Comprehensive Annual Financial Report

FISCAL YEARS ENDING JUNE 30, 2018 and 2017

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

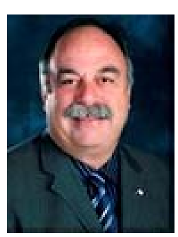
Gold Coast Transit District
Board of Directors – November 2017

John C. Zaragoza, Chair
Supervisor, 5th District, County of Ventura

Cheryl Heitmann, Vice-Chair
Councilmember, City of Ventura
Alternate Director, Councilmember James L. Monahan

Will Berg, Director
Mayor Pro Tem, City of Port Hueneme
Alternate Director, Mayor Sylvia Munoz Schnopp

Paul Blatz, Director
Councilmember, City of Ojai
Alternate Director, Councilmember Randy Haney



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

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GOLD COAST TRANSIT DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017

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GOLD COAST TRANSIT DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

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INTRODUCTORY SECTION

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October 31, 2018

Board of Directors
Gold Coast Transit District
Oxnard, California

Members of the Board:

It continues to be an honor to serve as Gold Coast Transit District's General Manager. In FY 2017-2018, Gold Coast Transit District delivered over 3.5 million passenger trips and operated 2.1 million miles of revenue service in western Ventura County. In addition, our ACCESS paratransit service provided over 114,000 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 2017-18 include:

- **New Facility –** GCTD is nearing completion on the new 15-acre Operations and Maintenance facility in Oxnard. In early 2019 GCTD's Board of Directors, elected officials, community stakeholders, and staff will celebrate the Ribbon Cutting and Grand Opening of this new facility. As I mentioned last year, this is the largest transportation project in Ventura County in over a decade. 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.

- **Mobile Fare Payment –** The mobile ticketing pilot program begun last year has proven to be well accepted by the public and usage has grown every month. We will continue to search for additional funding sources to help support this 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.

- **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 later this year. Second, a Sustainability Planning Grant was awarded by the Southern California Association of Governments (SCAG) to develop a "Building Transit Supportive Communities Plan."

- **Near-Zero CNG Engines –** Last year, GCTD was awarded two Congestion Mitigation & Air Quality (CMAQ) grants for near-zero engine replacements as well as demonstration service on Ventura Road. Engine replacements are now underway, which will help our fleet be even cleaner and extend the life of these buses.

- **New Paratransit Schedule Software –** In March, a new scheduling and dispatching software system was installed that led to an immediate 48% decrease in monthly service fees. Later this year we will start using the system to alert customers of approaching ACCESS vehicles for pickups, greatly reducing trip cancellations.

GOLD COAST TRANSIT DISTRICT

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- **New Bus Stop Signs –** Upgraded signs are being installed with a completion date of mid-November. The new Automatic Vehicle Location and Automatic Voice Annunciation System is being installed on the fleet after extensive testing and is being well received by Operators and the public.

- **Safe Driving –** This past year GCTD continued to place a focus on safe driving. One bus operator was recognized for joining the prestigious One Million Mile Safe Driving Club as determined by the National Safety Council. This award recognizes professional drivers who have completed 25,000 hours of drive time (12.5 years) without a preventable accident. GCTD holds monthly safety meetings with all staff to cover topics that continually educate our staff about safe driving.

- **Building Transit Supporting Communities –** We will also be expanding our work with the cities to identify areas for transit improvements and increased coordination for transit friendly development. Planning for route changes and new Operator relief points in coordination with the move to the new facility is nearing completion and will be implemented in late January 2019.

A significant amount of work has been done this year in preparation for the move to the new facility. Staff has been reviewing and updating all the policies and procedures to account for changes necessitated by the move. Coordinating the actual move is being planned and plans for the re-use of the current site at 301 East 3rd Street are underway. Given the location in a residential neighborhood and the need for additional affordable and market rate housing in Oxnard, teaming with a developer is under consideration. A Request for Proposals will be issued in the next few months for project ideas.

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

Steven P. Brown
General Manager

October 31, 2018

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 year ended June 30, 2018.

The CAFR has been prepared by the Office of the Director of Finance and Administration, working with our new independent audit firm, Brown Armstrong, 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 GCTD as of June 30, 2018. All disclosures necessary to enable the reader to gain the maximum understanding of GCTD financial affairs have been included.

The CAFR represents the culmination of all budgeting, financial and accounting activities engaged in by GCTD 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 GCTD 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 GCTD in conformity with generally accepted accounting principles.

3. The ***Statistical Section*** contains comparative statistical data on GCTD's financial, physical, economic and social characteristics.

The preparation of this CAFR required the cooperation of GCTD management, staff and our independent auditors, Brown Armstrong, led by the audit engagement partner, Ryan Nielsen, and the lead auditor, Melissa Cabezzas. 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. Again this year, Ms. Tomen's hard work and expertise is most responsible for the Accounting Department's success as GCTD's financial and accounting environment continues to grow more complex. This skilled and dedicated group continues to work diligently to keep the agency compliant and moving forward.

Steve L. Rosenberg
Director, Finance and Administration

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GOLD COAST TRANSIT DISTRICT
ORGANIZATIONAL INFORMATION

About Us

Gold Coast Transit District (GCTD) provides public fixed-route and paratransit service in the cities of Ojai, Oxnard, Port Hueneme, Ventura and the unincorporated areas of Ventura County. With 3.7 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 (original named "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 FY17-18 the District continued construction of a New 15-acre Administration and Operations Facility in North Oxnard that will allow GCTD to continue to meet the growing transit needs of the community. The new facility is scheduled to open early in 2019.

Statistics

- Service Area: Ojai, Oxnard, Port Hueneme, Ventura & County of Ventura
- Population Served: 375,000
- Average Weekday Passengers: (FY 17-18) 10,907
- Fixed-Route Annual Passengers: (FY 17-18) 3.5
- Fixed-Route Annual Revenue Miles: (approx.) 2.1 million
- ACCESS Paratransit Annual Passengers: 114,000
- 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 appoint 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

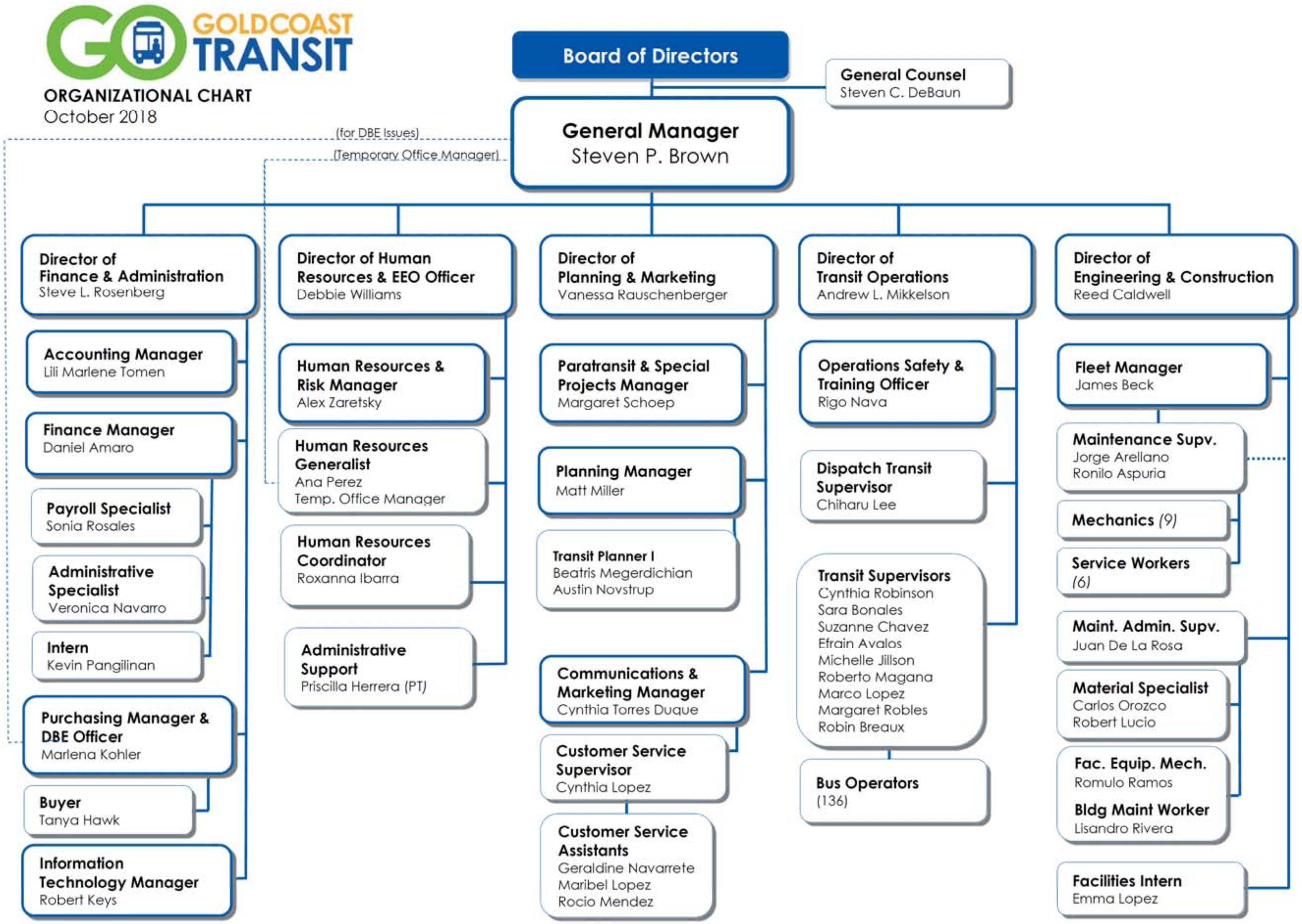
GCTD's General Manager is appointed by, and reports to, the Board of Directors. The General Manager is charged with carrying out the Board's policies and directives and has full charge of the operation of GCTD's services, facilities, and administration of business affairs. GCTD's Management Team is comprised 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 Mikkelson

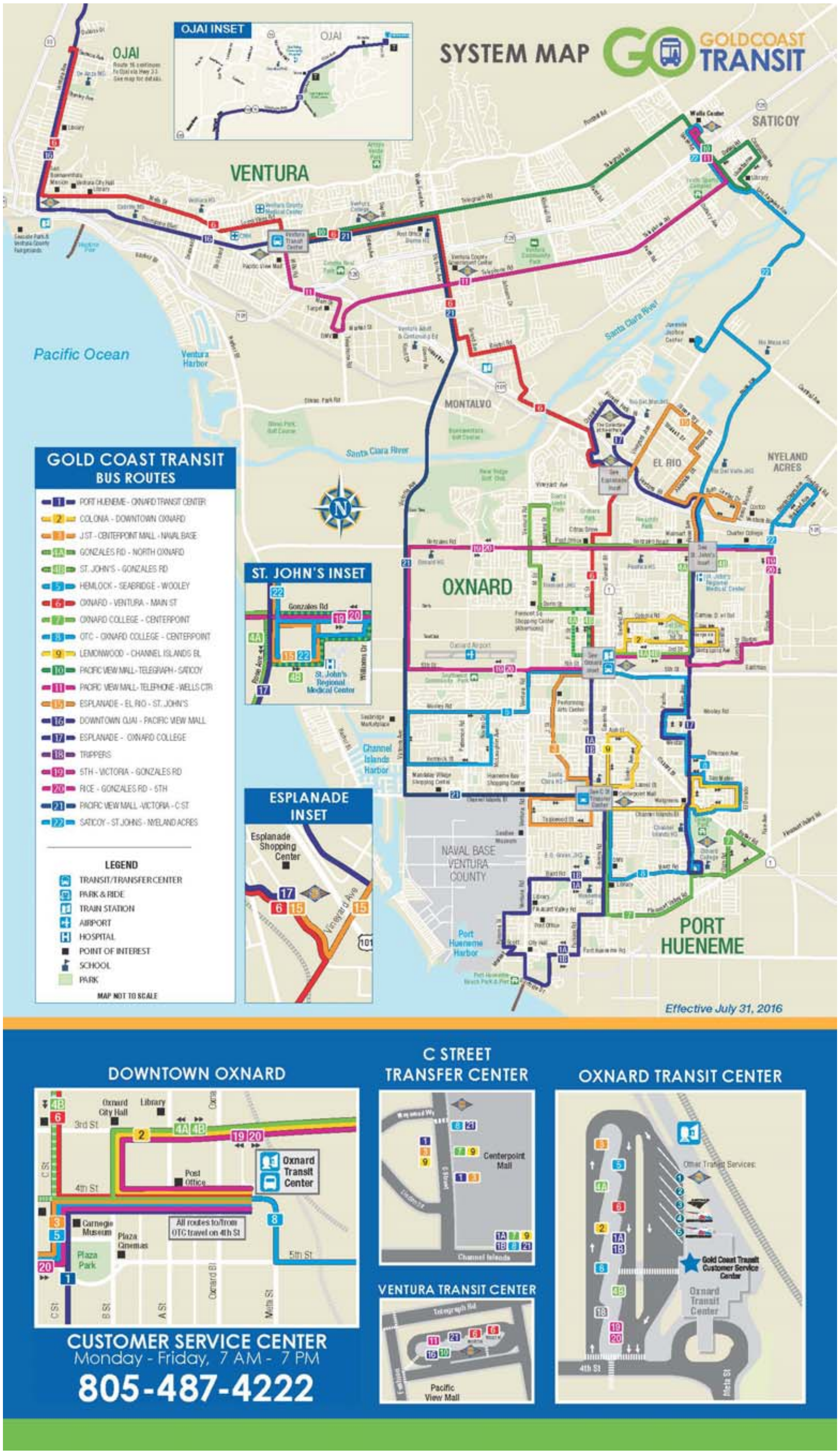
Employees

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. Teamsters represents operational supervisors. GCTD contracts with MV Transportation for the maintenance and operation of ACCESS Paratransit.

