransit</u> | <u>\$ in millions</u> |
|--|-----------------------|--|-----------------------|
| GCTD Operating Expenses | \$ 18.95 | GCTD Operating Expenses | \$ 3.16 |
| Less Excluded Costs | \$ (1.08) | Less Excluded Costs | \$ (0.32) |
| GCTD Operating Expenses Less Excluded Costs | \$ 17.87 | GCTD Operating Expenses Less Excluded Costs | \$ 2.84 |
| <u>Revenue Applicable to FBRR</u> | | <u>Revenue Applicable to FBRR</u> | |
| Fixed Route Passenger Fares | \$ 2.94 | Paratransit Passenger Fares | \$ 0.27 |
| Local Transit Fares | \$ - | Local Transit Fares (MAA) | \$ 0.28 |
| Advertising Revenue | \$ 0.15 | | |
| Energy Credit Revenue | \$ 0.36 | | |
| Alternative Fuel Excise Tax Credit | \$ 0.25 | | |
| Interest Income | \$ 0.02 | | |
| Other Revenues | \$ 0.02 | | |
| Revenue Applicable to FBRR | \$ 3.73 | Revenue Applicable to FBRR | \$ 0.55 |
| Fixed Route FBRR | 20.9% | Paratransit FBRR | 19.2% |
| | | COMBINED FAREBOX RATIO | 20.7% |

Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Local Transportation Funds (LTF)

On July 1, 2014 GCTD became Gold Coast Transit District (GCTD) as the result of state legislation signed by Governor Brown in October 2013. As a Transit District, GCTD is entitled to claim the entire amount of state Local Transportation Funds (LTF) apportioned by population to its member jurisdictions. GCTD's enabling legislation also allows GCTD 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.

For FY 2016-17 GCTD claimed \$15,100,317 in LTF funds; of that amount, \$ 2,015,749 was claimed by GCTD's members for their transit service requirements and \$13,084,568 was used for current year operations. GCTD carried \$ 5,790,964 in unearned prior year LTF funds into FY 2016-17; of that amount \$253,584 was used for current year operations and \$250,000 was contributed to GCTD's Capital Reserve.

Federal and State Funds

GCTD's second largest source of operating revenue is the Federal Transit Administration (FTA). GCTD was allocated \$4,302,170 in Federal Section 5307 funds in the FY 2017 Program of Projects, with \$3,787,123 programmed for operating budget line items and \$515,047 programmed for Certificate of Participation (COP) payments.

In FY 2016-17, GCTD expended \$3,755,982 in Section 5307 grant funds for operating revenue line items and \$579,146 in previously awarded CMAQ grant funds to defray the cost of adding new service.

GCTD also receives State Transportation Assistance (STA). In FY 2016-17 the State Controller's Office (SCO) allocated GCTD \$146,029 in STA funds. Including some funds allocated in prior years, GCTD expended \$150,000 in STA funds in FY 2016-17. In July 2017 the Governor signed AB 1113, which clarifies the allocation methodology for STA funds going forward after the SCO changed the methodology of the STA funding formula in 2015 and it was rolled back by SB 838 in 2016. The impact of AB 1113 on GCTD's annual allocation is not yet clear.

Other Revenue

Advertising Income - GCTD has been selling commercial bus advertising since FY 2006-07, and continues to attract advertising contracts from both local and national entities. Program revenue reached over \$230K in FY13-14 but fell off after losing our largest advertising account in 2015. In FY 2016-17 GCTD generated \$150,611 in advertising revenues, 1.6% less than in the previous year. GCTD anticipates some revenue growth, but perhaps not to previous levels.

Medi-Cal Reimbursement - GCTD receives through Ventura County Public Health partial reimbursement under the Medi-Cal Administrative Activities (MAA) program for providing Medi-Cal eligible trips on the GCTD ACCESS service. Funding is based on establishing eligibility on a trip-by-trip basis and is calculated and received in arrears; for that reason GCTD records these funds in the year received rather than the year earned. In FY 2016-17 GCTD received \$277,269 from this program. Revenue from this program is growing with increased Paratransit boardings and an aging population, and GCTD anticipates reimbursements from this program growing to over \$300,000 annually.

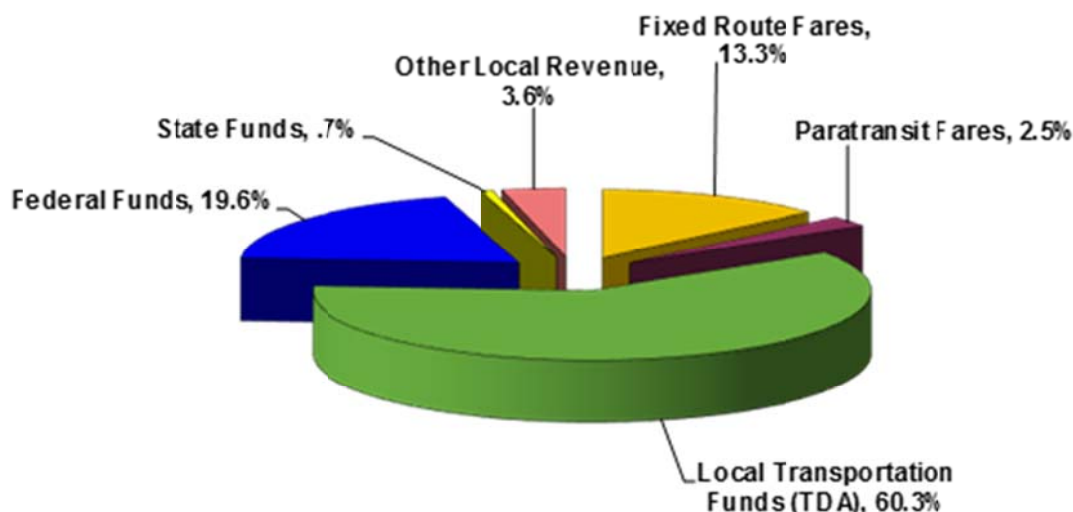
Energy Credit Revenue - Commencing in FY 2014-15 GCTD generates and sells both Low Carbon Fuel Standard (LCFS) credits (State of California) and Renewable Identification Number (RIN) credits (U.S. EPA) from its use of renewable natural gas to fuel the fleet. In FY 2016-17 GCTD realized \$359,151 from the generation and sale of state and federal credits. The market for these credits is based on regulation and can be volatile, however our return appears stable in the short-term.

Interest and Other Income - Interest is earned on temporary investments with the State of California Local Agency Investment Fund (LAIF) and on money market funds held at Union Bank. GCTD earned \$22,295 in interest in FY 2016-17. Other income consists primarily of the sale of miscellaneous surplus property and is largely unanticipated activity. GCTD earned \$19,653 in other income in FY 2016-17.

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Management's Discussion and Analysis (Unaudited) (Continued)
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The following chart shows the major sources of operating and non-operating revenues for the year ended June 30, 2017, as a percentage of total revenues.

Total GCTD Revenue FY 2016-17



Expenses

A summary of expenses for the year ended June 30, 2017, including the amount and percentage of change in relation to prior year amounts, is as follows:

| | 2017 | Percentage of Total | 2016 | Increase (Decrease) | % Increase (Decrease) |
|---|----------------------|------------------------|----------------------|------------------------|--------------------------|
| Operating expenses: | | | | | |
| Vehicle operation | \$ 11,825,593 | 47.2% | \$ 11,135,179 | \$ 690,414 | 6.2% |
| Vehicle maintenance | 3,097,824 | 12.4% | 3,135,045 | (37,221) | -1.2% |
| Planning and marketing | 1,003,028 | 4.0% | 918,158 | 84,870 | 9.2% |
| Operations and administration | 3,023,020 | 12.1% | 2,512,074 | 510,946 | 20.3% |
| Paratransit | 3,163,880 | 12.6% | 2,847,428 | 316,452 | 11.1% |
| Operating expenses before depreciation | 22,113,345 | 88.3% | 20,547,884 | 1,565,461 | 7.6% |
| Depreciation | 2,919,180 | 11.7% | 2,843,634 | 75,546 | 2.7% |
| Total operating expenses | \$ 25,032,525 | 100% | \$ 23,391,518 | \$ 1,641,007 | 7.0% |

Fixed Route costs for FY 2016-17 were 6.2% higher than in FY 2015-16. Among the primary cost drivers were a 4.2% increase in bus operator wages as the result of a 4% MOU wage increase in July 2016, a 13.2% increase in fuel cost as the result of the increase commodity cost for natural gas, and a 34% increase in retirement cost attributable almost entirely to the difference in the annual GASB 68 & 71 adjustment.

Maintenance costs for FY 2016-17 were 2.5% higher than in FY 2015-16. The cost increase was less than the 4% contract labor cost increase in July 2016. GCTD absorbed a \$116,398 expense for disposition of spare parts for an obsolete bus model, offset by an 18% decrease in contract repair work as the result of completing in FY 2015-16 a major program to paint and update the graphics on our fleets.

Administration Department costs for FY 2016-17 were 15.7% higher than in FY 2015-16, primarily driven by a 25% increase in insurance costs resulting from the continuing increase in liability insurance costs, as well as a 44% increase in retirement cost attributable entirely to the difference in the annual GASB 68 & 71 adjustment.

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Planning and Marketing department costs for FY 2016-17 were 9.2% higher than in FY 2015-16, driven by a large reorder of logo promotional items and increased use of a marketing professional to assist staff through an extended employee absence, as well as a 31% increase in retirement cost attributable entirely to the difference in the annual GASB 68 & 71 adjustment.

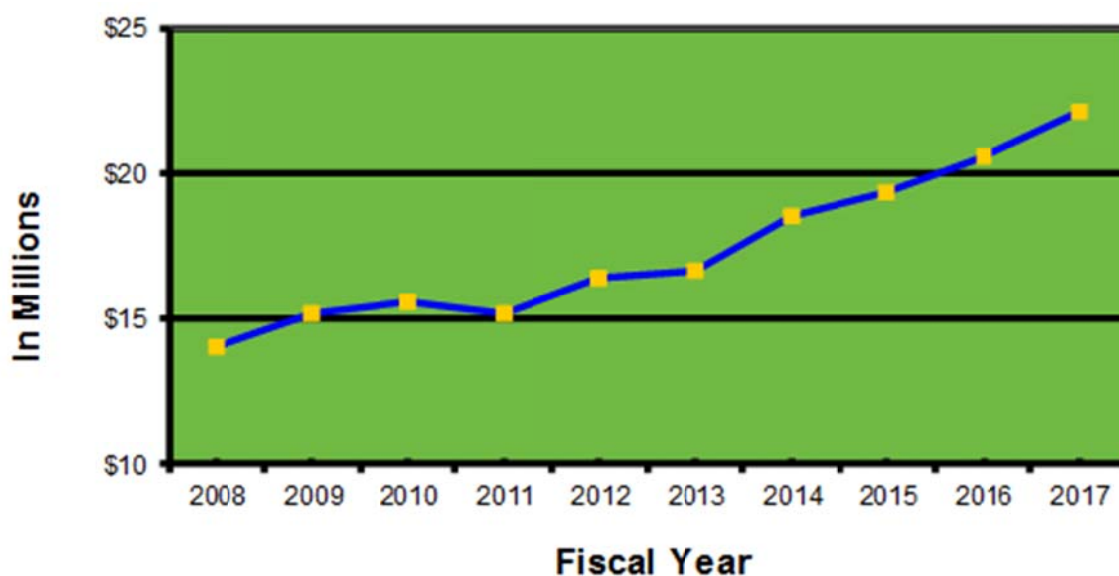
Paratransit operations costs for FY 2016-17 were 11.1% higher than in FY 2015-16, driven by increased contracted operations costs as the result of higher demand driving the provision of additional service.

The 11.7% increase in depreciation expense is primarily the result of having new paratransit vans to replace cutaway vans that were fully depreciated several years ago.

Total operating expenses before depreciation were 7.6% higher than the previous year; excluding entries made for the annual GASB 68 & 71 adjustment the increase would have been 5.5%

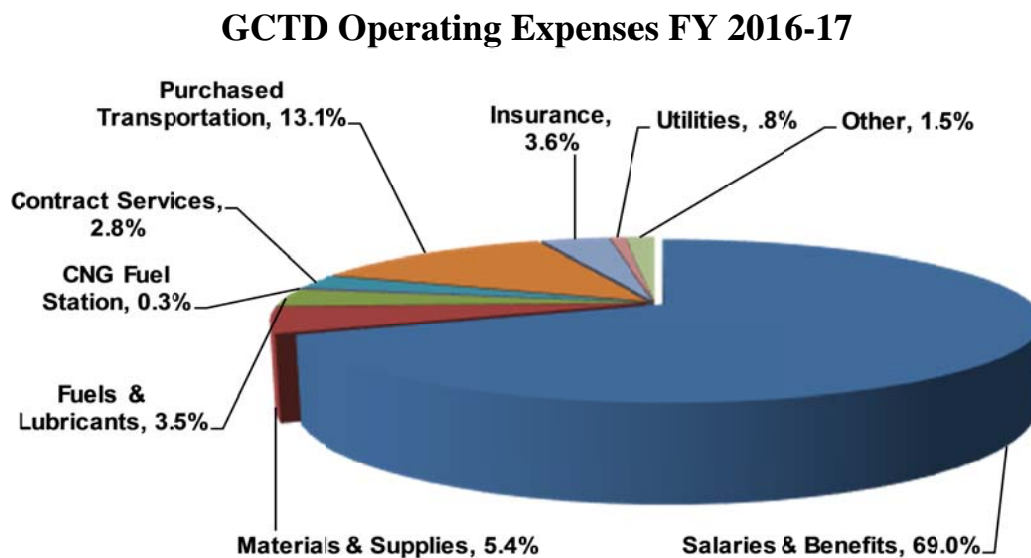
The following chart shows operating expense trends over a ten-year period.