GOLD COAST TRANSIT DISTRICT
ORGANIZATIONAL CHART



GOLD COAST TRANSIT DISTRICT
BUS SYSTEM MAP



FINANCIAL SECTION

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S 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 fiscal year ended June 30, 2018, 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*. Our opinion was not affected by the implementation.

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 Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios on pages 67 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, Schedules of Changes in Local Transportation Funding Activity of the District (supplementary information), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 GASB, 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.

Report on Summarized Comparative Information

The financial statements of the District as of June 30, 2017, were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated November 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 31, 2018, 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 31, 2018

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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 (the District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 31, 2018.

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 District'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.*

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 31, 2018

GOLD COAST TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

The following Management Discussion and Analysis (MD&A) of activities and financial performance of Gold Coast Transit District (GCTD, or the District) introduces the financial statements of GCTD for the fiscal year ended June 30, 2018. 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 Financial 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.

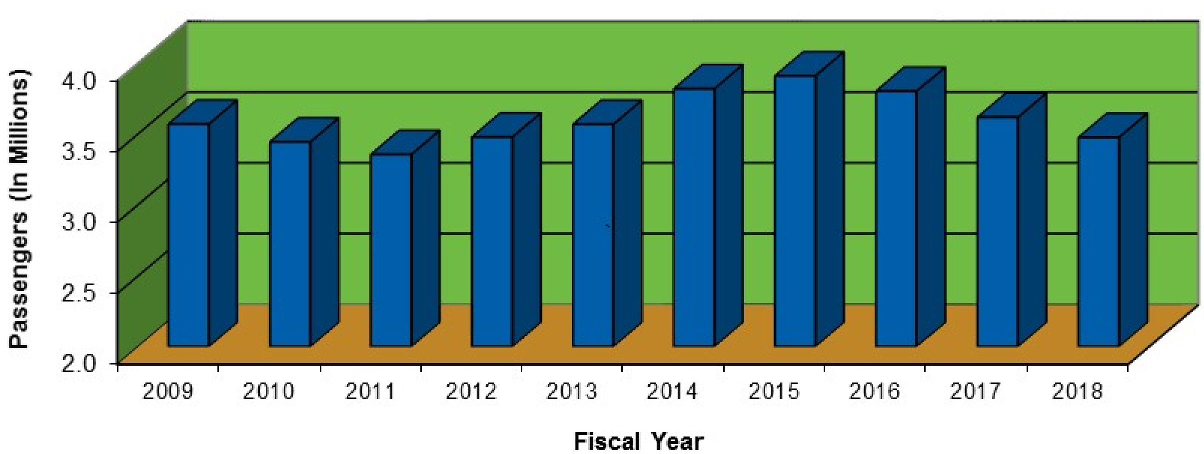
GCTD owns 82 revenue vehicles, all fueled with clean burning compressed natural gas (CNG), primarily from GCTD's owned and operated CNG fueling station. In FY 2017-18, GCTD vehicles carried nearly 3.6 million passengers while traveling nearly 3 million miles in revenue service.

GCTD operates a fleet of 56 fixed-route buses. In FY 2017-18, GCTD fixed-route buses operated 2,170,373 miles of revenue service and provided 3,474,161 passenger boardings, a 3.9% decrease from the previous year's boardings.

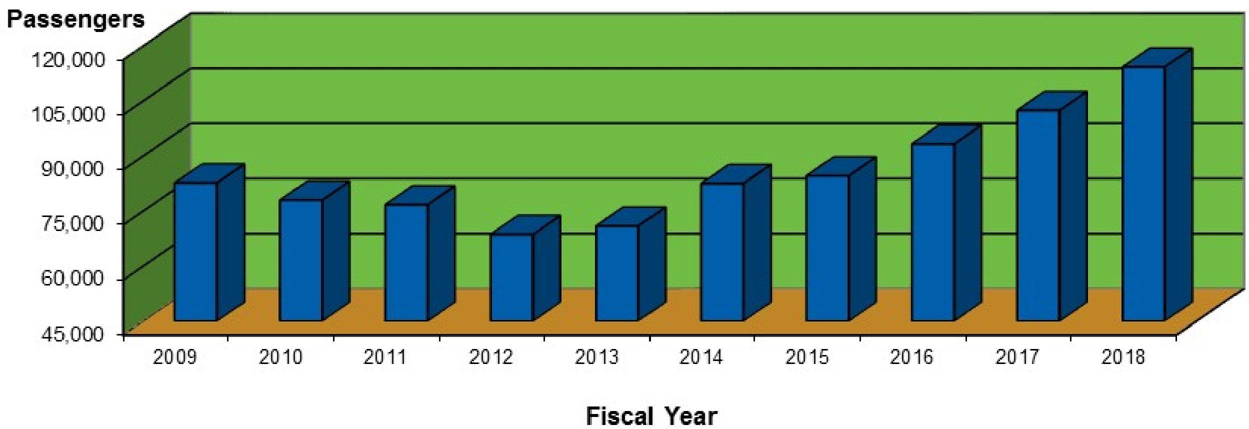
In FY 2017-18, the ACCESS paratransit system transported 114,229 passengers, an increase of 11.5% from the previous year; over the past five years ACCESS ridership has increased 61%. The GCTD ACCESS service is operated under contract by MV Transportation, Inc. GCTD owns the paratransit fleet, which consists of 26 vehicles, including 13 MV1 vans and 13 cutaway vans.

	2018	2017	Increase (Decrease)
Fixed Route Passenger Trips	3,474,161	3,616,386	-3.93%
ACCESS Paratransit One-Way Trips	114,229	102,424	11.53%
Total Boardings	3,588,390	3,718,810	-3.51%

Fixed Route Bus Ridership – Unlinked Passenger Trips from 2009 to 2018



ACCESS Paratransit Ridership – One-Way Trips from 2009 to 2018

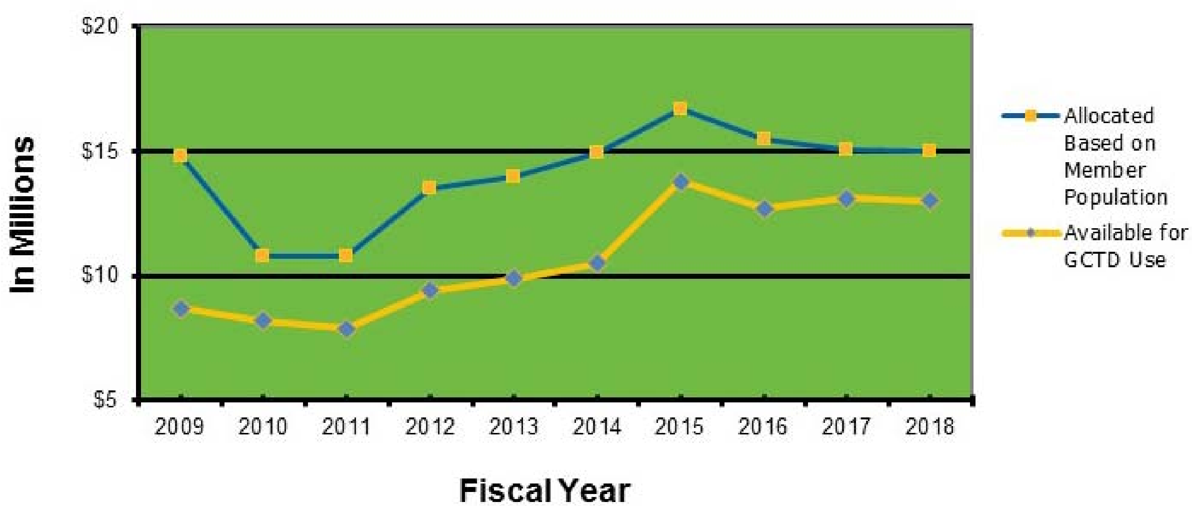


GCTD is different than most transit operations in Southern California in that it provides transit service without support from a direct local sales tax measure, tax levy or dedicated general fund support. The use of Local Transportation Funds (LTF) from a quarter-cent state sales tax provided by the 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 and peaked in FY 2006-07; it 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) has returned to its pre-recession level. In FY 2017-18 GCTD received $15,381,823 in gross 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 Gold Coast Transit was allocated a portion of the LTF by its members based on budget requirements. GCTD's enabling 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. In FY 2017-18 GCTD provided to its members $1,986,611 in net LTF funding.

LTF Funding Allocated to GCTD Members – 2009 to 2018



GCTD's second largest source of operating revenue is the Federal Transit Administration (FTA). Federal Section 5307 grants are allocated based on a federal formula and have remained relatively stable over the past ten years. Section 5307 is the core program that provides federal funds used for GCTD operating activities. GCTD expended $3,753,263 in Section 5307 grant funds for eligible operating activities in FY 2017-18. GCTD also uses Federal Congestion Mitigation and Air Quality Improvement (CMAQ) funds to help pay for new routes, called demonstration projects. GCTD expended $594,433 in CMAQ funds supporting one route in FY 2017-18.

Another revenue source for GCTD is State Transportation Assistance. While STA accounts for a small percentage of GCTD revenues (.67% in FY 2017-18), STA does provide significant funding for competing Ventura County transit priorities such as Metrolink and VCTC Intercity Transit. GCTD expended $159,000 in STA funds for operating activities in FY 2017-18.

GASB STATEMENTS NO. 68 AND NO. 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 FY 2014-15, GASB Statements No. 68 and No. 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, 2017) as opposed to the current year, our auditors calculated an adjustment that increased GCTD's FY 2017-18 pension expense by $776,015. This adjustment is reflected in the information discussed herein. GCTD's net pension liability at FY 2017-18 year-end is $12,419,600.

Note 10 of the Audit Report addresses the GASB Statements No. 68 and No. 71 requirements in substantially greater detail.

GASB STATEMENTS NO. 74 AND NO. 75

GCTD provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon retirement from the District. GCTD pays the minimum employer contribution amount as prescribed by the Public Employees' Medical and Hospital Care Act (PEMHCA). 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. For context, in 2018 GCTD pays $133 per month per employee.

In 2013 GCTD joined the California Employers' Benefit Trust (CERBT) Fund, a Section 115 trust fund managed by CalPERS dedicated to prefunding Other Post-Employment Benefits (OPEB) for all eligible California public agencies. GCTD has invested in CERBT each year an amount to maintain a zero net liability in accordance with the actuarial calculation required under GASB Statements No. 43 and 45. As of June 30, 2018, GCTD's investment in CERBT was valued at $622,880.

Beginning with the FY2017-18 fiscal year public agencies are required to report OPEB liabilities in accordance with GASB Statements No. 74 and 75. The new GASB statements require public agencies to recognize a liability for OPEB obligations, known as the net OPEB liability (NOL), on the Statement of Net Position, and to recognize an OPEB expense on the Statement of Activities and Changes in New Position. This is very similar to what is now required under GASB 67 and 68 for pensions. GCTD's NOL at FY 2017-18 year-end is $445,991.

Note 4 of the Audit Report addresses the GASB Statements No. 74 and No. 75 requirements in substantially greater detail.