District Operating Expense - from 2008 to 2017



Gold Coast Transit District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

The following chart shows major cost categories and the percentage of operating expenses for the year ended June 30, 2017:



Financial Statements

GCTD's basic financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board. GCTD is structured as an enterprise fund with revenues normally 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 GCTD's significant accounting policies.

Capital Asset Acquisition

During FY 2016-17, GCTD added \$3,075,085 in capital additions. These consisted \$2,663,010 for five (5) Gillig 40-foot CNG fixed route transit buses, \$294,959 for five (5) new MV-1 Paratransit vehicles, \$111,577 to upgrade and modernize GCTD's technology infrastructure and \$5,539 for a floor scrubber for the Maintenance Department.

Capital asset acquisitions are capitalized at cost. Acquisitions are typically funded primarily using federal grants with matching local funds. Over the past decade GCTD has received state grants from the Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and Safety and Security programs, both of which may be used to match federal funds but neither of which require local matching funds. The ten-year window for Proposition 1B funds is nearly complete. With construction of GCTD's new Operations and Maintenance Facility in North Oxnard underway as of fiscal year-end, GCTD closed the year with \$9,472,693 in Work in Process.

Gold Coast Transit District
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Economic and Strategic Factors

GCTD has now completed three full years as a Transit District and is well established as the successor to the GCT joint powers authority (JPA). The economic outlook for California public transit seems stable. Local Transportation Funds, GCTD's most important funding source, are not growing but have stabilized following the economic recession. In December 2015, the Federal government passed the first new transit funding authorization legislation in over ten years, the "FAST (Fixing America's Surface Transportation) Act." The FAST Act provided a modest increase in federal transit funding and long-needed long-term funding certainty to the industry. Nonetheless, transit, like any entity receiving Federal funding, remains highly susceptible to the current volatility of the Federal budget process.

State infrastructure funding received a tremendous boost in 2017 with the signing of SB1, the Road Repair and Accountability Act of 2017. SB1 invests \$54 billion over the next decade to fix roads, freeways and bridges in communities across California and puts more dollars toward transit and safety. SB1 allocates over \$750 million for transit agencies to help increase access and service and build capital projects. State cap-and-trade funding programs provided another potential funding source for transit projects. The largest of these programs, the Transit and Intercity Rail Capital Program (TIRCP) is highly competitive.

Ventura County remains the most populated county in California without a dedicated transportation tax. This not only limits GCTD's ability to grow and provide more robust service to the community, but is a substantial hinderance in competing for State and Federal grant funds. For example, SB1 provides \$200 million specifically dedicated to matching voter-approved transportation tax funding; all Ventura County agencies are excluded from consideration for these funds.

Unfortunately, Ventura County voters failed in November 2016 to approve Measure AA, a one-half cent sales tax to fund needed road and transportation improvements. Measure AA received nearly 57% approval county-wide, falling short of the required two-thirds. Measure AA received over 64% approval in the four cities GCTD serves, demonstrating local support for the service transit provides. Other high-population counties in California have recognized the need for local funding to support the provision of transit services. GCTD and all public transit in Ventura County will continue to be severely constrained until this issue is successfully addressed.

Nonetheless, GCTD looks ahead toward an exciting development in our history. Construction is well underway on GCTD's new Operations and Administration facility, located on a 15-acre site in North Oxnard, on the corner of Auto Center Drive and Paseo Mercado. Completion is scheduled for Fall 2018.

This project is critical to the District's future. The existing facility is far too small to adequately support even GCTD's current operating level of 56 fixed-route buses. The thirty-seven-year-old facility could not have been cost-effectively expanded and would have needed substantial investment just to address obsolescence and deterioration. GCTD accumulated over \$26 million in direct grant funds for the project, and in March 2017 the California Transit Finance Corporation (CTFC) successfully issued \$22 million in Certificates of Participation (COPs) to provide GCTD the remaining funds. This debt, while necessary to complete the project, will limit GCTD's ability to grow until additional revenue and/or new sources are identified.

GCTD uses compressed natural gas (CNG) to fuel its entire bus and paratransit fleet and most of its service vehicles. GCTD owns and operates its compression station, as it will in its new facility. GCTD continues to benefit from historically low natural gas commodity prices, even though prices increased in FY 2016-17. GCTD contracts with GHI Energy, a third-party provider that provides GCTD renewable natural gas at a discount from the published commodity price and administers GCTD's sale of Low Carbon Fuel Standard (LCFS) credits (State of California) and Renewable Identification Number (RIN) credits (U.S. EPA) generated from its use of CNG as a fuel.

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Management's Discussion and Analysis (Unaudited) (Continued)
For the Years Ended June 30, 2017 and 2016

Within the last two years GCTD replaced eleven (11) fixed route buses that had reached the end of their useful life with thirteen (13) new 40-foot Gillig CNG buses, and by early 2018 will have replaced its entire paratransit fleet, almost entirely paid for with a combination of federal and state grant funds. GCTD recently received grant funding approval for the first phase of a rebuild-repowering project intended to extend the useful life of our remaining fixed route bus fleet.

From a labor perspective, GCTD is presently in negotiations for new contracts with Service Employees International Union (SEIU) Local 721, which represents approximately 80% of GCTD's employees. The existing three Memoranda of Understanding (MOU) expire November 2017.

Until its \$22 million COP issue in March 2017 GCTD historically carried no long-term debt and had fully-funded its relatively modest other post-employment benefits (OPEB) obligations by participating in the California Employers' Retiree Benefit Trust Fund (CERBT). GCTD ended FY 2016-17 with a capital reserve of more than \$7.88 million. The District has maintained a solid cash flow position for many years.

GCTD anticipates that in the long-term demand for transit services in western Ventura County will gradually increase. GCTD's fixed route boardings decreased over the past two years. This follows an industry-wide trend for municipal bus service, partly in response to sharply lower gasoline prices. Ridership remains higher than our historical norm.

Throughout its history, GCTD (and its predecessor agencies GCT and SCAT) has been constrained from growth by the limitations of both its revenue and its facility. The facility issue is being addressed. Increased revenue, from access to additional LTF funds available to GCTD as a District, allowed the District to proceed with debt funding to complete a new facility to prepare for future growth. Without new or additional revenue sources GCTD will be challenged to increase the level of service we are now able to provide to the people of Western Ventura County.

GCTD actively pursues all relevant grant opportunities; however discretionary grants do not provide recurring revenue. GCTD has undertaken several initiatives to increase revenues, such as on-board advertising sales, reimbursement for Medi-Cal eligible paratransit transportation and the generation and sale of low carbon fuel standard and renewal fuel (RIN) credits. GCTD will continue to aggressively seek revenue opportunities from initiatives such as these; they are increasingly important but are rarely of the scale necessary to impact the growing imbalance between transit demand and transit funding in our service area. As previously stated, it is critical that Ventura County address its status as the most populated county in California that does not have a dedicated transportation tax.

Requests for Information

This financial report is designed to provide GCTD's members, customers, stakeholders and other interested parties with an overview of GCTD'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 District, 301 E. Third St., Oxnard, California, 93030-6048.

BASIC FINANCIAL STATEMENTS

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Gold Coast Transit District
Balance Sheets
June 30, 2017 and 2016

| <u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| Current assets: | | |
| Cash and investments (Note 2) | \$ 5,378,788 | \$ 5,856,275 |
| Accrued interest receivable | 8,524 | 4,515 |
| Accounts receivable – federal funding | 3,683,865 | 4,399,779 |
| Accounts receivable – other | 231,123 | 350,990 |
| Materials and supplies inventory | 565,148 | 717,665 |
| Prepaid items | 14,588 | 6,600 |
| Total current assets | 9,882,036 | 11,335,824 |
| Non-current assets: | | |
| Restricted – cash and investments (Note 2 and 3) | 31,780,764 | 8,071,970 |
| Restricted – accrued interest receivable | 34,194 | 15,841 |
| Capital assets – not being depreciated (Note 5) | 18,453,754 | 12,515,276 |
| Capital assets, net – being depreciated (Note 5) | 12,593,017 | 12,423,415 |
| Total non-current assets | 62,861,729 | 33,026,502 |
| Total assets | 72,743,765 | 44,362,326 |
| Deferred outflows of resources: | | |
| Deferred amounts related to net pension liability (Note 10) | 4,785,604 | 3,062,166 |
| Total deferred outflows of resources | 4,785,604 | 3,062,166 |
| Total assets and deferred outflows of resources | \$ 77,529,369 | \$ 47,424,492 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses (Note 6) | \$ 3,359,500 | \$ 3,668,231 |
| Unearned – other revenues | 596,616 | 592,960 |
| Unearned – local transportation funding (Note 7) | 5,287,380 | 5,790,964 |
| Accrued interest payable | 348,467 | - |
| Long-term liabilities – due within one year: | | |
| Compensated absences (Note 8) | 391,876 | 380,473 |
| Total current liabilities | 9,983,839 | 10,432,628 |
| Long-term liabilities: | | |
| Long-term liabilities – due in more than one year: | | |
| Compensated absences (Note 8) | 391,877 | 380,473 |
| Certificates-of-participation (Note 9) | 23,697,220 | - |
| Net pension liability (Note 10) | 10,543,910 | 8,385,297 |
| Total long-term liabilities | 34,633,007 | 8,765,770 |
| Total liabilities | 44,616,846 | 19,198,398 |
| Deferred inflows of resources: | | |
| Deferred amounts related to net pension liability (Note 10) | 2,045,261 | 2,785,253 |
| Total deferred outflows of resources | 2,045,261 | 2,785,253 |
| Net position: | | |
| Net investment in capital assets (Note 11) | 29,389,675 | 24,938,691 |
| Restricted for capital acquisitions (Note 3 and 12) | 8,038,820 | 8,087,811 |
| Restricted for debt service (Note 3) | 1,387,547 | - |
| Unrestricted (Deficit) (Note 13) | (7,948,780) | (7,585,661) |
| Total net position | 30,867,262 | 25,440,841 |
| Total liabilities, deferred inflows in resources and net position | \$ 77,529,369 | \$ 47,424,492 |

See accompanying Notes to the Basic Financial Statements.

Gold Coast Transit District
Statements of Revenues, Expenses and Change in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|--|-----------------------------|-----------------------------|
| Operating revenues: | | |
| Passenger fares: | | |
| Fixed route | \$ 2,936,328 | \$ 3,068,465 |
| Paratransit | 545,799 | 301,304 |
| Total operating revenues | 3,482,127 | 3,369,769 |
| Operating expenses: | | |
| Vehicle operation | 11,825,593 | 11,135,179 |
| Vehicle maintenance | 3,097,824 | 3,135,045 |
| Planning and marketing | 1,003,028 | 918,158 |
| Operations and administration | 3,023,020 | 2,512,074 |
| Paratransit | 3,163,880 | 2,847,428 |
| Total operating expenses | 22,113,345 | 20,547,884 |
| Operating (loss) before depreciation expense | (18,631,218) | (17,178,115) |
| Depreciation expense | (2,919,180) | (2,843,634) |
| Operating (loss) | (21,550,398) | (20,021,749) |
| Non-operating revenues(expenses) and transfers: | | |
| Local transportation funding | 13,338,152 | 10,601,709 |
| Federal funding – operating grants | 4,335,128 | 4,930,720 |
| State transit assistance (Note 14) | 150,000 | 184,928 |
| State funding – operating grants | 3,094 | 23,045 |
| Investment earnings | 22,295 | 15,816 |
| Advertising revenue | 150,611 | 153,164 |
| Other revenue | 631,938 | 1,268,733 |
| Cost of issuance of debt | (317,410) | - |
| Total non-operating revenues, net and transfers | 18,313,808 | 17,178,115 |
| (Loss) before capital contributions | (3,236,590) | (2,843,634) |
| Capital contributions: | | |
| Federal capital grants | 5,333,006 | 2,836,533 |
| State capital grants | 3,028,184 | 2,337,874 |
| Local capital grants | 301,821 | 1,708,509 |
| Total capital contributions | 8,663,011 | 6,882,916 |
| Change in net position | 5,426,421 | 4,039,282 |
| Net position: | | |
| Beginning of year | 25,440,841 | 21,401,559 |
| End of year | <u><u>\$ 30,867,262</u></u> | <u><u>\$ 25,440,841</u></u> |

Gold Coast Transit District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|--|-----------------------------|-----------------------------|
| Cash flows from operating activities: | | |
| Receipts from passenger fares – fixed route | \$ 2,936,328 | \$ 3,068,465 |
| Receipts from passenger fares – paratransit | 545,799 | 301,304 |
| Receipts from others | 906,072 | 1,427,607 |
| Payments to employees for salaries and wages | (10,928,930) | 10,007,267 |
| Payments to vendors for materials and services | (11,630,627) | (28,754,096) |
| Net cash (used in) operating activities | (18,171,358) | (13,949,453) |
| Cash flows from non-capital financing activities: | | |
| Proceeds from local transportation funding | 12,834,568 | 11,023,981 |
| Proceeds from federal funding – operating grants | 6,553,481 | 2,812,649 |
| Proceeds from state transit assistance | 150,000 | 184,928 |
| Proceeds from state funding – operating grants | 3,094 | 23,045 |
| Net cash provided by non-capital financing activities | 19,541,143 | 14,044,603 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (8,697,666) | (5,407,227) |
| Proceeds from federal capital grants | 3,830,567 | 2,762,121 |
| Proceeds from state capital grants | 3,028,184 | 2,337,874 |
| Proceeds from local capital grants | 283,468 | 1,696,409 |
| Proceeds from debt issuance | 23,716,093 | - |
| Cost of issuance of debt | (317,410) | - |
| Net cash provided by capital and related financing activities | 21,843,236 | 1,389,177 |
| Cash flows from investing activities: | | |
| Investment earnings | 18,286 | 13,638 |
| Net cash provided by investing activities | 18,286 | 13,638 |
| Net increase (decrease) in cash and cash equivalents | 23,231,307 | 1,497,965 |
| Cash and investments: | | |
| Beginning of year | 13,928,245 | 12,430,280 |
| End of year | <u><u>\$ 37,159,552</u></u> | <u><u>\$ 13,928,245</u></u> |

Gold Coast Transit District
Statements of Cash Flows (Continued)
For the Fiscal Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|--|------------------------|------------------------|
| Reconciliation of operating (loss) to net cash (used in) operating activities: | | |
| Operating (loss) | \$ (21,550,398) | \$ (20,021,749) |
| Adjustments to reconcile operating (loss) to net cash (used in) operating activities: | | |
| Depreciation | 2,919,180 | 2,843,634 |
| Advertising revenue | 150,611 | 153,164 |
| Other revenue | 631,938 | 1,268,733 |
| Change in assets – (increase)decrease: | | |
| Accounts receivable – other | 119,867 | (154,380) |
| Materials and supplies inventory | 152,517 | (78,306) |
| Prepaid items | (7,988) | 45,248 |
| Net other post-employment benefits asset | - | 33,964 |
| Change in deferred outflows of resources – (increase)decrease: | | |
| Deferred amounts related to net pension liability | (1,723,438) | (1,760,967) |
| Change in liabilities – increase(decrease): | | |
| Accounts payable and accrued expenses | (308,731) | 2,382,247 |
| Compensated absences | 22,807 | 122,986 |
| Unearned revenue | 3,656 | 160,090 |
| Net pension liability | 2,158,613 | 608,964 |
| Change in deferred inflows of resources – increase(decrease): | | |
| Deferred amounts related to net pension liability | (739,992) | 446,919 |
| Total adjustments | 3,379,040 | 6,072,296 |
| Net cash (used in) operating activities | \$ (18,171,358) | \$ (13,949,453) |
| Non-cash investing, capital and financing transactions: | | |
| Capitalized interest expense | \$ 348,467 | \$ - |
| Capitalized premium amortization | (18,873) | - |

Gold Coast Transit District
Statement of Fiduciary Net Position
June 30, 2017

| | | <u>Expendable Trust Funds</u> | | |
|-------------------------------|--|--|------------------------------------|--------------------------------------|
| | | <u>Local Transportation Fund</u> | <u>Prop. 1B Grant Fund</u> | <u>Total Fiduciary Funds</u> |
| <u>ASSETS</u> | | | | |
| Cash and investments (Note 2) | | \$ - | \$ 9,576,374 | \$ 9,576,374 |
| Total assets | | <u>-</u> | <u>9,576,374</u> | <u>9,576,374</u> |
| <u>LIABILITIES</u> | | | | |
| Unearned revenue | | - | - | - |
| Total liabilities | | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>NET POSITION</u> | | | | |
| Restricted (Note 15) | | - | 9,576,374 | 9,576,374 |
| Total net position | | <u>\$ -</u> | <u>\$ 9,576,374</u> | <u>\$ 9,576,374</u> |

Gold Coast Transit District
Statement of Fiduciary Net Position
June 30, 2016

| | | <u>Expendable Trust Funds</u> | | |
|-------------------------------|--|--|------------------------------------|--------------------------------------|
| | | <u>Local Transportation Fund</u> | <u>Prop. 1B Grant Fund</u> | <u>Total Fiduciary Funds</u> |
| <u>ASSETS</u> | | | | |
| Cash and investments (Note 2) | | \$ - | \$ 10,861,797 | \$ 10,861,797 |
| Total assets | | - | 10,861,797 | 10,861,797 |
| <u>LIABILITIES</u> | | | | |
| Unearned revenue | | - | - | - |
| Total liabilities | | - | - | - |
| <u>NET POSITION</u> | | | | |
| Restricted (Note 15) | | - | 10,861,797 | 10,861,797 |
| Total net position | | \$ - | \$ 10,861,797 | \$ 10,861,797 |

Gold Coast Transit District
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

| | Expendable Trust Funds | | |
|-------------------------------|--|------------------------------------|--------------------------------------|
| | Local Transportation Fund | Prop. 1B Grant Fund | Total Fiduciary Funds |
| Additions: | | | |
| Local transportation funding | \$ 15,100,317 | \$ - | \$ 15,100,317 |
| PTMISEA funding (Note 15) | - | 1,737,799 | 1,737,799 |
| Investment earnings | - | 4,962 | 4,962 |
| Total additions | 15,100,317 | 1,742,761 | 16,843,078 |
| Deductions: | | | |
| Claims paid to claimants: | | | |
| City of Ojai | 202,000 | - | 202,000 |
| City of Oxnard | 511,059 | - | 511,059 |
| City of Port Hueneme | 79,518 | - | 79,518 |
| City of San Buenaventura | 152,079 | - | 152,079 |
| County of Ventura | 1,071,093 | - | 1,071,093 |
| Gold Coast Transit District | 13,084,568 | 3,028,184 | 16,112,752 |
| Total deductions | 15,100,317 | 3,028,184 | 18,128,501 |
| Change in net position | - | (1,285,423) | (1,285,423) |
| Net Position: | | | |
| Beginning of year | - | 10,861,797 | 10,861,797 |
| End of year | \$ - | \$ 9,576,374 | \$ 9,576,374 |

Gold Coast Transit District
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

| | Expendable Trust Funds | | |
|----------------------------------|--|------------------------------------|--------------------------------------|
| | Local Transportation Fund | Prop. 1B Grant Fund | Total Fiduciary Funds |
| Additions: | | | |
| Local transportation funding | \$ 15,472,479 | \$ - | \$ 15,472,479 |
| Prop. 1B grant funding (Note 15) | - | 322,025 | 322,025 |
| PTMISEA funding (Note 15) | - | 4,604,542 | 4,604,542 |
| LCTOP funding (Note 15) | - | 40,701 | 40,701 |
| Investment earnings | - | 8,793 | 8,793 |
| Total additions | 15,472,479 | 4,976,061 | 20,448,540 |
| Deductions: | | | |
| Claims paid to claimants: | | | |
| City of Ojai | 209,951 | - | 209,951 |
| City of Oxnard | 665,000 | - | 665,000 |
| City of Port Hueneme | 55,715 | - | 55,715 |
| City of San Buenaventura | 253,250 | - | 253,250 |
| County of Ventura | 1,607,582 | - | 1,607,582 |
| Gold Coast Transit District | 12,680,981 | 2,341,917 | 15,022,898 |
| Total deductions | 15,472,479 | 2,341,917 | 17,814,396 |
| Change in net position | - | 2,634,144 | 2,634,144 |
| Net Position: | | | |
| Beginning of year | - | 8,227,653 | 8,227,653 |
| End of year | \$ - | \$ 10,861,797 | \$ 10,861,797 |

NOTES TO THE FINANCIAL STATEMENTS

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Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Description of the Reporting Entity

The principal business activity of Gold Coast Transit District (District) is to provide public transportation service to customers in the geographic area known as western Ventura County located in Southern California. As of July 1, 2014, Gold Coast Transit became known as Gold Coast Transit District.

The District was previously 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 the District'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.

Basis of Accounting, Measurement Focus and Financial Reporting

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as *operating income* in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

In accordance with U.S. GAAP, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting, Measurement Focus and Financial Reporting (Continued)

The District reports the following funds:

Operating Fund accounts for all revenues and other receipts that are not allocated by law or contractual agreements to some other funds to be accounted for in this fund. General operating costs and capital improvement costs which are not paid through other funds, are paid from this fund.

Fiduciary Funds:

Local Transportation Fund is used to account for local transportation funding (Article No. 4) received by the County of Ventura from the State of California and then subsequently distributed to the District and its member entities based on their requested appropriation throughout the fiscal year.

Proposition 1B Grant Fund is used to account for all advanced grant funding received by the District from the State of California Proposition 1B funds for the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA), and the Low Carbon Transit Operations Program (LCTOP).

Use of Estimates

The preparation of the basic 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 they also include disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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.

Investments

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment earnings comprise interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value on the statement of net position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventory

Materials and supplies inventory consists primarily of bus replacement parts, supplies for vehicle maintenance, tires, 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.

Prepaid Items

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

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated acquisition 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 – 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

Compensated Absences

District policy is to permit employees to accumulate earned vacation and sick leave up to a defined maximum amount. Accumulated vacation time is accrued at year-end to account for the District's obligation to the employees for the amount owed. Sick leave can be accumulated, but, under District 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 the District's obligation to qualified employees for the amount owed.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

| <u>CalPERS</u> | <u>2017</u> | <u>2016</u> |
|-----------------------|-------------------------------|-------------------------------|
| Valuation date | June 30, 2015 | June 30, 2014 |
| Measurement date | June 30, 2016 | June 30, 2015 |
| Measurement period | July 1, 2015 to June 30, 2016 | July 1, 2014 to June 30, 2015 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Pensions

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Unearned – Local Transportation Funding

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

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 unearned revenue until the respective obligations these grants were funded for are incurred.

Non-Operating Revenues and Capital Contributions

The District 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 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) is set aside to fund capital acquisitions and is classified as local capital grants in the capital contribution section of the statement of revenues, expenses and changes in net position. 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 the District under this act are included in the non-operating revenue section of the statement of revenues, expenses and changes in net position.

Federal, state and local operating grants are included in the non-operating revenue section of the statement of revenues, expenses and changes in net position.

Federal, state and local capital grants are reported in the capital contribution section of the statement of revenues, expenses and changes in net position.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

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 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*.

Note 2 – Cash and Investments

Cash and investments as June 30 were classified in the accompanying financial statements as follows:

| | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|--|-----------------------------|-----------------------------|
| Cash and investments | \$ 5,378,788 | \$ 5,856,275 |
| Restricted – cash and investments | 31,780,764 | 8,071,970 |
| Cash and investments – fiduciary funds | <u>9,576,374</u> | <u>10,861,797</u> |
| Total | <u>\$ 46,735,926</u> | <u>\$ 24,790,042</u> |

Cash and investments as of June 30 consisted of the following:

| | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|--|-----------------------------|-----------------------------|
| Cash on hand | \$ 11,551 | \$ 15,490 |
| Demand deposits held with financial institutions | 709,924 | 408,583 |
| Investments | <u>46,014,451</u> | <u>24,365,969</u> |
| Total | <u>\$ 46,735,926</u> | <u>\$ 24,790,042</u> |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Demand Deposits

At June 30, 2017 and 2016, the carrying amount of the District's demand deposits was \$709,924 and \$408,583, respectively, and the financial institution balance was \$523,679 and \$480,201, respectively. The \$186,245 and \$71,618 respective net difference as of June 30, 2017 and 2016 represents outstanding checks, deposits-in-transit and/or other reconciling items.

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 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.

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 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.

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 investment or collateral securities that are in the possession of an outside 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 LAIF and VCPIF).