FINANCIAL POSITION SUMMARY

GCTD's total net position for FY 2017-18 is $39,171,675, a 28.4% increase from last year's net position (restated, see Note 19) of $ 30,493,343. Cash is higher and accounts receivable is lower than the prior year because receivables from delayed federal grant approvals were considerably lower than in the previous year. GCTD's grants were approved and most funds associated with FY 2017-18 incurred costs were received prior to year-end. Capital assets are substantially higher than last year as the result of work-in-process (WIP) as GCTD completes the construction of its new Administration and Operations Facility. Accounts payable is substantially higher in FY 2017-18 as the result of delayed billing for the construction.

Condensed Statements of Net Position

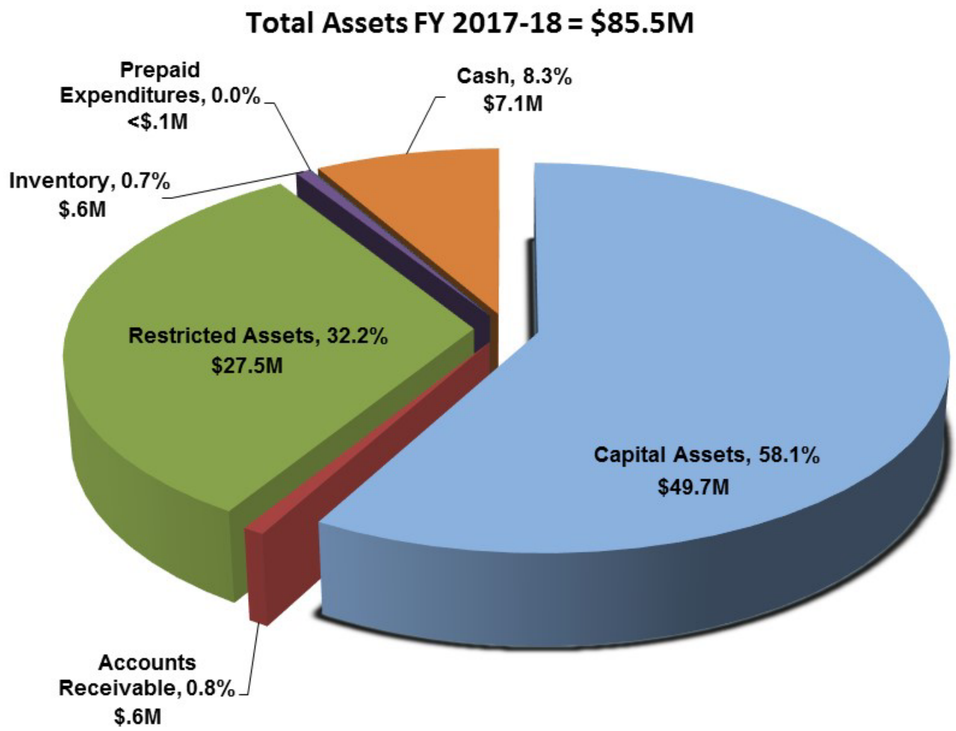
	2018	2017	Change
Assets			
Current Assets	$ 8,364,115	$ 9,882,036	$ (1,517,921)
Capital Assets, Net	49,660,043	31,046,771	18,613,272
All Other Assets	27,500,223	31,814,958	(4,314,735)
Total Assets	85,524,381	72,743,765	12,780,616
Deferred Outflows of Resources	6,160,099	4,785,604	1,374,495
Total Assets and Deferred Outflows of Resources	$ 91,684,480	$ 77,529,369	$ 14,155,111
Liabilities			
Current Liabilities	$ 13,317,226	$ 9,983,839	$ 3,333,387
Non-Current Liabilities	36,960,954	34,633,007	2,327,947
Total Liabilities	50,278,180	44,616,846	5,661,334
Deferred Inflows of Resources	2,234,625	2,045,261	189,364
Net Position:			
Net Investment in Capital Assets	43,538,224	29,389,675	14,148,549
Restricted	9,113,669	9,426,367	(312,698)
Unrestricted (Deficit)	(13,480,218)	(7,948,780)	(5,531,438)
Total Net Position	39,171,675	30,867,262	8,304,413
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 91,684,480	$ 77,529,369	$ 14,155,111

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 WIP 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 remaining *unrestricted deficit net position* is primarily the result of the net pension liability and related deferred inflows and outflows of resources recorded in accordance with GASB Statement No. 68 requirements (see Notes 10 and 13).

GCTD held in its fiduciary funds at year-end $961,595 from California Proposition 1B and LCTOP program funds to be used for pending capital improvement and transit support projects.

The following chart shows GCTD'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

Cash Fares (One Way)	Fare Amount	Multi-Ride Ticket or Monthly Pass	Fare Amount
Adult	$ 1.50	Adult	
Youth (through age 18)	$ 1.50	15-Ride	$ 20.00
Seniors (65-74 years of age with GCTD ID or proof of age)	$ 0.75	31-Day Pass	$ 50.00
Medicare (with Medicare Card)	$ 0.75	Youth	
Disabled (ADA card or GCTD ID)	$ 0.75	15-Ride	$ 15.00
Seniors 75+ (with GCTD ID 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

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

Financial Operations Highlights

Operating revenues decreased 2.2%, from $3,482,127 in FY 2016-17 to $3,403,877 in FY 2017-18. Fixed route revenues decreased 4.4%, attributable to a 3.9% decrease in passenger boardings. Paratransit fare revenues increased 9.1% in FY 2017-18; direct fare sales increased 13% to go along with a 11.5% increase in passenger boardings, and fare support revenue received from the Medi-Cal Administrative Activities (MAA) program increased 5.2% from last year. 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 7.9% from $22,113,345 to $23,853,688. The largest single factor for the increase was the calculated non-cash pension accounting adjustment required for compliance with GASB Statements No. 68 and No. 71. In FY 2016-17, GCTD booked a credit of $304,817, reducing GCTD's operating expenses from $22,418,162 to $22,113,345. In FY 2017-18, GCTD booked a charge of $776,015, increasing GCTD's operating expenses from $23,091,037 to $23,853,668. GCTD's final year-to-year operating expense increase was $1,740,323; of that amount, $1,080,832 was the year-to-year change in the GASB 68/71 accrual and $659,491 was an increase in cash operating expenses. Excluding the calculated pension accrual, GCTD's actual operating expense would show a 3% year-to-year increase.

Addressing operating expense excluding the calculated pension accrual, the year-to-year increase was driven by:

1. A 3.8% increase in salaries and wages, driven by a 3% wage increase in July 2017 for the final year of the three (3) four-year Memoranda of Understanding (MOU) between GCTD and Service Employees International Union (SEIU) Local 721.

2. An 8.4% increase in medical benefit contribution costs, resulting from a 4% increase in GCTD's medical benefit contribution for 2017 and a 7% increase in GCTD's medical benefit contribution for 2018.

3. A 6.6% increase in GCTD's employer pension contribution as the result of increased wages and a higher employer contribution rate.

4. A 6.6% increase in insurance costs, including a 7.9% increase in workers' compensation insurance and a 5.5% increase in liability and other insurances. Both coverages continue to see substantial increases over the past few years. The transit liability insurance market conditions continued to increase in FY 2017-18; GCTD was successful in increasing its self-insured level to reduce premium growth.

5. Continued strong growth in demand for paratransit services resulted in an 11.6% increase in contracted paratransit service, the result of an 11.5% increase in ridership and a 24% increase in revenue hours.

6. GCTD's fuel cost decreased 14.7% in FY 2017-18 as the result of historically low natural gas prices and, to a lesser degree, the addition of more smaller, fuel-efficient vans to the District's paratransit fleet.

7. GCTD's fleet & facilities maintenance operations costs decreased by 4.4% in FY 2017-18, including lower expenditures for repair parts, contract repairs and operation and maintenance of the CNG station.

Condensed Statements of Activities and Changes in Net Position

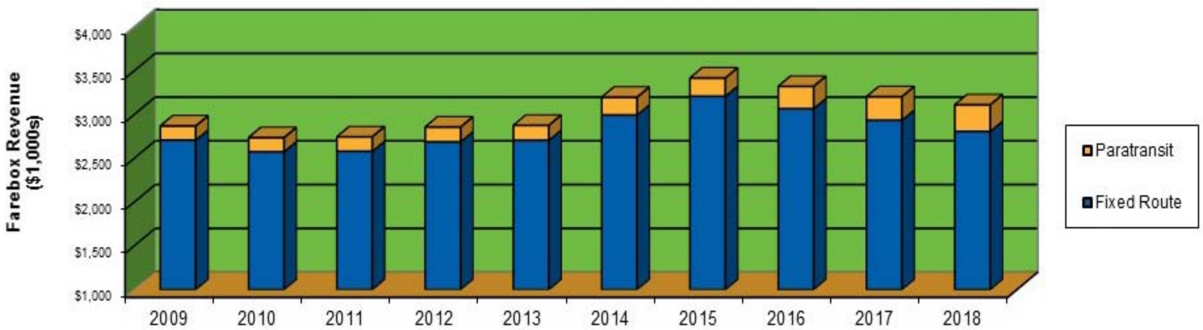
	2018	2017	Change
Operating Revenues	$ 3,403,877	$ 3,482,127	$ (78,250)
Operating Expenses	(23,853,669)	(22,113,345)	(1,740,324)
Operating Loss Before Depreciation	(20,449,792)	(18,631,218)	(1,818,574)
Depreciation	(2,801,731)	(2,919,180)	117,449
Operating Loss	(23,251,523)	(21,550,398)	(1,701,125)
Non-Operating Revenues, Net	20,449,790	18,313,808	2,135,982
Loss Before Capital Contributions	(2,801,733)	(3,236,590)	434,857
Capital Contributions	11,480,065	8,663,011	2,817,054
Change in Net Position	8,678,332	5,426,421	3,251,911
Net Position			
Beginning of Year (2018 restated, see Note 19)	30,493,343	25,440,841	5,052,502
End of Year	$ 39,171,675	$ 30,867,262	$ 8,304,413

REVENUES

A summary of revenues for the year ended June 30, 2018, including the amount of change in relation to prior year amounts, is as follows:

	2018	Percentage of Total	2017	Percentage of Total	Increase (Decrease)
Operating Revenues					
Fixed Route Passenger Fares	$ 2,808,293	11.8%	$ 2,936,328	13.3%	$ (128,035)
ACCESS Paratransit Fares	303,830	1.3%	268,530	1.2%	35,300
Local Support - Paratransit	291,754	1.2%	277,269	1.3%	14,485
Total Operating Revenues	3,403,877	14.3%	3,482,127	15.7%	(78,250)
Non-Operating Revenues					
Local Transportation Funds (TDA)	13,804,353	57.9%	13,338,152	60.3%	466,201
Federal Funding	4,347,696	18.2%	4,335,128	19.6%	12,568
State Funding	180,450	0.8%	153,095	0.7%	27,355
Other Local Revenue	2,117,291	8.9%	804,843	3.6%	1,312,448
Total Non-Operating Revenues	20,449,790	85.7%	18,631,218	84.3%	1,818,572
Total Revenues	$ 23,853,667	100.0%	$ 22,113,345	100.0%	$ 1,740,322

Passenger fare revenues for fixed route bus service decreased 4.4% from FY 2016-17 to FY 2017-18, as the result of a 3.9% decrease in passenger boardings. Paratransit fare revenues increased 13.2% as the result of a 11.5% increase in passenger boardings. Local fare support for paratransit, in the form of MAA service reimbursements from Ventura County, increased by 5.2% in FY 2017-18. As was the case last year, GCTD's FY 2017-18 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 certain 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 2017-18 was 25.3% for fixed route and 18.1% for paratransit, with a combined FBRR of 24.3%. The following chart details GCTD's fare box recovery ratio calculation.

GCTD Farebox Ratio Calculation - FY 2017-18

Fixed Route	**$ in Millions**	***Paratransit***	**$ in Millions**
GCTD Operating Expenses	$ 20.33	GCTD Operating Expenses	$ 3.52
Less Excluded Costs	(0.87)	Less Excluded Costs	(0.22)
GCTD Operating Expenses Less Excluded Costs	$ 19.46	**GCTD Operating Expenses Less Excluded Costs**	$ 3.30
Revenue Applicable to FBRR		**Revenue Applicable to FBRR**	
Fixed Route Passenger Fares	$ 2.81	Paratransit Passenger Fares	$ 0.30
Local Transit Fares	-	Local Transit Fares (MAA)	0.29
Advertising Revenue	0.15		
Energy Credit Revenue	0.59		
Alternative Fuel Excise Tax Credit	1.32		
Interest Income	0.04		
Other Revenues	0.02		
Revenue Applicable to FBRR	$ 4.93	**Revenue Applicable to FBRR**	$ 0.60
Fixed Route FBRR	25.3%	**Paratransit FBRR**	18.1%
		COMBINED FAREBOX RATIO	24.3%

Local Transportation Funds (LTF)

On July 1, 2014, Gold Coast Transit 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 2017-18 GCTD claimed $15,043,768 in LTF funds; of that amount, $2,047,275 was initially claimed by GCTD's members for their transit service requirements, with $60,664 returned later by the City of Ojai in return for GCTD providing local funds. Additionally, GCTD carried $2,176,755 in unearned prior year LTF funds into FY 2017-18. GCTD used $13,804,353 for current year operations and made no contribution to GCTD's Capital Reserve in FY 2017-18, leaving $1,429,559 as the amount carried over for use in a future year.