As of June 30, 2017 and 2016, none of the District's deposits and investments was exposed to disclosable custodial credit risk.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Investments

The District's investments as of June 30, 2017 are as follows:

| Investments | Measurement Input | Credit Rating | Maturity | |
|--|------------------------------|--------------------------|-------------------------------------|------------------------------|
| | | | June 30, 2017 Fair Value | 12 Months or Less |
| Local Agency Investment Fund (LAIF) | Uncategorized | N/A | \$ 3,238,149 | \$ 3,238,149 |
| Money market accounts held with financial institutions | Level 2 | AAA | 10,995,538 | 10,995,538 |
| Money market accounts held-in-trust with debt trustee | Level 2 | AAA | 23,766,583 | 23,766,583 |
| Ventura County Pooled Investment Fund (VCPIF) | Level 2 | AAAF/S-1+ | 8,014,181 | 8,014,181 |
| Total investments | | | \$ 46,014,451 | \$ 46,014,451 |

The District's investments as of June 30, 2016 are as follows:

| Investments | Measurement Input | Credit Rating | Maturity | |
|--|------------------------------|--------------------------|-------------------------------------|------------------------------|
| | | | June 30, 2016 Fair Value | 12 Months or Less |
| Local Agency Investment Fund (LAIF) | Uncategorized | N/A | \$ 3,320,549 | \$ 3,320,549 |
| Money market accounts held with financial institutions | Level 2 | AAA | 12,973,450 | 12,973,450 |
| Ventura County Pooled Investment Fund (VCPIF) | Level 2 | AAAF/S-1+ | 8,071,970 | 8,071,970 |
| Total investments | | | \$ 24,365,969 | \$ 24,365,969 |

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

External Investment Pools:

- California Local Agency Investment Fund (LAIF)
- Ventura County Pooled Investment Fund (VCPIF)
- Non-negotiable certificates-of-deposit
- Governmental agency securities

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investments with LAIF at June 30, 2017 and 2016 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had \$3,238,149 and \$3,320,549 invested in LAIF, which had invested 2.89% and 2.81% of the pooled investment funds as of June 30, 2017 and June 30, 2016, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998940671 and 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2017 and 2016, respectively.

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 Ventura County Treasurer-Tax Collector's website: www.ventura.org/ttc/

The County's Treasurer has indicated to the District that as of June 30, 2017 and 2016 that the value of the County's portfolio was approximately \$2.1 billion and \$2.2 billion, respectively. As of June 30, 2017 and 2016, the District has investment in the VCPIF \$8,014,181 and \$8,071,970, respectively. The VCPIF fair value factor of 1.00026119 and 1.00155537 was used to calculate the fair value of the investments in VCPIF as of June 30, 2017 and 2016, respectively.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

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, 2017 and 2016, the District's investment in the LAIF was not rated as noted in the table above.

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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District'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. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Concentration of Credit Risk

The District'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. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF or the VCPIF.

Note 3 – Restricted Assets

Restricted assets as June 30 were classified in the accompanying financial statements as follows:

| <u>Description</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|--|----------------------|----------------------|
| Restricted – cash and investments | \$ 31,780,764 | \$ 8,071,970 |
| Restricted – accrued interest receivable | 34,194 | 15,841 |
| Total restricted assets | <u>\$ 31,814,958</u> | <u>\$ 8,087,811</u> |

Restricted assets as of June 30 consisted of the following:

| <u>Description</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|---|----------------------|----------------------|
| Proceeds from local transportation funds for capital projects | \$ 8,038,820 | \$ 8,087,811 |
| Proceeds from debt issuance – capital project funds | 22,040,124 | - |
| Proceeds from debt issuance – debt reserve funds | 1,387,547 | - |
| Cash transferred to debt repayment fund for July 1st payment | 348,467 | - |
| Total restricted assets | <u>\$ 31,814,958</u> | <u>\$ 8,087,811</u> |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 4 – Other Post-Employment Benefits Asset

The District provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon retirement from the District. The District's plan is a single-employer plan. Eligible retirees and dependents may elect lifetime coverage through the District's healthcare plans. The District 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 the District. Retirees pay the portion of premium not paid by the District.

The District has elected to use the entry age normal cost method with unfunded liabilities amortized over 30 years, and continues to fund on a pay-as-you-go basis.

Funding Policy

The contribution requirements are established and amended by the District. The contribution is based on pay-as-you-go financing requirements. For the years ended June 30, 2017 and 2016, the District contributed \$73,931 and \$39,758, respectively, to the CERBT irrevocable trust and \$14,345 and \$12,191 for member expenses as the pay-as-you-go portion.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The District's annual Other Postemployment Benefit (OPEB) cost is calculated based on the *Annual Required Contribution of the Employer (ARC)*, 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 normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years.

The following table shows the components of the District's Annual OPEB cost for the past two fiscal years ended June 30th, the amount actually contributed to the plan and the changes in the District's net OPEB asset:

Summary changes in net other post-employment benefits balances as of June 30 were as follows:

| Description | 2017 | 2016 |
|---|-----------------|-----------------|
| Annual OPEB expense: | | |
| Annual required contribution (ARC) | \$ 88,276 | \$ 85,913 |
| Interest on net OPEB obligation | - | - |
| Adjustment to annual required contribution | - | - |
| Total OPEB expense | 88,276 | 85,913 |
| Contributions made: | | |
| Contributions | (88,276) | (51,949) |
| Total contributions made | (88,276) | (51,949) |
| Change in net OPEB payable obligation | - | 33,964 |
| Net other post-employment benefits payable(asset): | | |
| Beginning of year | - | (33,964) |
| End of year | \$ - | \$ - |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 4 – Other Post-Employment Benefits Asset (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 plus the two preceding years were as follows:

| <i>Three-Year History of Net OPEB Obligation</i> | | | | | |
|--|---------------------------------|-------------------------------|---|---|----------|
| Fiscal Year Ended | Annual OPEB Cost | Contributions Made | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation Payable(Asset) | |
| June 30, 2017 | \$ 88,276 | \$ 88,276 | 100.00% | \$ | - |
| June 30, 2016 | 85,913 | 51,949 | 60.47% | | - |
| June 30, 2015 | 86,896 | 86,044 | 99.02% | | (33,964) |

Funded Status and Funding Progress

As of July 1, 2015, the Actuarial Accrued Liability for benefits was \$845,683, and the actuarial value of assets was \$353,596, resulting in an UAAL of \$492,087. The covered payroll (annual payroll of active employees covered by the plan) was \$8,564,231 and the ratio of UAAL to the covered payroll was 5.75 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial Accrued Liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For July 1, 2016 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 7.0% discount rate, 2.75% inflation rate, and an annual healthcare cost trend rate of 4.0% per year. The UAAL is being amortized as level percentage of future payroll on a 30 year closed amortization period.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 5 – Capital Assets

During fiscal year 2017, the District added \$9,027,260 in construction-in-process or depreciable capital asset additions. The changes in capital assets for the year ended June 30, 2017 were as follows:

| Description | Balance July 1, 2016 | Additions | Deletions/ Transfers | Balance June 30, 2017 |
|-------------------------------------|-------------------------|---------------------|-------------------------|--------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 8,959,491 | \$ 21,570 | \$ - | \$ 8,981,061 |
| Construction-in-process | 3,555,785 | 8,701,427 | (2,784,519) | 9,472,693 |
| Total non-depreciable assets | 12,515,276 | 8,722,997 | (2,784,519) | 18,453,754 |
| Depreciable assets: | | | | |
| Revenue vehicles – fixed route | 23,734,439 | 2,663,010 | (1,826,864) | 24,570,585 |
| Facilities | 6,986,572 | 13,696 | - | 7,000,268 |
| Equipment and furniture | 4,104,899 | 117,117 | (297,896) | 3,924,120 |
| Intangible assets | 39,401 | - | - | 39,401 |
| Paratransit revenue vehicles | 2,036,272 | 294,959 | - | 2,331,231 |
| Paratransit equipment | 166,576 | - | - | 166,576 |
| Total depreciable assets | 37,068,159 | 3,088,782 | (2,124,760) | 38,032,181 |
| Accumulated depreciation | | | | |
| Revenue vehicles – fixed route | (14,064,606) | (2,028,051) | 1,826,864 | (14,265,793) |
| Facilities | (6,245,735) | (347,209) | - | (6,592,944) |
| Equipment and furniture | (2,520,580) | (353,180) | 297,896 | (2,575,864) |
| Intangible assets | (39,401) | - | - | (39,401) |
| Paratransit revenue vehicles | (1,607,846) | (190,740) | - | (1,798,586) |
| Paratransit equipment | (166,576) | - | - | (166,576) |
| Total depreciation | (24,644,744) | (2,919,180) | 2,124,760 | (25,439,164) |
| Total depreciable assets | 12,423,415 | 169,602 | - | 12,593,017 |
| Total capital assets, net | \$ 24,938,691 | \$ 8,892,599 | \$ (2,784,519) | \$ 31,046,771 |

In 2017, the District capitalized \$348,467 in interest expense to construction-in-process under the construction period of the District's new operations and maintenance facility.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 5 – Capital Assets

During fiscal year 2017, the District added \$5,407,227 in construction-in-process or depreciable capital asset additions. The changes in capital assets for the year ended June 30, 2017 were as follows:

| Description | Balance July 1, 2015 | Additions | Deletions/ Transfers | Balance June 30, 2016 |
|-------------------------------------|-------------------------|--------------|-------------------------|--------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 8,959,491 | \$ - | \$ - | \$ 8,959,491 |
| Construction-in-process | 3,042,653 | 5,087,497 | (4,574,365) | 3,555,785 |
| Total non-depreciable assets | 12,002,144 | 5,087,497 | (4,574,365) | 12,515,276 |
| Depreciable assets: | | | | |
| Revenue vehicles – fixed route | 21,542,653 | 4,183,159 | (1,991,373) | 23,734,439 |
| Facilities | 6,752,515 | 234,057 | - | 6,986,572 |
| Equipment and furniture | 3,993,842 | 157,149 | (46,092) | 4,104,899 |
| Intangible assets | 39,401 | - | - | 39,401 |
| Paratransit revenue vehicles | 2,476,511 | 319,730 | (759,969) | 2,036,272 |
| Paratransit equipment | 166,576 | - | - | 166,576 |
| Total depreciable assets | 34,971,498 | 4,894,095 | (2,797,434) | 37,068,159 |
| Accumulated depreciation | | | | |
| Revenue vehicles – fixed route | (14,191,909) | (1,864,070) | 1,991,373 | (14,064,606) |
| Facilities | (5,745,293) | (500,442) | - | (6,245,735) |
| Equipment and furniture | (2,235,112) | (331,560) | 46,092 | (2,520,580) |
| Intangible assets | (39,401) | - | - | (39,401) |
| Paratransit revenue vehicles | (2,220,253) | (147,562) | 759,969 | (1,607,846) |
| Paratransit equipment | (166,576) | - | - | (166,576) |
| Total depreciation | (24,598,544) | (2,843,634) | 2,797,434 | (24,644,744) |
| Total depreciable assets | 10,372,954 | 2,050,461 | - | 12,423,415 |
| Total capital assets, net | \$ 22,375,098 | \$ 7,137,958 | \$ (4,574,365) | \$ 24,938,691 |

Note 6 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses balance consists of the following amounts:

| Description | June 30, 2017 | June 30, 2016 |
|----------------------------|---------------|---------------|
| Accounts payable | \$ 2,972,321 | \$ 3,327,168 |
| Accrued wages and benefits | 387,179 | 341,063 |
| Total | \$ 3,359,500 | \$ 3,668,231 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 7 – Unearned – 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 the District is eligible to receive is recorded as an unearned revenue and is to be recognized as revenue and a reduction of eligible LTF during the following fiscal years.

Unearned – Local Transportation Funding for the year ended June 30, 2017:

| <u>Year Received</u> | <u>Amount Authorized</u> | <u>Unearned LTF Amount</u> | <u>Year to be Recognized</u> |
|--------------------------|------------------------------|--------------------------------|----------------------------------|
| 2015-2016 | <u>\$ 12,680,981</u> | \$ 2,176,755 | 2017-2018 |
| 2016-2017 | <u>\$ 13,084,568</u> | \$ 3,110,625 | 2018-2019 |
| | | <u>\$ 5,287,380</u> | |

Unearned – Local Transportation Funding for the year ended June 30, 2016:

| <u>Year Received</u> | <u>Amount Authorized</u> | <u>Unearned LTF Amount</u> | <u>Year to be Recognized</u> |
|--------------------------|------------------------------|--------------------------------|----------------------------------|
| 2014-2015 | <u>\$ 13,784,214</u> | \$ 3,614,209 | 2016-2017 |
| 2015-2016 | <u>\$ 12,680,981</u> | \$ 2,176,755 | 2017-2018 |
| | | <u>\$ 5,790,964</u> | |

Note 8 – Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually. Changes in the compensated absences balance for the fiscal years ended June 30, 2017 and 2016 are as follows:

| <u>Balance July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2017</u> | <u>Current Balance</u> | <u>Long-term Balance</u> |
|---------------------------------|-------------------|---------------------|----------------------------------|----------------------------|------------------------------|
| <u>\$ 760,946</u> | <u>\$ 936,544</u> | <u>\$ (913,737)</u> | <u>\$ 783,753</u> | <u>\$ 391,876</u> | <u>\$ 391,877</u> |

| <u>Balance July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2016</u> | <u>Current Balance</u> | <u>Long-term Balance</u> |
|---------------------------------|-------------------|---------------------|----------------------------------|----------------------------|------------------------------|
| <u>\$ 637,960</u> | <u>\$ 886,523</u> | <u>\$ (763,537)</u> | <u>\$ 760,946</u> | <u>\$ 380,473</u> | <u>\$ 380,473</u> |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 9 – Certificates-of-Participation

On March 2, 2017, the District issued Series 2017 Certificates-of-Participation (2017 COPs) in the par amount of \$22,000,000 for the construction of its new operations and maintenance facility. The 2017 COPs were issued with coupon interest rates ranging between 4.00% to 5.25% and a net premium on the issuance of \$1,716,093 which is being amortized over the life of the debt service. The 2017 COPs are scheduled to mature on July 1, 2047. Interest payments are due on July 1st and January 1st while principal payments ranging between \$340,000 to \$1,350,000 are due on July 1st each year.

Changes in the certificates-of-participation balance for the year were as follows:

| Long-Term Debt | Balance July 1, 2016 | Additions/ Adjustments | Payments/ Amortization | Balance June 30, 2017 |
|---|---------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Certificates-of-participation | \$ - | \$ 22,000,000 | \$ - | \$ 22,000,000 |
| Premium on certificates-of-participation, net | - | 1,716,093 | (18,873) | 1,697,220 |
| Total long-term debt | \$ - | \$ 23,716,093 | \$ (18,873) | \$ 23,697,220 |

| Year | Principal | Interest | Total |
|--------------|----------------------|----------------------|----------------------|
| 2018 | \$ - | \$ 875,561 | \$ 875,561 |
| 2019 | 340,000 | 1,045,688 | 1,385,688 |
| 2020 | 355,000 | 1,028,313 | 1,383,313 |
| 2021 | 375,000 | 1,010,062 | 1,385,062 |
| 2022 | 390,000 | 990,938 | 1,380,938 |
| 2023-2027 | 2,270,000 | 4,646,562 | 6,916,562 |
| 2028-2032 | 2,905,000 | 4,014,156 | 6,919,156 |
| 2033-2037 | 3,655,000 | 3,263,350 | 6,918,350 |
| 2038-2042 | 4,540,000 | 2,377,875 | 6,917,875 |
| 2043-2047 | 5,820,000 | 1,094,250 | 6,914,250 |
| 2048 | 1,350,000 | 33,750 | 1,383,750 |
| Total | \$ 22,000,000 | \$ 20,380,505 | \$ 42,380,505 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan

Changes in the net pension liability and related accounts for the year ended June 30, 2017, was as follows:

| Type of Account | Balance as of July 1, 2016 | Additions | Deletions | Balance as of June 30, 2017 |
|--|-------------------------------|---------------------|-----------------------|--------------------------------|
| Deferred Outflows of Resources: | | | | |
| Employer contributions to pension plan made after the measurement date: | \$ 1,585,400 | \$ 1,653,604 | \$ (1,585,400) | \$ 1,653,604 |
| Differences between projected and actual earnings on pension plan investments: | 1,476,766 | 2,530,532 | (875,298) | 3,132,000 |
| Total deferred outflows of resources | \$ 3,062,166 | \$ 4,184,136 | \$ (2,460,698) | \$ 4,785,604 |
| Net Pension Liability: | | | | |
| CalPERS – Miscellaneous Plan | \$ 8,385,297 | \$ 3,744,013 | \$ (1,585,400) | \$ 10,543,910 |
| Total net pension liability | \$ 8,385,297 | \$ 3,744,013 | \$ (1,585,400) | \$ 10,543,910 |
| Deferred Inflows of Resources: | | | | |
| Differences between projected and actual earnings on pension plan investments: | \$ 1,753,750 | \$ - | \$ (584,584) | \$ 1,169,166 |
| Changes in assumptions | 561,771 | - | (181,216) | 380,555 |
| Differences between projected and actual experience | 469,732 | 243,014 | (217,206) | 495,540 |
| Total deferred inflows of resources | \$ 2,785,253 | \$ 243,014 | \$ (983,006) | \$ 2,045,261 |

Changes in the net pension liability and related accounts for the year ended June 30, 2016, was as follows:

| Type of Account | Balance as of July 1, 2015 | Additions | Deletions | Balance as of June 30, 2016 |
|--|-------------------------------|---------------------|-----------------------|--------------------------------|
| Deferred Outflows of Resources: | | | | |
| Employer contributions to pension plan made after the measurement date: | \$ 1,301,199 | \$ 1,585,400 | \$ (1,301,199) | \$ 1,585,400 |
| Differences between projected and actual earnings on pension plan investments: | - | 1,845,958 | (369,192) | 1,476,766 |
| Total deferred outflows of resources | \$ 1,301,199 | \$ 3,431,358 | \$ (1,670,391) | \$ 3,062,166 |
| Net Pension Liability: | | | | |
| CalPERS – Miscellaneous Plan | \$ 7,776,333 | \$ 608,964 | \$ - | \$ 8,385,297 |
| Total net pension liability | \$ 7,776,333 | \$ 608,964 | \$ - | \$ 8,385,297 |
| Deferred Inflows of Resources: | | | | |
| Differences between projected and actual earnings on pension plan investments: | \$ 2,338,334 | \$ - | \$ (584,584) | \$ 1,753,750 |
| Changes in assumptions | - | 742,987 | (181,216) | 561,771 |
| Differences between projected and actual experience | - | 621,259 | (151,527) | 469,732 |
| Total deferred inflows of resources | \$ 2,338,334 | \$ 1,364,246 | \$ (917,327) | \$ 2,785,253 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.7% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired on or after January 1, 2013, who are current members of CalPERS or a reciprocal agency as of December 31, 2012 and have not been separated from service from such agency for more than six months, the retirement benefit is 2.7% @ 55 years of age; highest annual average compensation during any *consecutive 36-month period (3-year final compensation)*. All other employees hired on or after January 1, 2013, the retirement benefit is 2.0% @ 62 years of age; 3 year final compensation.

However, California Assembly Bill (AB) 1222 (Chapter 527, Statutes 2013) was signed by Governor Brown on Friday, October 4, 2013. This bill exempted California transit employees of public employers from all of the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA), until January 1, 2015, or until a court determined that the provisions of PEPRA do not violate specified federal transit labor laws, whichever is sooner. This legislation allowed for a PEPRA exemption for eligible transit employees from public agencies subject to Section 13(c) of the Federal Transit Act.

The eventual decision in the State of California v. United States Department of Labor (E.D.Cal. Dec. 30, 2014, Civ. No. 2:13-cv-2069 KJM DAD) ended the exemption from the Public Employees' Pension Reform Act (PEPRA) for transit workers resulting from AB 1222 (codified in Gov't Code Section 7522.02, subsection (a)(3)).

In its December 30, 2014, decision, the court concluded that the U. S. Department of Labor erred in determining that PEPRA prevented certification under Section 13(c) of the Uniform Mass Transportation Act. Under Section 7522.02(a)(3)(A), the court's decision triggers the end of the exemption.

All transit employees with appointments starting on or after January 1, 2013 through December 29, 2014, were to retain their classic retirement benefits for that period of time. CalPERS created new transit employee PEPRA appointments using a December 30, 2014 effective date for those employees. All new members hired on or after December 30, 2014, will be subject to PEPRA retirement benefits.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

The District has engaged with CalPERS to administer the following pension plans for its employees (members).

The Plans' provision and benefits in effect at June 30, 2016 and 2015 (Measurement Dates) are summarized as follows:

| | Miscellaneous Plan | |
|---|-----------------------------|--------------------------------|
| | Tier 1 | Tier 2 |
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.7% @ 55 | 2.0 @ 62 |
| Benefit vesting schedule | 5-years or service | 5-years or service |
| Benefits payments | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.25% |
| Required employer contribution rates – 2016 | 17.048% | 6.25% |
| Required employer contribution rates – 2015 | 15.721% | 6.25% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2016 (the measurement date), the average active employee contribution rate is 8.000 percent of annual pay, and the employer's contribution rate is 17.048 percent of annual payroll.

For the measurement period ended June 30, 2015 (the measurement date), the average active employee contribution rate is 8.00 percent of annual pay, and the employer's contribution rate is 15.721 percent of annual payroll.

Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

As of the years ended June 30, 2017 and 2016 the contributions for the Plan were as follows:

| | June 30, 2017 | June 30, 2016 |
|---------------------------------|----------------------|----------------------|
| Contributions – employer | \$ 1,653,604 | \$ 1,585,400 |
| Contributions – employee member | 725,115 | 731,597 |
| | <u>\$ 2,378,719</u> | <u>\$ 2,316,997</u> |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2016 and 2015, the total pension liability was determined by rolling forward the June 30, 2015 and 2014 total pension liability, respectively. The June 30, 2016 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

| | |
|----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds. |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

All other actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of an actuarial experience study for the period from 1997 to 2012, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2016 and 2015 (Measurement Date) was 7.65 percent. The long-term expected rate of return on pension plan investments was determined in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Investment Type | New Strategic Allocation | Real Return Years 1 - 10¹ | Real Return Years 11+² |
|-------------------------------|---------------------------------|---|--|
| Global Equity | 51.00% | 5.25% | 5.71% |
| Global Fixed Income | 20.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 10.00% | 6.83% | 6.95% |
| Real Estate | 10.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.00% | 4.50% | 5.09% |
| Liquidity | 1.00% | -0.55% | -1.05% |
| | <u>100.00%</u> | | |

¹ An expected inflation of 2.5% and 3.0% used for Years 1-10 and Years 11+, respectively.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the year ended June 30, 2016 measurement period.

| Miscellaneous Plan | | | |
|---|--|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2015 (Valuation Date) | \$ 43,558,183 | \$ 35,172,886 | \$ 8,385,297 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 1,569,279 | - | 1,569,279 |
| Interest on the total pension liability | 3,299,586 | - | 3,299,586 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | (243,014) | - | (243,014) |
| Changes of assumptions | - | - | - |
| Contributions from the employer | - | 1,585,400 | (1,585,400) |
| Contributions from employees | - | 731,597 | (731,597) |
| Net investment income, net of administrative expense | - | 171,677 | (171,677) |
| Benefit payments, including refunds of employee contributions | (1,935,932) | (1,935,932) | - |
| Administrative expenses | - | (21,436) | 21,436 |
| Net Changes during July 1, 2015 to June 30, 2016 | <u>2,689,919</u> | <u>531,306</u> | <u>2,158,613</u> |
| Balance at June 30, 2016 (Measurement Date) | <u>\$ 46,248,102</u> | <u>\$ 35,704,192</u> | <u>\$ 10,543,910</u> |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability (Continued)

The following table shows the changes in net pension liability recognized over the year ended June 30, 2015 measurement period.

| Miscellaneous Plan | | | |
|---|--|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2014 (Valuation Date) | \$ 42,157,692 | \$ 34,381,359 | \$ 7,776,333 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 1,569,756 | - | 1,569,756 |
| Interest on the total pension liability | 3,107,585 | - | 3,107,585 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | (621,259) | - | (621,259) |
| Changes of assumptions | (742,987) | - | (742,987) |
| Contributions from the employer | - | 1,301,520 | (1,301,520) |
| Contributions from employees | - | 660,103 | (660,103) |
| Net investment income, net of administrative expense | - | 782,090 | (782,090) |
| Benefit payments, including refunds of employee contributions | (1,912,604) | (1,912,604) | - |
| Administrative expenses | - | (39,582) | 39,582 |
| Net Changes during July 1, 2014 to June 30, 2015 | 1,400,491 | 791,527 | 608,964 |
| Balance at June 30, 2015 (Measurement Date) | \$ 43,558,183 | \$ 35,172,886 | \$ 8,385,297 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

For the measurement period ending June 30, 2016, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

| Plan's Net Pension Liability/(Asset) | | |
|---|--|---------------------------------------|
| Discount Rate - 1% (6.65%) | Current Discount Rate (7.65%) | Discount Rate + 1% (8.65%) |
| \$ 16,558,924 | \$ 10,543,910 | \$ 5,551,157 |

For the measurement period ending June 30, 2015, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

| Plan's Net Pension Liability/(Asset) | | |
|---|--|---------------------------------------|
| Discount Rate - 1% (6.65%) | Current Discount Rate (7.65%) | Discount Rate + 1% (8.65%) |
| \$ 14,127,014 | \$ 8,385,297 | \$ 3,623,694 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2016, the District incurred a pension expense (income) of \$1,348,787 for the miscellaneous plan.

As of measurement date of June 30, 2016, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

| Account Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Employer contributions to pension plan made after the measurement date | \$ 1,653,604 | \$ - |
| Differences between projected and actual earnings on pension plan investments: | 3,132,000 | 1,169,166 |
| Changes in assumptions | - | 380,555 |
| Differences between projected and actual experience | - | 495,540 |
| Total Deferred Outflows/(Inflows) of Resources | \$ 4,785,604 | \$ 2,045,261 |

The employer contribution of \$1,653,604 will be amortized in the fiscal year ended June 30, 2018.