Federal and State Funds

GCTD's second largest source of operating revenue is the Federal Transit Administration (FTA). GCTD was allocated $4,779,623 in Federal Section 5307 funds in the FY 2018 Program of Projects approved by VCTC, with $3,679,623 programmed for operating budget line items and $1,100,000 programmed for Certificate of Participation (COP) payments.

In FY 2017-18, GCTD expended $3,753,263 in Section 5307 grant funds for operating expense line items and $594,433 in previously awarded CMAQ grant funds to defray the cost of adding new service.

GCTD also receives State Transportation Assistance (STA). In FY 2017-18 the State Controller's Office (SCO) allocated GCTD $237,178 in STA funds. Including some funds allocated in prior years, GCTD expended $159,000 in STA funds in FY 2017-18 and will claim the remainder in FY 2018-19. STA funds increased in FY 2017-18 as the result of additional funding generated by the implementation of SB1. In addition, SB1 also created a new source of funding titled State of Good Repair (SGR). SGR funds can be used for specific eligible activities. GCTD was allocated $49,865 in SGR funds in FY 2017-18 and will claim these funds during FY 2018-19 for preventive maintenance activities. In addition to STA, GCTD in FY 2017-18 received $21,450 in LCTOP funds in support of its mobile ticketing pilot program.

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 $230,000 in FY13-14 but fell off after losing our largest advertising account in 2015. In FY 2017-18 GCTD generated $150,069 in advertising revenues, virtually no change from the previous year. GCTD anticipates some advertising revenue growth, but it is not anticipated to reach previous levels.

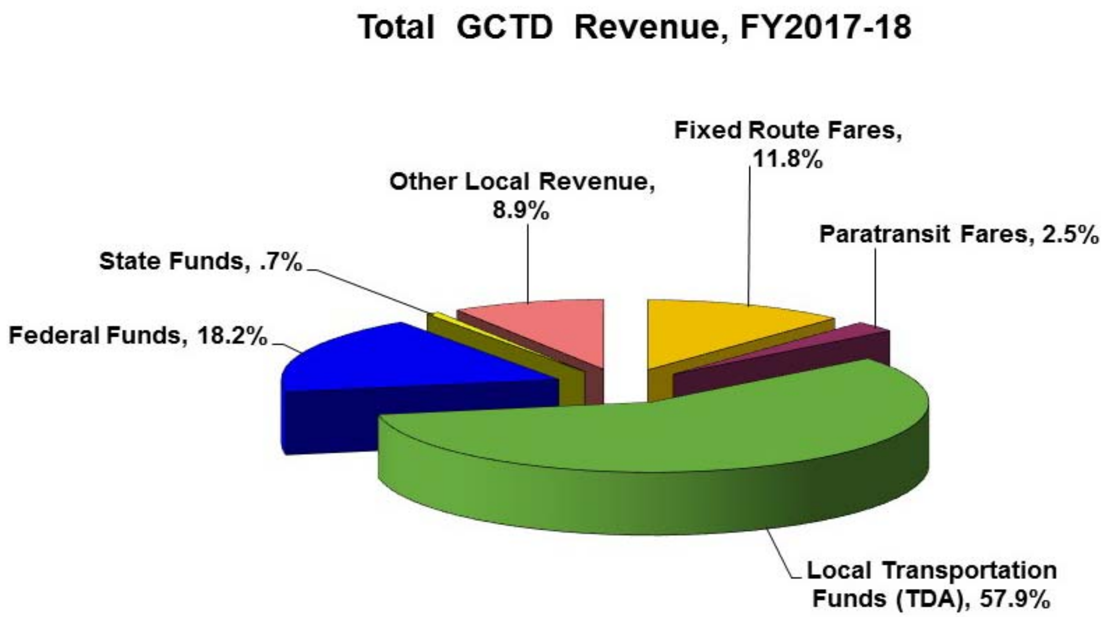
Medi-Cal Reimbursement - GCTD receives through Ventura County Public Health partial reimbursement under the Medi-Cal Administrative Activities (MAA) program for providing Medi-Cal eligible trips on the GCTD ACCESS service. Funding is based on establishing eligibility on a trip-by-trip basis and is calculated and received well in arrears; for that reason, GCTD records these funds in the year received rather than the year earned. In FY 2017-18 GCTD received $291,754 from this program. Revenue from this program has increased with increased Paratransit boardings and an aging population. There is some question regarding the continued applicability of this program to public transit providers.

Alternative Fuel Excise Tax Credit – GCTD has been receiving funds from the federal government's Alternative Fuel Excise Tax Credit program for many years based on its use of CNG as a vehicle fuel. The program expired and was extended several times, with the most recent extension covering tax year 2017. GCTD received in FY 2017-18 $483,851 for four quarters of fuel usage. In addition, bus manufacturer New Flyer of America Inc. (New Flyer) was required in FY 2017-18 to remit to GCTD $832,000 in funds it had previously received under a provision of the Alternative Fuel Excise Tax Credit program associated with buses GCTD purchased from New Flyer in 2007.

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. Environmental Protection Agency) from its use of renewable natural gas to fuel the fleet. In FY 2017-18 GCTD was able to negotiate improved terms for the remaining option years of our third-party gas supply contract and realized $586,651 from the generation and sale of state and federal credits. The market for these credits is based on regulation and demand and can be volatile, however this program has been very beneficial to GCTD.

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 $43,227 in interest in FY 2017-18. Other income consists primarily of the sale of miscellaneous surplus property and is largely unanticipated activity. GCTD earned $21,493 in other income in FY 2017-18.

The following chart shows the major sources of operating and non-operating revenues for the year ended June 30, 2018, as a percentage of total revenues.



EXPENSES

A summary of expenses for the year ended June 30, 2018, including the amount and percentage of change in relation to prior year amounts, is as follows:

	2018	Percentage of Total	2017	Increase (Decrease)	% Increase (Decrease)
Operating Expenses, by Department					
Fixed Route	$ 12,972,112	48.7%	$ 11,825,593	$ 1,146,519	9.7%
Maintenance	3,208,668	12.0%	3,214,222	(5,554)	-0.2%
Planning and Marketing	1,047,008	3.9%	1,003,028	43,980	4.4%
Administration	3,103,866	11.6%	2,906,622	197,244	6.8%
Paratransit	3,522,015	13.2%	3,163,880	358,135	11.3%
Operating Expenses Before Depreciation	23,853,669	89.5%	22,113,345	1,740,324	7.9%
Depreciation	2,801,731	10.5%	2,919,180	(117,449)	-4.0%
Total Operating Expenses	$ 26,655,400	100.0%	$ 25,032,525	$ 1,622,875	6.5%

Fixed Route costs for FY 2017-18 were 9.7% higher than in FY 2016-17. The largest factor by far was the calculated non-cash expense accrued for pension liability in compliance with GASB Statements No. 68 and No. 71; this accounts for over 66% of the total variance. The other cost increase driver was a 4.1% increase in bus operator compensation (wages, medical benefits and retirement). This was partially offset by a 16.4% decrease for CNG fuel for fixed route service resulting from a decrease in the commodity cost of natural gas and a higher negotiated discount for GCTD's third-party gas purchase agreement.

Maintenance costs for FY 2017-18 were .2% lower than in FY 2016-17. Excluding the pension liability accrual, Maintenance costs would have been 4.4% lower. The cost decrease was primarily attributable to lower costs in contract repair and repair parts. Contract repairs were lower because GCTD completed a major program in FY2016-17 and because GCTD staff was able to perform more complex work in-house. Repair parts were lower because of a one-time charge to dispose of obsolete parts in FY 2016-17.

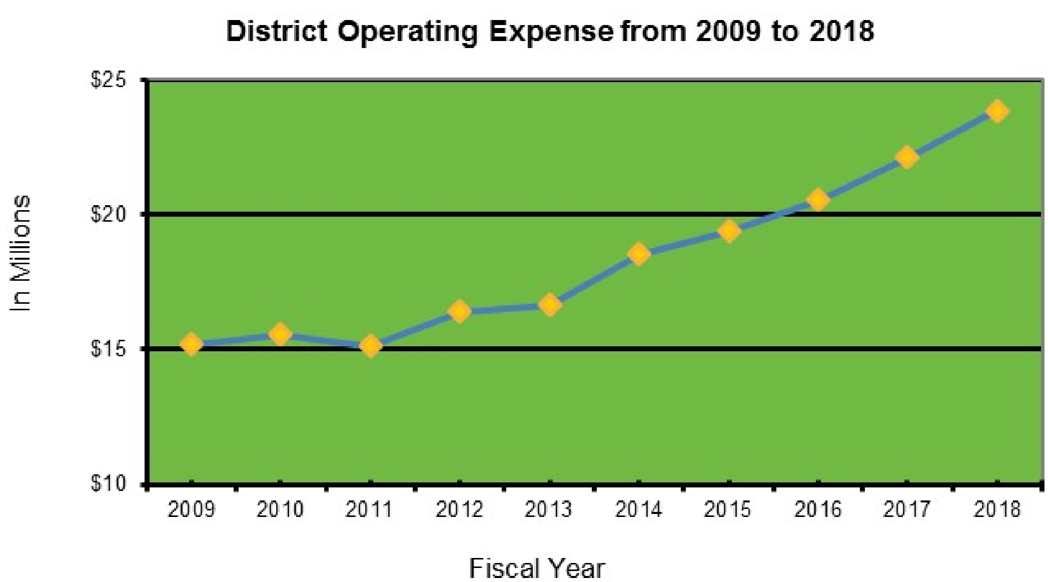
Administration Department costs for FY 2017-18 were 6.8% higher than in FY 2016-17. Excluding the pension liability accrual, Administration costs would have been 2.9% higher. The cost increase drivers were a 2.5% increase in staff compensation (wages, medical benefits and retirement) and a 5% increase in insurance costs, primarily the result of increased liability insurance costs.

Planning and Marketing department costs for FY 2017-18 were 4.4% higher than in FY 2016-17. Excluding the pension liability accrual, Planning and Marketing costs would have been 1.2% lower. Planning and Marketing experienced a 2.4% increase in staff compensation (wages, medical benefits and retirement), but experienced lower non-labor costs in marketing and support activities as staff was able to perform many activities in-house and generally do more with less.

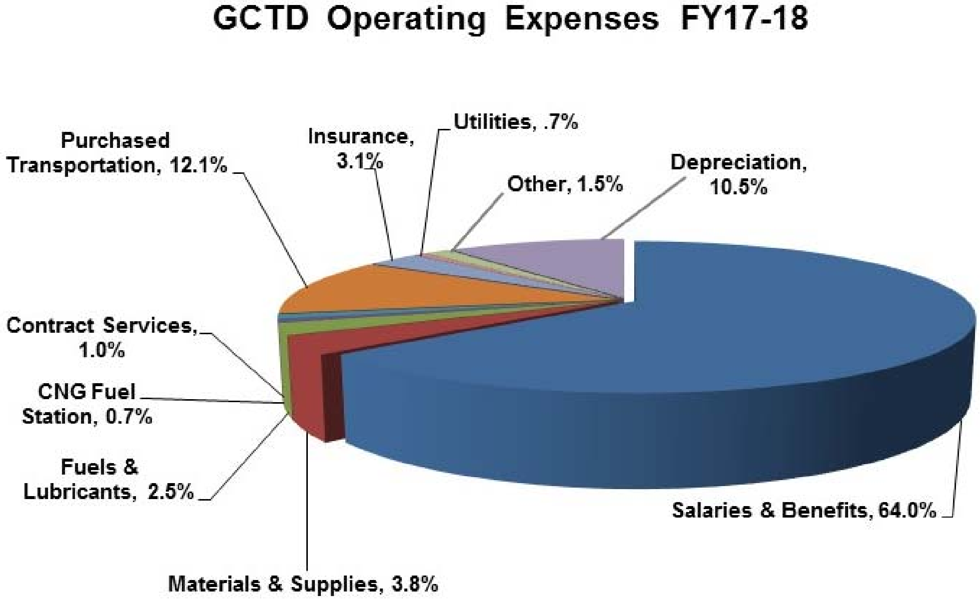
Paratransit operations costs for FY 2017-18 were 11.3% higher than in FY 2016-17. As this department only has one GCTD employee, pension accruals were not a significant factor. The increase is primarily the result of an 11.6% increase in the cost of GCTD's contracted paratransit service, which can be fully attributed to an 11.5% increase in paratransit ridership.

Total operating expenses before depreciation were 7.9% higher than the previous year; excluding entries made for the annual GASB Statements No. 68 and No. 71 adjustment the increase would have been 3%.

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



The following chart shows major cost categories and the percentage of operating expenses for the year ended June 30, 2018:



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-process) 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 2017-18, GCTD added $994,492 in capital additions. These consisted of $900,882 for eight (8) StarCraft 22-foot cutaway buses for GCTD's ACCESS paratransit fleet, $64,549 for new dispatch software for GCTD ACCESS, $16,699 for a bus engine rebuild and $12,362 for database software.

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 California Office of Emergency Services (Cal-OES) 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 but some funds remain.

GCTD closed the fiscal year with $29,893,204 in WIP; GCTD's new Administration and Operations Facility currently under construction in North Oxnard accounts for $29,461,704, and the District's Automated Voice Annunciation (for arrival and departure announcements) as part of the Countywide real-time passenger information system currently being implemented accounts for $431,500.

ECONOMIC AND STRATEGIC FACTORS

The District looks forward to an exciting new era as the new 15-acre GCTD Administration and Operations Facility under construction in North Oxnard nears completion, with opening set for early 2019. While GCTD will finally have a facility that can support its recent and future growth, the commitment GCTD made in taking on long-term debt to complete construction will place increasing importance on the outlook for State and Federal transit funding.

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. The most recent Federal budget provided stable funding levels in line with the authorization legislation, however, like any industry dependent on Federal funding, transit remains susceptible to the current volatility of the Federal budget process.

The economic outlook for California public transit appeared to be rising last year after Governor Brown signed SB1, the Road Repair and Accountability Act of 2017. While most of the funds go to road and infrastructure construction and repairs, SB1 allocated over $750 million for transit agencies to help increase access and service and build capital projects. The future is somewhat less certain at the time of this writing as Proposition 6 on the November 2018 ballot would repeal the gas taxes implemented under SB1. Should Proposition 6 succeed, GCTD, like all California Transit agencies, will experience reduced funding. For GCTD, it also would represent lost opportunity.

LTF, GCTD' s most important funding source, is not growing but has stabilized as the economy continues to grow. With the increased financial commitment the District made in building its new home, GCTD may be more vulnerable to a future economic downturn. Meanwhile, 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 hindrance in competing for State and Federal grant funds. Ventura County voters failed in November 2016 to approve a one-half cent sales tax to fund needed road and transportation improvements; however, Measure AA received over 64% approval in the four cities GCTD serves. 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.

From a labor perspective, GCTD this year completed new agreement with SEIU Local 721, which represents approximately 80% of GCTD's employees. These three Memoranda of Understanding (MOU) run through June 2021. GCTD is currently in negotiations with Teamsters, which represents GCTD Supervisors.

Since 1995 GCTD has used 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, and its contract with GHI Energy provides GCTD renewable natural gas at a discount from the published commodity price and revenue from GCTD's sale of LCFS credits (State of California) and RIN credits (U.S. EPA) generated from its use of CNG as a fuel.

GCTD has ordered an additional five (5) CNG buses for delivery next year and is currently in the first phase of refurbishing and repowering its fleet of 26 New Flyer CNG buses. GCTD will be running its CNG bus fleet for many years. It is apparent from California legislative activity as well as Federal grants programs, however, that the industry is swiftly heading toward a future with electric buses. GCTD's Board of Directors is looking toward the future and recently made the commitment to move the agency toward electric buses for future fleet purchases.

Throughout its history, GCTD (and its predecessor agencies Gold Coast Transit and South Coast Area Transit) has been constrained from growth by the limitations of both its revenue and its facility. The facility issue has been addressed. Increased revenue, from the additional LTF funds available to GCTD when it became a District in 2014 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 LCFS and 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. SB1 had the potential to fill the gap but its future is now in question. It is more critical than ever that a means of local financial support for Ventura County transit is identified and implemented.

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
STATEMENT OF NET POSITION
JUNE 30, 2018
WITH COMPARATIVE TOTALS

	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash, cash equivalents, and investments (Note 2)	$ 7,125,279	$ 5,378,788
Accrued interest receivable	12,034	8,524
Accounts receivable - federal funding	437,321	3,683,865
Accounts receivable - other	197,557	231,123
Materials and supplies inventory	570,454	565,148
Prepaid items	21,470	14,588
Total current assets	8,364,115	9,882,036
NON-CURRENT ASSETS:		
Restricted - cash, cash equivalents, and investments (Notes 2 and 3)	27,429,048	31,780,764
Restricted - accrued interest receivable	71,175	34,194
Capital assets - not being depreciated (Note 5)	38,874,265	18,453,754
Capital assets, net - being depreciated (Note 5)	10,785,778	12,593,017
Total non-current assets	77,160,266	62,861,729
Total assets	85,524,381	72,743,765
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amounts related to net pension liability (Note 10)	6,074,643	4,785,604
Deferred amounts related to OPEB liability (Note 4)	85,456	-
Total deferred outflows of resources	6,160,099	4,785,604
Total assets and deferred outflows of resources	$ 91,684,480	$ 77,529,369
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses (Note 6)	$ 7,195,355	$ 3,359,500
Unearned - other revenues	599,876	596,616
Unearned - local transportation funding (Note 7)	4,540,184	5,287,380
Accrued interest payable	527,094	348,467
Long-term liabilities - due within one year:		
Compensated absences (Note 8)	454,717	391,876
Certificates of participation (Note 9)	283,426	-
Total current liabilities	13,600,652	9,983,839
NON-CURRENT LIABILITIES:		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 8)	454,717	391,877
Certificates of participation (Note 9)	23,357,220	23,697,220
Net pension liability (Note 10)	12,419,600	10,543,910
OPEB (Note 4)	445,991	-
Total non-current liabilities	36,677,528	34,633,007
Total liabilities	50,278,180	44,616,846
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts related to net pension liability (Note 10)	2,234,625	2,045,261
Total deferred outflows of resources	2,234,625	2,045,261
NET POSITION:		
Net investment in capital assets (Note 11)	43,538,224	29,389,675
Restricted for capital acquisition (Notes 3 and 12)	7,719,929	8,038,820
Restricted for debt service (Note 3)	1,393,740	1,387,547
Unrestricted (Deficit) (Note 13)	(13,480,218)	(7,948,780)
Total net position	39,171,675	30,867,262
Total liabilities, deferred inflows of resources, and net position	$ 91,684,480	$ 77,529,369

See accompanying notes to the basic financial statements.

GOLD COAST TRANSIT DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS

	2018	2017
OPERATING REVENUES:		
Passenger fares:		
Fixed route	$ 2,808,293	$ 2,936,328
Paratransit	595,584	545,799
Total operating revenues	3,403,877	3,482,127
OPERATING EXPENSES:		
Vehicle operation	12,972,112	11,825,593
Vehicle maintenance	3,184,117	3,097,824
Planning and marketing	1,047,008	1,003,028
Operations and administration	3,128,417	3,023,020
Paratransit	3,522,015	3,163,880
Total Operating Expenses	23,853,669	22,113,345
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(20,449,792)	(18,631,218)
Depreciation expense	2,801,731	2,919,180
OPERATING LOSS	(23,251,523)	(21,550,398)
NON-OPERATING REVENUES (EXPENSES) AND TRANSFERS:		
Local transportation funding	13,804,353	13,338,152
Federal funding - operating grants	4,347,696	4,335,128
State transit assistance (Note 14)	159,000	150,000
State funding - operating grants	21,450	3,094
Investment earnings	43,227	22,295
Advertising revenue	150,069	150,611
Other revenue	1,923,995	631,938
Cost of issuance of debt	-	(317,410)
Total non-operating revenues, net and transfers	20,449,790	18,313,808
Loss before capital contributions	(2,801,733)	(3,236,590)
CAPITAL CONTRIBUTIONS:		
Federal capital grants	2,506,429	5,333,006
State capital grants	8,858,101	3,028,184
Local capital grants	115,535	301,821
Total capital contributions	11,480,065	8,663,011
Change in net position	8,678,332	5,426,421
NET POSITION:		
Beginning of year, as restated (Note 19)	30,493,343	25,440,841
End of year	$ 39,171,675	$ 30,867,262

See accompanying notes to the basic financial statements.

GOLD COAST TRANSIT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from passenger fares - fixed route	$ 2,808,293	$ 2,936,328
Receipts from passenger fares - paratransit	595,584	545,799
Receipts from others	(41,172)	906,072
Payments to employees for salaries and wages	(16,230,373)	(10,928,930)
Payments to vendors for materials and services	(2,911,317)	(11,630,627)
Net cash used by operating activities	(15,778,985)	(18,171,358)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Proceeds from local transportation funding	13,057,157	12,834,568
Proceeds from federal funding - operating grants	6,283,889	6,553,481
Proceeds from state transit assistance	229,560	150,000
Proceeds from state funding - operating grants	21,450	3,094
Other noncapital financing	2,066,324	-
Net cash provided by non-capital financing activities	21,658,380	19,541,143
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(21,415,003)	(8,697,666)
Proceeds from sale of property and equipment	15,178	-
Proceeds from federal capital grants	3,816,780	3,830,567
Proceeds from state capital grants	8,858,101	3,028,184
Proceeds from local capital grants	115,535	283,468
Proceeds from debt issuance	-	23,716,093
Cost of issuance of debt	-	(317,410)
Premium on COP	(56,574)	-
Interest payments	178,627	-
Net cash provided (used) by capital and related financing activities	(8,487,356)	21,843,236
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	2,736	18,286
Net cash provided by investing activities	2,736	18,286
Net increase (decrease) in cash and investments	(2,605,225)	23,231,307
Cash, cash equivalents, and investments		
Beginning of year	37,159,552	13,928,245
End of year	$ 34,554,327	$ 37,159,552
FINANCIAL STATEMENT PRESENTATION:		
Cash, cash equivalents, and investments	$ 7,125,279	$ 5,378,788
Cash, cash equivalents, and investments - Restricted	27,429,048	31,780,764
Total cash and investments	$ 34,554,327	$ 37,159,552

See accompanying notes to the basic financial statements.

GOLD COAST TRANSIT DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS

	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	$ (23,251,523)	$ (21,550,398)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	2,801,731	2,919,180
Advertising revenue	-	150,611
Other revenue	-	631,938
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:		
Decrease in accounts receivable - other	(44,432)	119,867
(Increase) Decrease in materials and supplies inventory	(5,306)	152,517
(Increase) in prepaid items	(6,882)	(7,988)
(Increase) in net other postemployment benefits asset	(13,384)	-
(Increase) in deferred outflow/inflows related to net pension liability	(1,099,675)	(1,723,438)
Increase (Decrease) in accounts payable and accrued expenses	3,835,855	(308,731)
Increase in compensated absences	125,681	22,807
Increase in unearned revenue	3,260	3,656
Increase in net pension liability	1,875,690	2,158,613
(Decrease) in deferred inflow amounts related to net pension liability	-	(739,992)
Net Cash Used by Operating Activities	$ (15,778,985)	$ (18,171,358)
NON-CASH INVESTING, CAPITAL, AND FINANCING TRANSACTIONS:		
Capitalized interest expense	$ -	$ 348,467
Capitalized premium amortization	$ (56,574)	$ (18,873)

See accompanying notes to the basic financial statements.

GOLD COAST TRANSIT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Expendable Trust Funds		
	Local Transportation Fund	Proposition 1B Grant Fund	Total Fiduciary Funds
ASSETS			
Cash and investments (Note 2)	$ -	$ 961,595	$ 961,595
Total assets	-	961,595	961,595
LIABILITIES			
Unearned revenue	-	-	-
Total liabilities	-	-	-
NET POSITION			
Restricted (Note 15)	-	961,595	961,595
Total net position	$ -	$ 961,595	$ 961,595

See accompanying notes to the basic financial statements.

GOLD COAST TRANSIT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

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

See accompanying notes to the basic financial statements.