For the measurement period ending June 30, 2015, the District incurred a pension expense (income) of \$880,637 for the miscellaneous plan.

As of measurement date of June 30, 2015, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

| Account Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Employer contributions to pension plan made after the measurement date | \$ 1,585,400 | \$ - |
| Differences between projected and actual earnings on pension plan investments: | 1,476,766 | 1,753,750 |
| Changes in assumptions | - | 561,771 |
| Differences between projected and actual experience | - | 469,732 |
| Total Deferred Outflows/(Inflows) of Resources | \$ 3,062,166 | \$ 2,785,253 |

The employer contribution of \$1,585,400 will be amortized in the fiscal year ended June 30, 2017.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 10 – Net Pension Liability and the Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (“EARS”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARS for the Plan for the 2015-16 and 2014-15 measurement periods is 4.2 years, which was obtained by dividing the total service years of 1,577 (the sum of remaining service lifetimes of the active employees) by 377 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

For the fiscal year ended June 30, 2017, other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Amortization Period Fiscal Year Ended June 30 | Deferred Outflows/(Inflows) of Resources |
|--|--|
| 2018 | \$ (107,708) |
| 2019 | (107,706) |
| 2020 | 796,045 |
| 2021 | 506,108 |
| Total | \$ 1,086,739 |

For the fiscal year ended June 30, 2016, other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Amortization Period Fiscal Year Ended June 30 | Deferred Outflows/(Inflows) of Resources |
|--|--|
| 2017 | \$ (548,135) |
| 2018 | (548,135) |
| 2019 | (548,133) |
| 2020 | 335,916 |
| Total | \$ (1,308,487) |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 11 – Net Investment in Capital Assets

The net investment in capital assets balance consisted of the following balances:

| Description | June 30, 2017 | June 30, 2016 |
|---|----------------------|----------------------|
| Net investment in capital assets: | | |
| Proceeds from debt issuance – capital project funds | \$ 22,040,124 | \$ - |
| Capital assets – not being depreciated | 18,453,754 | 12,515,276 |
| Capital assets, net – being depreciated | 12,593,017 | 12,423,415 |
| Certificates-of-participation | (23,697,220) | - |
| Total net investment in capital assets | \$ 29,389,675 | \$ 24,938,691 |

Note 12 – Restricted Net Position

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, 2017 and 2016, are as follows:

| Description | 2017 | 2016 |
|--|---------------------|---------------------|
| Beginning of year | \$ 8,087,811 | \$ 6,562,550 |
| Additions: | | |
| Local transportation funding | 250,000 | 1,607,000 |
| Member transit facility capital grant | - | 50,000 |
| Local capital grants – interest earned | 50,162 | 35,945 |
| Market valuation of investment | - | 15,564 |
| Deletions: | | |
| Market valuation of investment | (7,896) | - |
| Capital acquisitions | (341,257) | (183,248) |
| Change in restricted for capital acquisitions | (48,991) | 1,525,261 |
| End of year | \$ 8,038,820 | \$ 8,087,811 |

Note 13 – Unrestricted (Deficit) Net Position

As of June 30, 2017, the District has an unrestricted net position deficit of (\$7,948,780). Due to the nature of the deficit from the net pension liability of \$10,543,910, the District will continue to make its annual required contributions to CalPERS and annually review its outstanding net pension obligation funding requirements for future periods to reduce the deficit position.

Note 14 – State Transit Assistance (STA) Funding

STA funding comes from the Public Transportation Act (PTA) which derives its revenue from the state sales tax on gasoline. These funds are designated as discretionary or formula. The former is appropriated by the legislature. The latter is a formula based upon population and fares generated. The District utilizes STA funding to fund a combination of operations and capital asset purchases. The STA funding was utilized by the District as follows:

| Description | June 30, 2017 | June 30, 2016 |
|--|---------------|---------------|
| State transit assistance revenue received to fund operations | \$ 150,000 | \$ 184,928 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 15 – Other State Assistance

Proposition 1B Grant (Prop. 1B)

The California Public Transportation Modernization, Improvement and Service Enhancement Act of 2006, approved by the voters as Proposition 1B (Prop. 1B) in November 2006, authorized the issuance of \$19.9 billion in general obligation bonds for the purpose of improving highway safety, traffic reduction, air quality, and port security. The District utilizes this funding for various operating capital asset projects.

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement. The District utilizes this funding for various operating capital asset projects.

Low Carbon Transit Operations Program (LCTOP)

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund for LCTOP, beginning in fiscal year 2016-16. The District requested and received funding for a project in the year ended June 30, 2016.

Other State Assistance received and utilized for the year ended June 30, 2017 was as follows:

| Description | Prop. 1B Grant Fund | | | Total |
|--|---------------------|---------------|-----------|---------------|
| | Prop. 1B Grant | PTMISEA | LCTOP | |
| Beginning net position – July 1, 2016 | \$ 454,017 | \$ 10,367,077 | \$ 40,703 | \$ 10,861,797 |
| Proceeds received | - | 1,737,799 | - | 1,737,799 |
| Capital assets program purchases: | | | | |
| New facility | (324,975) | (730,224) | - | (1,055,199) |
| Replacement buses | - | (1,662,491) | - | (1,662,491) |
| Replacement paratransit buses | - | (310,494) | - | (310,494) |
| Total capital asset program purchases | (324,975) | (2,703,209) | - | (3,028,184) |
| Investment earnings allocated | 216 | 4,715 | 31 | 4,962 |
| Change in net position | (324,759) | (960,695) | 31 | (1,285,423) |
| Ending net position – June 30, 2017 | \$ 129,258 | \$ 9,406,382 | \$ 40,734 | \$ 9,576,374 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 15 – Other State Assistance (Continued)

Other State Assistance received and utilized for the year ended June 30, 2016 was as follows:

| Description | Prop. 1B Grant Fund | | | Total |
|--|---------------------|---------------|-----------|---------------|
| | Prop. 1B Grant | PTMISEA | LCTOP | |
| Beginning net position – July 1, 2015 | \$ 285,164 | \$ 7,942,489 | \$ - | \$ 8,227,653 |
| Proceeds received | 322,025 | 4,604,542 | 40,701 | 4,967,268 |
| Capital assets program purchases: | | | | |
| New facility | (73,439) | (14,372) | - | (87,811) |
| Safety and security upgrades/remodel | (80,186) | - | - | (80,186) |
| Replacement buses | - | (1,907,462) | - | (1,907,462) |
| Replacement paratransit buses | - | (262,415) | - | (262,415) |
| Total capital asset program purchases | (153,625) | (2,184,249) | - | (2,337,874) |
| Operations purchases: | | | | |
| Inventory items for replacement buses | - | (4,043) | - | (4,043) |
| Investment earnings allocated | 453 | 8,338 | 2 | 8,793 |
| Change in net position | 168,853 | 2,424,588 | 40,703 | 2,634,144 |
| Ending net position – June 30, 2016 | \$ 454,017 | \$ 10,367,077 | \$ 40,703 | \$ 10,861,797 |

Note 16 – Deferred Compensation Savings Plan

For the benefit of its employees, the District 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, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held with the trustees is as follows:

| Description | June 30, 2017 | June 30, 2016 |
|----------------------|---------------|---------------|
| Nationwide | \$ 2,362,397 | \$ 1,952,401 |
| Mass Mutual | 762,578 | 677,270 |
| ICMA Retirement Corp | 706,602 | 665,254 |
| Total | \$ 3,831,577 | \$ 3,294,925 |

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not presented in the accompanying financial statements.

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 17 – Risk Management

The District 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. The District has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources.

The District participates in the California Transit Indemnity Pool (CalTIP), a joint powers agency created to provide liability and physical damage insurance to its members through an insurance pool. The District holds property insurance and general and automotive liability with CalTIP up to \$25 million on liability with a \$25,000 self-insurance retention.

The District purchases blanket insurance coverage from commercial brokers for the following:

| Insurance coverage limits: | June 30, 2017 | June 30, 2016 |
|-----------------------------------|----------------------|----------------------|
| CNG fueling station | \$ 3,943,100 | \$ 3,943,100 |
| Buildings and structures | 3,156,030 | 3,156,030 |
| Business and property | 2,543,205 | 2,543,205 |
| Boiler and machinery | 8,957,600 | 8,957,600 |

The District's employee practices liability insurance coverage is \$2.0 million and handled through Navigators Insurance. Also, the District 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. The District holds workers' compensation insurance coverage with CSAC-EIA up to statutory limits. Some of the above insurance policies are subject to various deductibles.

Settled claims have not exceeded any of the coverage amounts in any of the last five fiscal years and there were no reductions in the District'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).

Note 18 – Commitments

Operating Lease

In fiscal year 2017, the District finalized a 10-year extension of the Oxnard Transit Center lease that commenced on January 1, 2017. Future estimated lease payments are as follows:

| Year | Estimated Rent |
|--------------|---------------------------|
| 2018 | \$ 11,807 |
| 2019 | 12,043 |
| 2020 | 12,344 |
| 2021 | 12,715 |
| 2022 | 13,096 |
| 2023 | 13,489 |
| 2024 | 13,894 |
| 2025 | 14,311 |
| 2026 | 14,740 |
| 2027 | 7,479 |
| Total | \$ 125,918 |

Gold Coast Transit District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2017 and 2016

Note 18 – Commitments (Continued)

Litigation

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

Grant Funding

Grant funds received by the District 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 the District believes that such disallowances, if any, would not be significant.

Operating Fare Revenue Ratio

The District 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, 2017 and 2016, the District met this requirement with fares to operating costs ratio of combined service of 20.7% and 23.7%, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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Gold Coast Transit District
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2017 and 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan

| Measurement period | 2015-16 | 2014-15 | 2013-14 |
|---|-------------|-------------|-------------|
| Total pension liability | | | |
| Service cost | 1,569,279 | 1,569,756 | 1,439,195 |
| Interest | 3,299,586 | 3,107,585 | 2,955,928 |
| Differences between expected and actual experience | (243,014) | (621,259) | - |
| Changes of assumptions | - | (742,987) | - |
| Benefit payments, including refunds of employee contributions | (1,935,932) | (1,912,604) | (1,860,423) |
| Net change in total pension liability | 2,689,919 | 1,400,491 | 2,534,700 |
| Total pension liability - beginning | 43,558,183 | 42,157,692 | 39,622,992 |
| Total pension liability - ending (a) | 46,248,102 | 43,558,183 | 42,157,692 |
| Pension fiduciary net position | | | |
| Contributions - employer | 1,585,400 | 1,301,520 | 1,192,180 |
| Contributions - employee | 731,597 | 660,103 | 629,617 |
| Net investment income | 171,677 | 782,090 | 5,116,686 |
| Benefit payments, including refunds of employee contributions | (1,935,932) | (1,912,604) | (1,860,423) |
| Administrative expense | (21,436) | (39,582) | - |
| Net change in plan fiduciary net position | 531,306 | 791,527 | 5,078,060 |
| Plan fiduciary net position - beginning | 35,172,886 | 34,381,359 | 29,303,299 |
| Plan fiduciary net position - ending (b) | 35,704,192 | 35,172,886 | 34,381,359 |
| Plan net pension liability - ending (a) - (b) | 10,543,910 | 8,385,297 | 7,776,333 |
| Plan fiduciary net position as a percentage of the total pension liability | 77.20% | 80.75% | 81.55% |
| Covered-employee payroll¹ | 9,268,128 | 8,714,571 | 7,827,241 |
| Plan net pension liability as a percentage of covered-employee payroll | 113.77% | 96.22% | 99.35% |

¹ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Gold Coast Transit District
Required Supplementary Information (Unaudited)
Schedule of Contributions – Pension Plan
June 30, 2017 and 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) - Miscellaneous Plan

| | <u>2016-17¹</u> | <u>2015-16¹</u> | <u>2014-15¹</u> | <u>2013-14¹</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Actuarially determined contribution | \$ 1,653,604 | \$ 1,585,400 | \$ 1,301,199 | \$ 1,192,180 |
| Contributions in relation to the actuarially determined contribution ² | <u>(1,653,604)</u> | <u>(1,585,400)</u> | <u>(1,301,199)</u> | <u>(1,192,180)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll ^{3, 4} | \$ 10,040,567 | \$ 9,268,128 | \$ 8,714,571 | \$ 7,827,241 |
| Contributions as a percentage of covered-employee payroll ³ | 16.47% | 17.11% | 14.93% | 15.23% |

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Gold Coast Transit District
Required Supplementary Information (Unaudited)
Schedule of Funding Progress – Other Post-Employment Benefits Plan
June 30, 2017 and 2016

| 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, 2015 | \$ 353,596 | \$ 845,683 | \$ 492,087 | 41.81% | \$ 8,564,231 | 5.75% |
| 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% |

Notes:

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. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2018, based on the year ending June 30, 2017, since the District is funding its irrevocable trust as required by CalPERS.

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SUPPLEMENTARY INFORMATION

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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> |

Gold Coast Transit District
Schedule of Changes in Local Transportation Funding Activity of the District
For the Fiscal Year Ended June 30, 2016

| Local Transportation Funding: | | <u>Balance</u> |
|--|-----------------------------|-----------------------------|
| Beginning balance: | | |
| Liability: | | |
| Unearned local transportation funding – June 30, 2015 | \$ 5,368,692 | |
| Net Position: | | |
| Restricted for capital acquisitions – June 30, 2015 | <u>6,562,550</u> | |
| Total beginning balance | <u><u>\$ 11,931,242</u></u> | \$ 11,931,242 |
| Current year operating revenue: | | |
| Local transportation funding | \$ 12,680,981 | 12,680,981 |
| Fiscal year 2013-2014 unearned local transportation funding portion recognized as revenue | 1,754,483 | |
| Fiscal year 2015-2016 unearned local transportation funding portion | (2,176,755) | |
| Fiscal year 2015-2016 local transportation funding recognized as a local capital grant | (1,607,000) | |
| Fiscal year 2015-2016 local transportation funding recognized as a member transit facility capital grant | <u>(50,000)</u> | |
| Fiscal year 2015-2016 local transportation funds revenue recognized | <u><u>\$ 10,601,709</u></u> | (10,601,709) |
| Current year capital revenue: | | |
| Fiscal year 2015-2016 local transportation funding recognized as a local capital grant | \$ 1,607,000 | |
| Fiscal year 2015-2016 local transportation funding recognized as a member transit facility capital grant | 50,000 | |
| Local capital grants – interest earnings | 35,945 | 35,945 |
| Local capital grants – market valuation of investment | <u>15,564</u> | 15,564 |
| Fiscal year 2015-2016 local capital grants revenue recognized | <u><u>\$ 1,708,509</u></u> | |
| Current year capital acquisitions: | | |
| Capital acquisitions – current year use of local transportation funds | <u><u>\$ (183,248)</u></u> | (183,248) |
| Total ending balance | | <u><u>\$ 13,878,775</u></u> |
| Ending 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 ending balance | <u><u>\$ 13,878,775</u></u> | <u><u>\$ 13,878,775</u></u> |

STATISTICAL SECTION

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Gold Coast Transit District
Financial Ratios
June 30, 2013 to June 30, 2017

Current Ratio:

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

| | | | Ratio |
|-------------|---------------------|---------------|--------------|
| 2017 | Current Assets | \$ 9,882,036 | 0.99:1 |
| | Current Liabilities | \$ 9,983,839 | |
| 2016 | Current Assets | \$ 11,335,824 | 1.09:1 |
| | Current Liabilities | \$ 10,432,628 | |
| 2015 | Current Assets | \$ 15,531,471 | 2.10:1 |
| | Current Liabilities | \$ 7,406,526 | |
| 2014 | Current Assets | \$ 19,413,868 | 1.41:1 |
| | Current Liabilities | \$ 13,743,038 | |
| 2013 | Current Assets | \$ 14,626,057 | 1.51:1 |
| | Current Liabilities | \$ 9,677,990 | |

Quick Ratio:

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

| | | | Ratio |
|-------------|--------------------------------|---------------|--------------|
| 2017 | Cash and Cash Equivalents plus | \$ 5,378,788 | 0.93:1 |
| | Receivables within 30 days | \$ 3,923,512 | |
| | Current Liabilities | \$ 9,983,839 | |
| 2016 | Cash and Cash Equivalents plus | \$ 5,856,275 | 1.02:1 |
| | Receivables within 30 days | \$ 4,755,284 | |
| | Current Liabilities | \$ 10,432,628 | |
| 2015 | Cash and Cash Equivalents plus | \$ 12,430,280 | 2.00:1 |
| | Receivables within 30 days | \$ 2,409,984 | |
| | Current Liabilities | \$ 7,406,526 | |
| 2014 | Cash and Cash Equivalents plus | \$ 18,334,940 | 1.36:1 |
| | Receivables within 30 days | \$ 390,815 | |
| | Current Liabilities | \$ 13,743,038 | |
| 2013 | Cash and Cash Equivalents plus | \$ 10,143,372 | 1.39:1 |
| | Receivables within 30 days | \$ 3,317,823 | |
| | Current Liabilities | \$ 9,677,990 | |

Debt Ratio:

Reflects the long-term solvency risk, in assessing the District's financial capacity to meet long-term debts and similar obligations, by dividing total liabilities by total assets.

| | | | Ratio |
|-------------|-------------------|---------------|--------------|
| 2017 | Total Liabilities | \$ 44,616,846 | 61.33% |
| | Total Assets | \$ 72,743,765 | |
| 2016 | Total Liabilities | \$ 19,198,398 | 43.28% |
| | Total Assets | \$ 44,362,326 | |
| 2015 | Total Liabilities | \$ 15,501,839 | 40.86% |
| | Total Assets | \$ 37,940,533 | |
| 2014 | Total Liabilities | \$ 13,743,038 | 42.10% |
| | Total Assets | \$ 32,662,192 | |
| 2013 | Total Liabilities | \$ 9,677,990 | 33.30% |
| | Total Assets | \$ 29,094,950 | |

Gold Coast Transit District
Revenues and Expenses - Ten Year Comparison
Fiscal Years 2008 to 2017

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operations: | | | | | |
| Passenger Fares | \$ 3,093,606 | \$ 3,206,142 | \$ 3,137,831 | \$ 3,041,669 | \$ 3,303,563 |
| Operating Expenses | (14,059,872) | (15,187,284) | (15,557,202) | (15,141,244) | (16,404,321) |
| Depreciation Expense | (1,524,851) | (1,817,089) | (2,831,039) | (3,054,738) | (3,016,832) |
| Operating Loss | (12,491,117) | (13,798,231) | (15,250,410) | (15,154,313) | (16,117,590) |
| Non-operating Revenues: | | | | | |
| Local Transportation Funds | 7,314,731 | 7,618,873 | 7,838,752 | 7,348,445 | 8,595,776 |
| Other local funds | - | - | 30,530 | - | - |
| State Funds | 80,270 | 245,741 | 66,989 | 188,222 | 220,821 |
| Federal Funds | 3,346,048 | 3,925,318 | 4,043,661 | 4,378,878 | 4,042,074 |
| Investment Earnings | 119,413 | 52,444 | 16,874 | 13,901 | 14,540 |
| Other Income, net | 105,805 | 138,766 | 152,152 | 170,130 | 227,547 |
| Total, Non-operating | 10,966,266 | 11,981,142 | 12,148,958 | 12,099,575 | 13,100,758 |
| Net Loss | \$ (1,524,851) | \$ (1,817,089) | \$ (3,101,452) | \$ (3,054,738) | \$ (3,016,832) |

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

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Actual Dollars | \$ 14,059,872 | \$ 15,187,284 | \$ 15,557,202 | \$ 15,141,244 | \$ 16,404,321 |
| Constant Dollars (2007) | \$ 13,337,950 | \$ 14,737,375 | \$ 14,964,605 | \$ 14,160,082 | \$ 15,101,011 |
| CPI Percent Change | 5.4% | -2.2% | 0.9% | 2.9% | 1.6% |
| Index Number (1982=100) | 229.0 | 223.9 | 225.9 | 232.3 | 236.0 |
| Cumulative Percent | 5.4% | 3.2% | 4.0% | 6.9% | 8.6% |

Gold Coast Transit District
Revenues and Expenses - Ten Year Comparison (Continued)
Fiscal Years 2008 to 2017

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operations: | | | | | |
| Passenger Fares | \$ 3,148,100 | \$ 3,714,914 | \$ 4,022,983 | \$ 3,369,769 | \$ 3,482,127 |
| Operating Expenses | (16,642,267) | (18,531,482) | (19,381,448) | (20,547,884) | (22,113,345) |
| Depreciation Expense | (2,924,100) | (2,519,756) | (2,405,787) | (2,843,634) | (2,919,180) |
| Operating Loss | (16,418,267) | (17,336,324) | (17,764,252) | (20,021,749) | (21,550,398) |
| Non-operating Revenues: | | | | | |
| Local Transportation Funds | 8,976,087 | 9,631,812 | 8,869,456 | 10,601,709 | 13,338,152 |
| Other local funds | - | - | - | - | - |
| State Funds | 196,076 | 192,000 | 174,425 | 207,973 | 153,094 |
| Federal Funds | 4,074,383 | 4,733,271 | 5,469,611 | 4,930,720 | 4,335,128 |
| Investment Earnings | 15,758 | 13,885 | 12,449 | 15,816 | 22,295 |
| Other Income, net | 231,864 | 245,601 | 832,524 | 1,421,897 | 465,139 |
| Total, Non-operating | 13,494,167 | 14,816,568 | 15,358,465 | 17,178,115 | 18,313,808 |
| Net Loss | \$ (2,924,100) | \$ (2,519,756) | \$ (2,405,787) | \$ (2,843,634) | \$ (3,236,590) |

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

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Actual Dollars | \$ 16,642,267 | \$ 18,531,482 | \$ 19,381,448 | \$ 20,547,881 | \$ 22,113,345 |
| Constant Dollars (2007) | \$ 15,115,249 | \$ 16,533,584 | \$ 17,155,881 | \$ 17,861,786 | \$ 18,821,400 |
| CPI Percent Change | 1.4% | 1.8% | 0.8% | 1.8% | 2.1% |
| Index Number (1982=100) | 239.2 | 243.5 | 245.5 | 249.9 | 255.3 |
| Cumulative Percent | 10.1% | 12.1% | 13.0% | 15.0% | 17.5% |

Gold Coast Transit District
Passenger Cost by Mode - Ten Year Comparison
Fiscal Years 2008 to 2017

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Bus - Fixed Route | | | | | |
| Total Passengers | 3,495,875 | 3,568,028 | 3,442,005 | 3,353,639 | 3,476,408 |
| Passenger Fare Revenue | \$ 2,681,149 | \$ 2,709,665 | \$ 2,575,992 | \$ 2,581,811 | \$ 2,689,740 |
| Local Govt. Fare Revenue | \$ 250,000 | \$ 335,000 | \$ 400,000 | \$ 217,000 | \$ 370,000 |
| Total Operating Cost | \$ 12,287,553 | \$ 12,719,127 | \$ 13,395,101 | \$ 13,136,934 | \$ 14,367,128 |
| Revenue per passenger | \$ 0.767 | \$ 0.759 | \$ 0.748 | \$ 0.770 | \$ 0.774 |
| Cost per passenger | \$ 3.515 | \$ 3.565 | \$ 3.892 | \$ 3.917 | \$ 4.133 |
| Farebox Recovery % | 21.8% | 21.3% | 19.2% | 19.7% | 18.7% |
| Adjusted Farebox Recovery % | 23.9% | 23.9% | 22.2% | 21.3% | 21.3% |
| Subsidy per passenger | \$ 2.748 | \$ 2.805 | \$ 3.143 | \$ 3.147 | \$ 3.359 |
| Subsidy % | 78.2% | 78.7% | 80.8% | 80.3% | 81.3% |
| Bus - Paratransit | | | | | |
| Total Passengers | 79,686 | 82,655 | 77,985 | 76,730 | 68,618 |
| Passenger Fare Revenue | \$ 162,457 | \$ 161,476 | \$ 161,839 | \$ 164,858 | \$ 168,823 |
| Local Govt. Fare Revenue | \$ - | \$ - | \$ - | \$ 78,000 | \$ 75,000 |
| Total Operating Cost | \$ 1,772,319 | \$ 2,468,157 | \$ 2,162,102 | \$ 2,004,310 | \$ 2,037,193 |
| Revenue per passenger | \$ 2.039 | \$ 1.954 | \$ 2.075 | \$ 2.149 | \$ 2.460 |
| Cost per passenger | \$ 22.241 | \$ 29.861 | \$ 27.725 | \$ 26.122 | \$ 29.689 |
| Farebox Recovery % | 9.2% | 6.5% | 7.5% | 8.2% | 8.3% |
| Adjusted Farebox Recovery % | | | | 12.1% | 12.0% |
| Subsidy per passenger | \$ 20.203 | \$ 27.907 | \$ 25.649 | \$ 23.973 | \$ 27.229 |
| Subsidy % | 90.8% | 93.5% | 92.5% | 91.8% | 91.7% |
| All Mode - Total | | | | | |
| Total Passengers | 3,575,561 | 3,650,683 | 3,519,990 | 3,430,269 | 3,545,026 |
| Passenger Fare Rev. | \$ 2,843,606 | \$ 2,871,141 | \$ 2,737,831 | \$ 2,746,669 | \$ 2,858,563 |
| Total Operating Cost | \$ 14,059,872 | \$ 15,187,284 | \$ 15,557,203 | \$ 15,141,244 | \$ 16,404,321 |
| Revenue per passenger | \$ 0.795 | \$ 0.786 | \$ 0.778 | \$ 0.801 | \$ 0.806 |
| Cost per passenger | \$ 3.932 | \$ 4.160 | \$ 4.420 | \$ 4.414 | \$ 4.627 |
| Farebox Recovery % | 20.2% | 18.9% | 17.6% | 18.1% | 17.4% |
| Adjusted Farebox Recovery % | | | | 20.1% | 20.1% |
| Subsidy per passenger | \$ 3.137 | \$ 3.374 | \$ 3.642 | \$ 3.613 | \$ 3.821 |
| Subsidy % | 79.8% | 81.1% | 82.4% | 81.9% | 82.6% |