GOLD COAST TRANSIT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Expendable Trust Funds		
	Local Transportation Fund	Proposition 1B Grant Fund	Total Fiduciary Funds
Additions:			
Local transportation funding	$ 15,043,768	$ -	$ 15,043,768
PTMISEA funding (Note 15)	-	262,211	262,211
Investment earnings	-	2,561	2,561
Total additions	15,043,768	264,772	15,308,540
Deductions:			
Claims paid to claimants:			
City of Ojai	121,336	-	121,336
City of Oxnard	520,258	-	520,258
City of Port Hueneme	19,259	-	19,259
City of San Buenaventura	156,233	-	156,233
County of Ventura	1,167,355	-	1,167,355
Gold Coast Transit District	13,059,327	8,879,551	21,938,878
Total deductions	15,043,768	8,879,551	23,923,319
Change in net position	-	(8,614,779)	(8,614,779)
Net position:			
Beginning of year	-	9,576,374	9,576,374
End of year	$ -	$ 961,595	$ 961,595

See accompanying notes to the basic financial statements.

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	Proposition 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

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. Basis of Accounting, Measurement Focus, and Financial Reporting

The financial statements (i.e., the statement of net position, the statement of activities and changes in net position, and statement of cash flows) report information on all 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 activities 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 accounting principles generally accepted in the United States of America (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.

NOTE 1 – <u>REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

B. 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. General operating costs and capital improvement costs that 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).

C. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. 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.

E. 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.

Governmental Accounting Standards Board (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.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Materials and Supplies Inventory

Materials and supplies inventory consist 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.

G. Prepaid Items

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

H. Bond Premiums and Issuance Costs

Premiums are amortized over the respective lives of debt using the straight-line method.

I. Capital Assets

Capital assets are stated at cost, net of accumulated depreciation, except for the portions acquired by contribution, which are recorded at fair value at the time received. The capitalization threshold for any reporting capital assets is $5,000. Depreciation is based on the estimated useful lives of the assets, which range from 3 to 30 years, using the straight-line method.

The estimated useful lives of the assets are 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

J. 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 retirement, death, or voluntary termination with a minimum of ten years of service. Payment shall be made in an amount of 50% of accrued sick leave upon retirement, death, or voluntary termination of the qualified employee. Accordingly, 50% of the accumulated sick leave for qualified employees is accrued at year-end to account for the District's obligation for the amount owed.

K. 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 District's California Public Employee's Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions (Continued)

The following timeframes are used for pension reporting:

CalPERS	2018	2017
Valuation date	June 30, 2016	June 30, 2015
Measurement date	June 30, 2017	June 30, 2016
Measurement period	July 1, 2016 to June 30, 2017	July 1, 2015 to June 30, 2016

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.

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the reported results must pertain to liability and asset information within certain defined timeframes.

U.S. GAAP requires that the reported results pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Measurement Period:	July 1, 2016 to June 30, 2017

M. Unearned – Local Transportation Funding

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

N. Grant Funding

Grants for operating assistance and capital acquisitions are included in their respective non-operating and capital contribution sections of the statement of activities 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.

O. Non-Operating Revenues and Capital Contributions

The District receives LTF under provisions of the State of California's Transportation Development Act of 1971 (TDA). This act provides that a portion of state sales tax proceeds be made available for support and development of public transportation. These funds are generated within Ventura County

NOTE 1 – <u>REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

O. Non-Operating Revenues and Capital Contributions (Continued)

and are allocated based on annual claims filed by the District and approved by the Ventura County Transportation Commission (VCTC). A portion of these proceeds (at the discretion of the District's Board of Directors) may be set aside to fund capital acquisitions and is classified as local capital grants in the capital contribution section of the statement of activities 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 activities and changes in net position.

Under provisions of the Fixing America's Surface Transportation (FAST) Act, signed into law on December 4, 2015, 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 activities and changes in net position.

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

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

P. Net Position

In the statement of net position, net position is categorized in the following categories:

<u>Net Investment in Capital Assets</u> – This amount consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt attributed to the acquisition, construction, or improvement of those assets.

<u>Restricted Net Position</u> – This amount consists of net position with constraints placed on its use through external constraints imposed by external creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

<u>Unrestricted Net Position</u> – This amount consists of net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources for the purposes intended, then unrestricted resources as they are needed.

Q. New Accounting Pronouncements – Implemented

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans.* The provisions of this statement are effective for fiscal years beginning after June 15, 2017. See Note 4 for a detailed discussion of the effects of the District's current and prior period financial statements as a result of this standard.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreement.* The requirements of this statement are effective for reporting periods beginning after December 15, 2016. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 85 – *Omnibus 2017*. The requirements of this statement are effective for periods beginning after June 15, 2017. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. New Accounting Pronouncements – Implemented (Continued)

GASB Statement No. 86 – *Certain Debt Extinguishment Issues.* The requirements of this statement are effective for periods beginning after June 15, 2017. There was no effect on the District's accounting and financial reporting as a result of implementing this standard.

R. Future Governmental Accounting Standards Board Statements

GASB Statement No. 83 – *Certain Asset Retirement Obligations.* The requirements of this statement are effective for periods beginning after June 15, 2018. The District will implement GASB Statement No. 83 if and where applicable.

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for periods beginning after December 15, 2018. The District will implement GASB Statement No. 84 if and where applicable.

GASB Statement No. 87 – *Leases.* The requirements of this statement are effective for periods beginning after December 15, 2019. The District will implement GASB Statement No. 87 if and where applicable.

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The requirements of this statement are effective for periods beginning after June 15, 2018. The District will implement GASB Statement No. 88 if and where applicable.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period.* The requirements of this statement are effective for periods beginning after December 15, 2019. The District will implement GASB Statement No. 89 if and where applicable.

GASB Statement No. 90 – *Majority Equity Interests and amendment of GASB Statement No. 14 and No. 61.* The requirements of this statement are effective for periods beginning after December 15, 2018. The District will implement GASB Statement No. 90 if and where applicable.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments as June 30, 2018 and 2017, are classified in the accompanying financial statements as follows:

	2018	2017
Cash, cash equivalents, and investments	$ 7,125,279	$ 5,378,788
Restricted - cash, cash equivalents, and investments	27,429,048	31,780,764
Cash and investments - fiduciary funds	961,595	9,576,374
Total cash, cash equivalents, and investments	$ 35,515,922	$ 46,735,926

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Cash, cash equivalents, and investments as of June 30, 2018 and 2017, consisted of the following:

	2018	2017
Cash on hand	$ 3,592	$ 11,551
Demand deposits held with financial institutions	843,452	709,924
Investments	34,668,878	46,014,451
Total cash, cash equivalents, and investments	$ 35,515,922	$ 46,735,926

A. Demand Deposits

At June 30, 2018 and 2017, the carrying amount of the District's demand deposits was $843,452 and $709,924, respectively, and the financial institution balance was $734,947 and $523,679, respectively. The $108,505 and $186,245 respective net difference as of June 30, 2018 and 2017, 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.

B. Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools, such as Local Agency Investment Fund (LAIF) and Ventura County Pooled Investment Fund (VCPIF).

As of June 30, 2018 and 2017, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

C. Investments

The District's investments as of June 30, 2018, are as follows:

Investment Type	Measurement Input	Credit Rating	June 30, 2018 Fair Value	Remaining Maturity (in Months) 12 Months or Less
LAIF	Uncategorized	N/A	$ 2,027,173	$ 2,027,173
Money market accounts held with financial institutions	Level 2	AAA	5,212,657	5,212,657
Money market accounts held in trust with debt trustee	Level 2	AAA	19,755,253	19,755,253
VCPIF	Level 2	AAAF/S-1+	7,673,795	7,673,795
Total			$ 34,668,878	$ 34,668,878

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

Investment Type	Measurement Input	Credit Rating	June 30, 2017 Fair Value	Remaining Maturity (in Months) 12 Months or Less
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
VCPIF	Level 2	AAAF/S-1+	8,014,181	8,014,181
Total			$ 46,014,451	$ 46,014,451

D. 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:
LAIF
VCPIF
Non-negotiable certificates of deposit
Governmental agency securities

E. 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/.

E. Investment in California Local Agency Investment Fund (LAIF) (Continued)

The District's investments with LAIF at June 30, 2018 and 2017, 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 $2,027,155 and $3,238,149 invested in LAIF, which had invested 2.67% and 2.89% of the pooled investment funds as of June 30, 2018 and 2017, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998126869 and 0.998940671 was used to calculate the fair value of the investments in LAIF as of June 30, 2018 and 2017, respectively.

F. 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 Ventura 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 Ventura County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the Ventura 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 Ventura County's Treasurer has indicated to the District that as of June 30, 2018 and 2017, the value of the Ventura County's portfolio was approximately $2.4 billion and $2.1 billion, respectively. As of June 30, 2018 and 2017, the District has investment in the VCPIF $7,673,795 and $8,014,181, respectively. The VCPIF fair value factor of 1.002079723 and 1.00026119 was used to calculate the fair value of the investments in VCPIF as of June 30, 2018 and 2017, respectively.

G. Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by U.S. GAAP. The District has presented its measurement inputs as noted in the table above.

H. 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, 2018 and 2017, the District's investment in the LAIF was not rated as noted in the table above.

I. Interest Rate Risk

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

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

J. 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:

	2018	2017
Restricted - cash and investments	$ 27,429,048	$ 31,780,764
Restricted - accrued interest receivable	71,175	34,194
Total restricted assets	$ 27,500,223	$ 31,814,958

Restricted assets as of June 30, consisted of the following

	2018	2017
Proceeds from LTF for capital projects	$ 7,719,929	$ 8,038,820
Proceeds from debt issuance - capital project funds	17,518,826	22,040,124
Proceeds from debt issuance - debt reserve funds	1,393,740	1,387,547
Cash transferred to debt repayment fund for July 1st payment	867,728	348,467
Total restricted assets	$ 27,500,223	$ 31,814,958

NOTE 4 – OPEB

A. General Information about the OPEB Plan

Plan Description – The District provides retiree healthcare benefits for employees who retire with CalPERS pension benefits immediately upon retirement from the District. The District's OPEB 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.

Employees Covered – As of the June 30, 2017 valuation, the following current and former employees were covered by the benefit terms for the OPEB Plan:

Active Employees	196
Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Employees Entitled to but not yet Receiving Benefits	-
Total	209

NOTE 4 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

Contributions – The contribution requirements are established and amended by the District. The contribution is based on pay-as-you-go financing requirements. For the year ended June 30, 2018, the District contributed $67,209 to the California Employers' Retiree Benefit Trust Fund (CERBT) irrevocable trust and $18,247 for member expenses as the pay-as-you-go portion, resulting in total payments of $85,456.

Net OPEB Liability – The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was the plan fiduciary net position of the CERBT held with CalPERS. The following actuarial methods and assumptions were used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.00%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds [1]
Post Retirement Benefit Increase	Derived using CalPERS' Membership Data for all Funds [2]

[1] Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

[2] The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap	43%	7.795%
US Small Cap	23%	7.795%
Long-Term Corporate Bonds	12%	5.295%
Long-Term Government Bonds	6%	4.500%
Treasury Inflation Protected Securities	5%	7.795%
US Real Estate	8%	7.795%
All Commodities	3%	7.795%
Total	100%	

NOTE 4 – OPEB (Continued)

A. General Information about the OPEB Plan (Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be sufficient to fully fund the obligation over a period not to exceed 30 years. Historic 30-year real rates of return for each asset class along with the assumed long-term inflation assumption were used to set the discount rate. The expected investment return was offset by the investment expenses of 15 basis points. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries.

Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability – The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	OPEB Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2016	$ 865,567	$ 399,368	$ 466,199
Changes in the Year:			
Service Cost	51,885	-	51,885
Interest on the Total OPEB Liability	61,713	-	61,713
Contribution - Employer	-	92,280	(92,280)
Contribution - Employee	-	-	-
Actual Investment Income	-	41,882	(41,882)
Administrative Expenses	-	(356)	356
Benefit Payments	(18,349)	(18,349)	-
Net Changes	95,249	115,457	(20,208)
Balance at June 30, 2017	$ 960,816	$ 514,825	$ 445,991

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

1% Decrease	6.00%
Net OPEB Liability	$ 591,598
Current Discount Rate	7.00%
Net OPEB Liability	$ 445,991
1% Increase	8.00%
Net OPEB Liability	$ 329,142

NOTE 4 – <u>OPEB</u> (Continued)

A. General Information about the OPEB Plan (Continued)

Sensitivity of the Net OPEB (Asset)/Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB (asset)/liability, as well as what the net OPEB (asset)/liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease		3.00%
Net OPEB Liability	$	328,091
Current Discount Rate		4.00%
Net OPEB Liability	$	445,991
1% Increase		5.00%
Net OPEB Liability	$	586,073

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Recognition of Deferred Outflows and Deferred Inflows of Resources – Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $72,072. As of fiscal year ended June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	$ 85,456	$ -
Differences between Actual and Expected Experience	-	-
Changes in Assumptions	-	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	-
Total	$ 85,456	$ -

The $85,456 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019.