Gold Coast Transit District
Passenger Cost by Mode - Ten Year Comparison (Continued)
Fiscal Years 2008 to 2017

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Bus - Fixed Route | | | | | |
| Total Passengers | 3,566,470 | 3,817,758 | 3,908,847 | 3,800,673 | 3,616,386 |
| Passenger Fare Revenue | \$ 2,708,046 | \$ 2,996,373 | \$ 3,211,258 | \$ 3,068,465 | \$ 2,936,328 |
| Local Govt. Fare Revenue | \$ 200,000 | \$ 390,000 | \$ 350,000 | \$ - | \$ - |
| Total Operating Cost | \$ 14,408,626 | \$ 16,019,298 | \$ 16,723,757 | \$ 17,770,454 | \$ 18,949,465 |
| Revenue per passenger | \$ 0.759 | \$ 0.785 | \$ 0.822 | \$ 0.807 | \$ 0.812 |
| Cost per passenger | \$ 4.040 | \$ 4.196 | \$ 4.278 | \$ 4.660 | \$ 5.240 |
| Farebox Recovery % | 18.8% | 20.2% | 19.2% | 17.3% | 15.5% |
| TDA Adjusted Farebox Recovery % | 20.2% | 22.6% | 26.4% | 24.8% | 20.9% |
| Subsidy per passenger | \$ 3.281 | \$ 3.411 | \$ 3.457 | \$ 3.850 | \$ 4.430 |
| Subsidy % | 81.2% | 81.3% | 80.8% | 82.7% | 84.5% |
| Bus - Paratransit | | | | | |
| Total Passengers | 70,927 | 82,495 | 84,604 | 93,274 | 102,424 |
| Passenger Fare Revenue | \$ 170,054 | \$ 202,324 | \$ 207,375 | \$ 255,046 | \$ 268,530 |
| Local Govt. Fare Revenue | \$ 70,000 | \$ 126,217 | \$ 254,350 | \$ 46,258 | \$ 277,269 |
| Total Operating Cost | \$ 2,233,641 | \$ 2,512,184 | \$ 2,657,691 | \$ 2,847,427 | \$ 3,163,880 |
| Revenue per passenger | \$ 2.398 | \$ 2.453 | \$ 2.451 | \$ 2.730 | \$ 2.620 |
| Cost per passenger | \$ 31.492 | \$ 30.453 | \$ 31.413 | \$ 30.530 | \$ 30.890 |
| Farebox Recovery % | 7.6% | 8.1% | 7.8% | 9.0% | 8.5% |
| TDA Adjusted Farebox Recovery % | 10.7% | 13.1% | 17.8% | 16.9% | 19.3% |
| Subsidy per passenger | \$ 29.095 | \$ 28.000 | \$ 28.962 | \$ 27.790 | \$ 28.270 |
| Subsidy % | 92.4% | 91.9% | 92.2% | 91.0% | 91.5% |
| All Mode - Total | | | | | |
| Total Passengers | 3,637,397 | 3,900,253 | 3,993,451 | 3,893,947 | 3,718,810 |
| Passenger Fare Rev. | \$ 2,878,100 | \$ 3,198,697 | \$ 3,418,633 | \$ 3,323,511 | \$ 3,204,858 |
| Total Operating Cost | \$ 16,642,267 | \$ 18,531,482 | \$ 19,381,448 | \$ 20,547,881 | \$ 22,113,345 |
| Revenue per passenger | \$ 0.791 | \$ 0.820 | \$ 0.856 | \$ 0.850 | \$ 0.860 |
| Cost per passenger | \$ 4.575 | \$ 4.751 | \$ 4.853 | \$ 5.280 | \$ 5.950 |
| Farebox Recovery % | 17.3% | 18.5% | 17.6% | 16.2% | 14.5% |
| Adjusted Farebox Recovery % | 18.9% | 21.3% | 25.1% | 23.7% | 20.7% |
| Subsidy per passenger | \$ 3.784 | \$ 3.931 | \$ 3.997 | \$ 4.420 | \$ 5.080 |
| Subsidy % | 82.7% | 82.7% | 82.4% | 83.8% | 85.5% |

Gold Coast Transit District
Service Cost by Mode - Ten Year Comparison
Fiscal Years 2008 to 2017

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Bus - Fixed Route | | | | | |
| Revenue Miles | 1,610,734 | 1,718,639 | 1,676,728 | 1,605,651 | 1,752,942 |
| Revenue Hours | 140,057 | 148,477 | 154,956 | 145,228 | 168,491 |
| Total Operating Cost | \$ 12,287,553 | \$ 12,719,127 | \$ 13,395,101 | \$ 13,136,934 | \$ 14,367,128 |
| Cost per Revenue Mile | \$ 7.63 | \$ 7.40 | \$ 7.99 | \$ 8.18 | \$ 8.20 |
| Cost per Revenue Hour | \$ 87.73 | \$ 85.66 | \$ 86.44 | \$ 90.46 | \$ 85.27 |
| Bus - Paratransit | | | | | |
| Revenue Miles | 528,336 | 537,060 | 502,026 | 501,280 | 462,927 |
| Revenue Hours | 35,636 | 39,218 | 32,993 | 32,717 | 29,524 |
| Total Operating Cost | \$ 1,772,319 | \$ 2,468,157 | \$ 2,162,102 | \$ 2,004,310 | \$ 2,037,193 |
| Cost per Revenue Mile | \$ 3.35 | \$ 4.60 | \$ 4.31 | \$ 4.00 | \$ 4.40 |
| Cost per Revenue Hour | \$ 49.73 | \$ 62.93 | \$ 65.53 | \$ 61.26 | \$ 69.00 |
| All Mode - Total | | | | | |
| Revenue Miles | 2,139,070 | 2,255,699 | 2,178,754 | 2,106,931 | 2,215,869 |
| Revenue Hours | 175,693 | 187,695 | 187,949 | 177,944 | 198,015 |
| Total Operating Cost | \$ 14,059,872 | \$ 15,187,284 | \$ 15,557,203 | \$ 15,141,244 | \$ 16,404,321 |

Gold Coast Transit District
Service Cost by Mode - Ten Year Comparison (Continued)
Fiscal Years 2008 to 2017

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Bus - Fixed Route | | | | | |
| Revenue Miles | 1,850,676 | 2,044,386 | 2,111,023 | 2,168,198 | 2,185,626 |
| Revenue Hours | 181,417 | 196,925 | 199,418 | 201,903 | 202,938 |
| Total Operating Cost | \$ 14,408,626 | \$ 16,019,298 | \$ 16,723,757 | \$ 17,700,454 | \$ 18,949,465 |
| Cost per Revenue Mile | \$ 7.79 | \$ 7.84 | \$ 7.92 | \$ 8.16 | \$ 8.67 |
| Cost per Revenue Hour | \$ 79.42 | \$ 81.35 | \$ 83.86 | \$ 87.67 | \$ 93.38 |
| Bus - Paratransit | | | | | |
| Revenue Miles | 482,005 | 552,342 | 581,041 | 663,954 | 735,001 |
| Revenue Hours | 30,649 | 36,210 | 36,876 | 43,007 | 49,188 |
| Total Operating Cost | \$ 2,233,641 | \$ 2,512,184 | \$ 2,657,691 | \$ 2,847,427 | \$ 3,613,880 |
| Cost per Revenue Mile | \$ 4.63 | \$ 4.55 | \$ 4.57 | \$ 4.26 | \$ 4.30 |
| Cost per Revenue Hour | \$ 72.88 | \$ 69.38 | \$ 72.07 | \$ 63.07 | \$ 64.32 |
| All Mode - Total | | | | | |
| Revenue Miles | 2,332,681 | 2,596,727 | 2,692,064 | 2,832,152 | 2,920,627 |
| Revenue Hours | 212,065 | 233,135 | 236,294 | 244,910 | 252,126 |
| Total Operating Cost | \$ 16,642,267 | \$ 18,531,482 | \$ 19,381,448 | \$ 20,547,881 | \$ 22,113,345 |

Gold Coast Transit District
Ridership and Service - Ten Year Comparison
Fiscal Years 2008 to 2017

| | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| Passengers | | | | | |
| Fixed Route | 3,495,875 | 3,568,028 | 3,442,005 | 3,353,539 | 3,476,408 |
| Paratransit | 79,686 | 82,655 | 77,985 | 76,730 | 68,618 |
| TOTAL | 3,575,561 | 3,650,683 | 3,519,990 | 3,430,269 | 3,545,026 |
| Revenue Miles | | | | | |
| Fixed Route | 1,610,734 | 1,718,639 | 1,676,728 | 1,605,651 | 1,752,942 |
| Paratransit | 528,336 | 537,060 | 502,026 | 501,280 | 462,927 |
| TOTAL | 2,139,070 | 2,255,699 | 2,178,754 | 2,106,931 | 2,215,869 |
| Revenue Hours | | | | | |
| Fixed Route | 140,057 | 148,477 | 154,956 | 145,228 | 168,491 |
| Paratransit | 35,636 | 39,218 | 32,993 | 32,717 | 29,524 |
| TOTAL | 175,693 | 187,695 | 187,949 | 177,944 | 198,015 |
| Passengers Per Mile | | | | | |
| Fixed Route | 2.17 | 2.08 | 2.05 | 2.09 | 1.98 |
| Paratransit | 0.15 | 0.15 | 0.16 | 0.15 | 0.15 |
| TOTAL | 1.67 | 1.62 | 1.62 | 1.63 | 1.60 |
| Passengers Per Hour | | | | | |
| Fixed Route | 24.96 | 24.03 | 22.21 | 23.09 | 20.63 |
| Paratransit | 2.24 | 2.11 | 2.36 | 2.35 | 2.32 |
| TOTAL | 20.35 | 19.45 | 18.73 | 19.28 | 17.90 |
| Bus - Fixed Route | | | | | |
| Cost per Boarding | \$ 3.51 | \$ 3.56 | \$ 3.89 | \$ 3.92 | \$ 4.13 |
| Bus - Paratransit | | | | | |
| Cost per Boarding | \$ 22.24 | \$ 29.86 | \$ 27.72 | \$ 26.12 | \$ 29.69 |

Gold Coast Transit District
Ridership and Service - Ten Year Comparison (Continued)
Fiscal Years 2008 to 2017

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| Passengers | | | | | |
| Fixed Route | 3,566,470 | 3,817,758 | 3,908,847 | 3,800,673 | 3,616,386 |
| Paratransit | 70,927 | 82,495 | 84,604 | 93,274 | 102,424 |
| TOTAL | 3,637,397 | 3,900,253 | 3,993,451 | 3,893,947 | 3,718,810 |
| Revenue Miles | | | | | |
| Fixed Route | 1,850,676 | 2,044,386 | 2,111,023 | 2,168,198 | 2,185,626 |
| Paratransit | 482,005 | 552,342 | 581,041 | 663,954 | 735,001 |
| TOTAL | 2,332,681 | 2,596,727 | 2,692,064 | 2,832,152 | 2,920,627 |
| Revenue Hours | | | | | |
| Fixed Route | 181,417 | 196,925 | 199,418 | 201,903 | 202,938 |
| Paratransit | 30,649 | 36,210 | 36,876 | 43,007 | 49,188 |
| TOTAL | 212,065 | 233,135 | 236,294 | 244,910 | 252,126 |
| Passengers Per Mile | | | | | |
| Fixed Route | 1.93 | 1.87 | 1.85 | 1.75 | 1.65 |
| Paratransit | 0.15 | 0.15 | 0.15 | 0.14 | 0.14 |
| TOTAL | 1.56 | 1.50 | 1.48 | 1.37 | 1.27 |
| Passengers Per Hour | | | | | |
| Fixed Route | 19.66 | 19.39 | 19.60 | 18.82 | 17.82 |
| Paratransit | 2.31 | 2.28 | 2.29 | 2.07 | 2.08 |
| TOTAL | 17.15 | 16.73 | 16.90 | 15.76 | 14.75 |
| Bus - Fixed Route | | | | | |
| Cost per Boarding | \$ 4.04 | \$ 4.20 | \$ 4.28 | \$ 4.66 | \$ 5.24 |
| Bus - Paratransit | | | | | |
| Cost per Boarding | \$ 31.49 | \$ 30.45 | \$ 31.41 | \$ 30.53 | \$ 30.89 |