NOTE 5 – CAPITAL ASSETS

During fiscal year 2018, the District added $21,415,003 in construction-in-process or depreciable capital asset additions. The changes in capital assets for the fiscal year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Deletions/ Transfers	Balance June 30, 2018
Capital Assets, Not Being Depreciated:				
Land	$ 8,981,061	$ -	$ -	$ 8,981,061
Construction in progress	9,472,693	21,415,003	(994,492)	29,893,204
Total Capital Assets, Not Being Depreciated	18,453,754	21,415,003	(994,492)	38,874,265
Capital Assets, Being Depreciated:				
Revenue vehicles - fixed route	24,570,585	16,699	-	24,587,284
Facilities	7,000,268	-	-	7,000,268
Equipment and furniture	3,924,120	12,362	-	3,936,482
Intangible assets	39,401	-	-	39,401
Paratransit revenue vehicles	2,331,231	885,347	(857,445)	2,359,133
Paratransit equipment	166,576	80,084	-	246,660
Total Capital Assets, Being Depreciated	38,032,181	994,492	(857,445)	38,169,228
Accumulated Depreciation:				
Revenue vehicles - fixed route	(14,265,793)	(2,048,286)	-	(16,314,079)
Facilities	(6,592,944)	(81,435)	-	(6,674,379)
Equipment and furniture	(2,575,864)	(257,191)	-	(2,833,055)
Intangible assets	(39,401)	-	-	(39,401)
Paratransit revenue vehicles	(1,798,586)	(404,693)	857,445	(1,345,834)
Paratransit equipment	(166,576)	(10,126)	-	(176,702)
Total Depreciation	(25,439,164)	(2,801,731)	857,445	(27,383,450)
Total Capital Assets, Being Depreciated, Net	12,593,017	(1,807,239)	-	10,785,778
Total Capital Assets, Net	$ 31,046,771	$ 19,607,764	$ (994,492)	$ 49,660,043

In 2018, the District capitalized $1,054,188 in interest expense to construction-in-process under the construction period of the District's new operations and maintenance facility.

NOTE 5 – CAPITAL ASSETS (Continued)

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 fiscal year ended June 30, 2017, were as follows:

	Balance June 30, 2016	Additions	Deletions/ Transfers	Balance June 30, 2017
Capital Assets, Not Being Depreciated:				
Land	$ 8,959,491	$ 21,570	$ -	$ 8,981,061
Construction in progress	3,555,785	8,701,427	(2,784,519)	9,472,693
Total Capital Assets, Not Being Depreciated	12,515,276	8,722,997	(2,784,519)	18,453,754
Capital Assets, Being Depreciated:				
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 Capital Assets, Being Depreciated	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 Capital Assets, Being Depreciated, Net	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.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2018	2017
Accounts payable	$ 6,794,858	$ 2,972,321
Accrued wages and benefits	400,497	387,179
Total	$ 7,195,355	$ 3,359,500

NOTE 7 – UNEARNED – LOCAL TRANSPORTATION FUNDING

In accordance with TDA statutes and the California Code of Regulations, Title 21, Chapter 3, Subchapter 2, Article 5, Section 6649(b), LTF 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, 2018:

Year Received	Amount Authorized	Unearned LTF Amount	Year to be Recognized
2016-2017	$ 13,084,568	$ 3,110,625	2018-2019
2017-2018	$ 12,996,493	1,429,559	2019-2020
		$ 4,540,184	

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

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

NOTE 8 – COMPENSATED ABSENCES

Compensated absences comprise unpaid vacation leave, sick leave, and compensated 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, 2018 and 2017, are as follows:

Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Current Balance	Long-Term Balance
$ 783,753	$ 1,476,673	$ (1,350,992)	$ 909,434	$ 454,717	$ 454,717

Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Current Balance	Long-Term Balance
$ 760,946	$ 936,544	$ (913,737)	$ 783,753	$ 391,876	$ 391,877

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:

	Balance June 30, 2017	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2018	Due Within One Year
Certificates of participation	$ 22,000,000	$ -	$ -	$ 22,000,000	$ 340,000
Premium on certificates of participation, net	1,697,220	-	(56,574)	1,640,646	(56,574)
Total long-term debt	$ 23,697,220	$ -	$ (56,574)	$ 23,640,646	$ 283,426

Fiscal Year	Principal	Interest	Total
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	410,000	970,938	1,380,938
2024-2028	2,380,000	4,537,289	6,917,289
2029-2033	3,060,000	3,862,443	6,922,443
2034-2038	3,805,000	3,114,150	6,919,150
2039-2043	4,765,000	2,149,375	6,914,375
2044-2048	6,120,000	795,750	6,915,750
Total	$ 22,000,000	$ 19,504,946	$ 41,504,946

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, 2018, were as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Deferred Outflows of Resources				
Employer contributions to pension plan made after the measurement date	$ 1,653,604	$ 1,721,226	$ (1,653,604)	$ 1,721,226
Differences between projected and actual earnings on pension plan investments	3,132,000	-	(875,298)	2,256,702
Changes in assumptions	-	2,867,527	(775,007)	2,092,520
Differences between projected and actual experience	-	5,749	(1,554)	4,195
Total deferred outflows of resources	$ 4,785,604	$ 4,594,502	$ (3,305,463)	$ 6,074,643
Net Pension Liability				
CalPERS - Miscellaneous Plan	$ 10,543,910	$ 3,529,294	$ (1,653,604)	$ 12,419,600
Total net pension liability	$ 10,543,910	$ 3,529,294	$ (1,653,604)	$ 12,419,600
Deferred Inflows of Resources				
Differences between projected and actual earnings on pension plan investments	$ 1,169,166	$ 1,465,463	$ (877,677)	$ 1,756,952
Changes in assumptions	380,555	-	(181,216)	199,339
Differences between projected and actual experience	495,540	-	(217,206)	278,334
Total deferred outflows of resources	$ 2,045,261	$ 1,465,463	$ (1,276,099)	$ 2,234,625

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

	Balance July 1, 2016	Additions	Deletions	Balance 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 outflows of resources	$ 2,785,253	$ 243,014	$ (983,006)	$ 2,045,261

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plans

Plan Description

The District contributes to 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 are 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. These reports 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 (COLA), 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 COLAs 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% at 55 years of age, highest annual average compensation during any consecutive 36-month period (3-year final compensation). For all other employees hired on or after January 1, 2013, the retirement benefit is 2.0% at 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 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 PEPRA for transit workers resulting from AB 1222 (codified in Government 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.

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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

The Plan's provisions and benefits in effect at June 30, 2017 and 2016, (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 service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50-55	52-67
Monthly Benefits, as a Percentage of Eligible Compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates	7.579%	6.250%
Required Employer Contribution Rates - 2017	9.855%	9.855%
Required Employer Contribution Rates - 2016	17.048%	6.250%

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.

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, 2018 and 2017, the contributions for the Plan were as follows:

	2018	2017
Contributions - employer	$ 1,721,226	$ 1,653,604
Contributions - employee member	784,264	725,115
Total	$ 2,505,490	$ 2,378,719

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension

For the measurement periods ended June 30, 2017 and 2016, the total pension liability was determined by rolling forward the June 30, 2016 and 2015 total pension liability, respectively. The June 30, 2017 and the June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.65%
Inflation	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service (1)	Varies by Entry Age and Service (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (3)	Derived using CalPERS' Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service, and type of employment.
(2) Net of pension plan investment and administrative expenses, including inflation.
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2016 and 2015 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, 2017 and 2016 (Measurement Date) was 7.15 percent and 7.65 percent, respectively. 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.

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The tables 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.

2017 Asset Class	New Strategic Allocation	Real Return Years 1 - 10 [(a)]	Real Return Years 11+ [(b)]
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

[(a)] An expected inflation of 2.5% used for this period.
[(b)] An expected inflation of 3.0% used for this period.

2016 Asset Class	New Strategic Allocation	Real Return Years 1 - 10 [(a)]	Real Return Years 11+ [(b)]
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%
Total	100.00%		

[(a)] An expected inflation of 2.5% used for this period.
[(b)] An expected inflation of 3.0% used for this period.

NOTE 10 – <u>NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN</u> (Continued)

C. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the year ended June 30, 2017 measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016 (Valuation Date) [1]	$ 46,248,102	$ 35,704,192	$ 10,543,910
Changes Recognized for the Measurement Period			
Service Cost	1,829,423	-	1,829,423
Interest on the Total Pension Liability	3,498,403	-	3,498,403
Differences between Actual and Expected Experience	5,749	-	5,749
Changes in Assumptions	2,867,527	-	2,867,527
Changes in Benefit Terms	-	-	-
Contribution - Employer	-	1,635,904	(1,635,904)
Contribution - Employee	-	722,714	(722,714)
Net Investment Income [2]	-	4,019,509	(4,019,509)
Administrative Expenses	-	(52,715)	52,715
Benefit Payments, Including Refunds of Employee Contributions	(2,214,742)	(2,214,742)	-
Net Changes	5,986,360	4,110,670	1,875,690
Balance at June 30, 2017 (Measurement Date) [1]	$ 52,234,462	$ 39,814,862	$ 12,419,600

[1] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance, and OPEB expense. This may differ from the Plan assets reported in the funding actuarial valuation report.
[2] Net of administrative expenses.

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

C. Changes in the Net Pension Liability (Continued)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015 (Valuation Date) [1]	$ 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
Differences between Actual and Expected Experience	(243,014)	-	(243,014)
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Contribution - Employer	-	1,585,400	(1,585,400)
Contribution - Employee	-	731,597	(731,597)
Net Investment Income [2]	-	171,677	(171,677)
Administrative Expenses	-	(21,436)	21,436
Benefit Payments, Including Refunds of Employee Contributions	(1,935,932)	(1,935,932)	-
Net Changes	2,689,919	531,306	2,158,613
Balance at June 30, 2016 (Measurement Date) [1]	$ 46,248,102	$ 35,704,192	$ 10,543,910

[1] The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance, and OPEB expense. This may differ from the Plan assets reported in the funding actuarial valuation report.
[2] Net of administrative expenses.

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

For the measurement period ending June 30, 2017, the following presents the net pension liability of the Plan, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
$ 19,464,717	$ 12,419,600	$ 6,591,753

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

D. Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

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

E. Pension Plan Fiduciary Net Position

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

F. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2017, the District incurred a pension expense of $2,479,541 for the Plan.

As of measurement date of June 30, 2017, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions to pension plan made after the measurement date	$ 1,721,226	$ -
Differences between projected and actual earnings on pension plan investments	2,256,702	1,756,952
Changes in assumptions	2,092,520	199,339
Net differences between projected and actual experience	4,195	278,334
Total	$ 6,074,643	$ 2,234,625

The employer contribution of $1,721,226 will be amortized in the fiscal year ended June 30, 2019.

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

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

For the measurement period ending June 30, 2016, the District incurred a pension expense of $1,348,787 for the Plan.

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

	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
Net differences between projected and actual experience	-	495,540
Total	$ 4,785,604	$ 2,045,261

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

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 (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Plan for the 2016-17 and 2015-16 measurement periods is 3.7 years and 4.2 years, respectively, which was obtained by dividing the total service years of 1,815 and 1,577, respectively, (the sum of remaining service lifetimes of the active employees) by 493 and 377, respectively (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, 2018, 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	
2019	$ 375,762
2020	1,279,513
2021	756,608
2022	(293,091)
2023	-
Thereafter	-
Total	$ 2,118,792

NOTE 10 – NET PENSION LIABILITY AND THE DEFINED BENEFIT PENSION PLAN (Continued)

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

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	
2018	$ (107,708)
2019	(107,706)
2020	796,045
2021	506,108
2022	-
Thereafter	-
Total	$ 1,086,739

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

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

	2018	2017
Net investment in capital assets:		
Proceeds from debt issuance - capital project funds	$ 17,518,827	$ 22,040,124
Capital assets - not being depreciated	38,874,265	18,453,754
Capital asset, net - being depreciated	10,785,778	12,593,017
Certificates of participation	(23,640,646)	(23,697,220)
Total net investment in capital assets	$ 43,538,224	$ 29,389,675

NOTE 12 – RESTRICTED NET POSITION

LTF granted for operating assistance is 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, 2018 and 2017, are as follows:

	2018	2017
Beginning of year	$ 8,038,820	$ 8,087,811
Additions:		
Local transportation funding	-	250,000
Local capital grants - interest earned	101,697	50,162
Market valuation of investment	13,837	-
Deletions:		
Market valuation of investment	-	(7,896)
Capital acquisitions	(434,425)	(341,257)
Change in restricted funds for capital acquisitions	(318,891)	(48,991)
End of year	$ 7,719,929	$ 8,038,820

NOTE 13 – UNRESTRICTED (DEFICIT) NET POSITION

As of June 30, 2018, the District has an unrestricted net position deficit of $13,480,218. Due to the nature of the deficit from the net pension liability of $12,419,600, 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:

	2018	2017
State transit assistance revenue received to fund operations	$ 159,000	$ 150,000

NOTE 15 – OTHER STATE ASSISTANCE

A. Proposition 1B Grant (Prop. 1B)

The California PTMISEA 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 and capital asset projects.

NOTE 15 – OTHER STATE ASSISTANCE (Continued)

B. 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 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.

C. Low Carbon Transit Operations Program (LCTOP)

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 2015-16. 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, 2018, was as follows:

	Prop. 1B Grant Fund			
	Prop. 1B Grant	PTMISEA	LCTOP	Total
Beginning net position - July 1, 2017	$ 129,258	$ 9,406,382	$ 40,734	$ 9,576,374
Proceeds received	243,425	-	18,786	262,211
Capital assets program purchases:				
New facility	(195,000)	(7,713,205)	-	(7,908,205)
Replacement buses	-	(949,896)	-	(949,896)
Fare support - Token Transit	-	-	(21,450)	(21,450)
Total capital asset program purchases	(195,000)	(8,663,101)	(21,450)	(8,879,551)
Investment earnings allocated	53	2,487	21	2,561
Change in net position	48,478	(8,660,614)	(2,643)	(8,614,779)
Ending net position - June 30, 2018	$ 177,736	$ 745,768	$ 38,091	$ 961,595

NOTE 15 – OTHER STATE ASSISTANCE (Continued)

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

	Prop. 1B Grant Fund			
	Prop. 1B Grant	PTMISEA	LCTOP	Total
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

NOTE 16 – DEFERRED COMPENSATION SAVING 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 Programs' assets held with the trustees is as follows:

	2018	2017
Nationwide	$ 2,691,044	$ 2,362,397
Mass Mutual	717,967	762,578
ICMA Retirement Corp	771,365	706,602
Total	$ 4,180,376	$ 3,831,577

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 these Programs, the assets and related liabilities are not presented in the accompanying financial statements.

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:

	2018	2017
Insurance coverage limits:		
CNG fueling station	$ 3,943,100	$ 3,943,100
Buildings and structures	3,156,030	3,156,030
Business and property	2,460,705	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

A. 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
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	$ 114,111

NOTE 18 – COMMITMENTS (Continued)

B. 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.

C. 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.

D. 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 LTF. For the years ended June 30, 2018 and 2017, the District met this requirement with fares to operating costs ratio of combined service of 24.3% and 20.7%, respectively.

NOTE 19 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to net position as follows:

Net Position, as Previously Reported	$ 30,867,262
Implementation of GASB Statement No. 75 Change in Accounting Principle	(373,919)
Net Position Beginning of Year, as Restated	$ 30,493,343

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 31, 2018, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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GOLD COAST TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS ENDED JUNE 30, 2018*

Measurement Period	2016-17	2015-16	2014-15	2013-14
Total Pension Liability				
Service Cost	$ 1,829,423	$ 1,569,279	$ 1,569,756	$ 1,439,195
Interest on Total Pension Liability	3,498,403	3,299,586	3,107,585	2,955,928
Differences between Expected and Actual Experience	5,749	(243,014)	(621,259)	-
Changes in Assumptions	2,867,527	-	(742,987)	-
Benefit Payments, Including Refunds of Employee Contributions	(2,214,742)	(1,935,932)	(1,912,604)	(1,860,423)
Net Change in Total Pension Liability	5,986,360	2,689,919	1,400,491	2,534,700
Total Pension Liability - Beginning	46,248,102	43,558,183	42,157,692	39,622,992
Total Pension Liability - Ending (a)	$ 52,234,462	$ 46,248,102	$ 43,558,183	$ 42,157,692
Plan Fiduciary Net Position				
Contributions - Employer	$ 1,635,904	$ 1,585,400	$ 1,301,520	$ 1,192,180
Contributions - Employee	722,714	731,597	660,103	629,617
Net Investment Income	4,019,509	171,677	782,090	5,116,686
Benefit Payments, including Refunds of Employee Contributions	(2,214,742)	(1,935,932)	(1,912,604)	(1,860,423)
Administrative Expenses	(52,715)	(21,436)	(39,582)	-
Net Change in Plan Fiduciary Net Position	4,110,670	531,306	791,527	5,078,060
Plan Fiduciary Net Position - Beginning	35,704,192	35,172,886	34,381,359	29,303,299
Plan Fiduciary Net Position - Ending (b)	$ 39,814,862	$ 35,704,192	$ 35,172,886	$ 34,381,359
Net Pension Liability - Ending [(a) - (b)]	$ 12,419,600	$ 10,543,910	$ 8,385,297	$ 7,776,333
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.22%	77.20%	80.75%	81.55%
Covered-Employee Payroll [1]	$ 9,898,406	$ 9,268,128	$ 8,714,571	$ 7,827,241
Net Pension Liability as a Percentage of Covered-Employee Payroll	125.47%	113.77%	96.22%	99.35%

[1] Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 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.

* Fiscal year 2015 was the 1st year of implementation; therefore, only four years are shown.

GOLD COAST TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)
FOR THE LAST TEN YEARS ENDED JUNE 30, 2018*

Notes to Schedule:

Benefit changes. In 2018 and 2017, there were no benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014.

Changes in assumptions. In 2018 and 2017, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees. The discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

GOLD COAST TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS – PENSION PLAN
FOR THE LAST TEN YEARS ENDED JUNE 30, 2018*

	2017-18 [1]	2016-17 [1]	2015-16 [1]	2014-15 [1]	2013-14 [1]
Actuarially Determined Contributions	$ 1,721,225	$ 1,653,604	$ 1,585,400	$ 1,301,199	$ 1,192,180
Contributions in Relation to the Actuarially Determined Contributions [2]	(1,721,225)	(1,653,604)	(1,585,400)	(1,301,199)	(1,192,180)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll [3, 4]	$ 9,898,406	$ 10,040,567	$ 9,268,128	$ 8,714,571	$ 7,827,241
Contributions as a Percentage of Covered-Employee Payroll [3]	17.39%	16.47%	17.11%	14.93%	15.23%

[1] Historical information is presented only for measurement periods for which GASB Statement No. 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.

* Fiscal year 2015 was the 1st year of implementation; therefore, only five years are shown.

GOLD COAST TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OTHER
POSTEMPLOYMENT (OPEB) LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT PERIOD ENDED JUNE 30

Measurement Period	2017
Total OPEB Liability	
Service Cost	$ 51,885
Interest on the Total OPEB Liability	61,713
Actual and Expected Experience Difference	-
Changes in Assumptions	-
Changes in Benefits Terms	-
Benefit Payments	(18,349)
Net Change in Total OPEB Liability	95,249
Total OPEB Liability - Beginning	865,567
Total OPEB Liability - Ending (a)	$ 960,816
Plan Fiduciary Net Position	
Contributions - Employer	$ 92,280
Net Investment Income	41,882
Benefit Payments	(18,349)
Administrative Expenses	(356)
Net Change in Plan Fiduciary Net Position	115,457
Plan Fiduciary Net Position - Beginning	399,368
Plan Fiduciary Net Position - Ending (b)	$ 514,825
Net OPEB Asset - Ending [(a) - (b)]	$ 445,991
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	53.58%
Covered-Employee Payroll	$ 9,904,665
Net OPEB Asset as a Percentage of Covered-Employee Payroll	4.50%

Notes to the Schedule:

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

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, 2018

		Balance
Local Transportation Funding:		
Beginning balance:		
Liability:		
Unearned local transportation funding - June 30, 2017	$ 5,287,380	
Net position:		
Restricted for capital acquisitions - June 30, 2017	8,038,820	
Total beginning balance	$ 13,326,200	$ 13,326,200
Current year operating revenue:		
Local transportation funding	$ 13,057,157	13,057,157
Fiscal year 2015-2016 unearned local transportation funding portion recognized as revenue	2,176,755	
Fiscal year 2017-2018 unearned local transportation funding portion	(1,429,559)	
Fiscal year 2017-2018 local transportation funds revenue recognized	$ 13,804,353	(13,804,353)
Current year capital revenue:		
Local capital grants - interest earnings	101,698	101,698
Local capital grants - market valuation of investment	13,836	13,836
Fiscal year 2017-2018 local capital grants revenue recognized	$ 115,534	
Current year capital acquisitions:		
Capital acquisitions - current year use of local transportation funds	$ (434,425)	(434,425)
Total ending balance		$ 12,260,113
Ending balance:		
Liability:		
Unearned local transportation funding - June 30, 2018	$ 4,540,184	
Net position:		
Restricted for capital acquisitions - June 30, 2018	7,719,929	
Total ending balance	$ 12,260,113	$ 12,260,113

GOLD COAST TRANSIT DISTRICT
SCHEDULE OF CHANGES IN LOCAL TRANSPORTATION FUNDING ACTIVITY OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Balance
Local Transportation Funding:		
Beginning balance:		
Liability:		
Unearned local transportation funding - June 30, 2016	$ 5,790,964	
Net position:		
Restricted for capital acquisitions - June 30, 2016	8,087,811	
Total beginning balance	$ 13,878,775	$ 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	(250,000)	
Fiscal year 2016-2017 local transportation funds revenue recognized	$ 13,338,152	(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	(7,896)	(7,896)
Fiscal year 2016-2017 local capital grants revenue recognized	$ 292,266	
Current year capital acquisitions:		
Capital acquisitions - current year use of local transportation funds	$ (341,257)	(341,257)
Total ending balance		$ 13,326,200
Ending balance:		
Liability:		
Unearned local transportation funding - June 30, 2017	$ 5,287,380	
Net position:		
Restricted for capital acquisitions - June 30, 2017	8,038,820	
Total ending balance	$ 13,326,200	$ 13,326,200

STATISTICAL SECTION

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GOLD COAST TRANSIT DISTRICT
FINANCIAL RATIOS
JUNE 30, 2014 TO JUNE 30, 2018

Current Ratio:

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

			Ratio
2018	Current Assets	$ 8,364,115	0.62:1
	Current Liabilities	$ 13,600,652	
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	

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
2018	Cash and Cash Equivalents plus	$ 7,125,279	
	Receivables Within 30 days	$ 646,912	
	Current Liabilities	$ 13,600,652	0.57:1
2017	Cash and Cash Equivalents plus	$ 5,378,788	
	Receivables Within 30 days	$ 3,923,512	0.93:1
	Current Liabilities	$ 9,983,839	
2016	Cash and Cash Equivalents plus	$ 5,856,275	
	Receivables Within 30 days	$ 4,755,284	1.02:1
	Current Liabilities	$ 10,432,628	
2015	Cash and Cash Equivalents plus	$ 12,430,280	
	Receivables Within 30 days	$ 2,409,984	2.00:1
	Current Liabilities	$ 7,406,526	
2014	Cash and Cash Equivalents plus	$ 18,334,940	
	Receivables Within 30 days	$ 390,815	1.36:1
	Current Liabilities	$ 13,743,038	

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
2018	Total Liabilities	$ 50,278,180	58.79%
	Total Assets	$ 85,524,381	
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	

GOLD COAST TRANSIT DISTRICT
REVENUES AND EXPENSES – TEN YEAR COMPARISON
FISCAL YEARS 2009 TO 2018

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Operations:					
Passenger Fares	$ 3,206,142	$ 3,137,831	$ 3,041,669	$ 3,303,563	$ 3,148,100
Operating Expenses	(15,187,284)	(15,557,202)	(15,141,244)	(16,404,321)	(16,642,267)
Depreciation Expense	(1,817,089)	(2,831,039)	(3,054,738)	(3,016,832)	(2,924,100)
Operating Loss	(13,798,231)	(15,250,410)	(15,154,313)	(16,117,590)	(16,418,267)
Non-Operating Revenues:					
Local Transportation Funds	7,618,873	7,838,752	7,348,445	8,595,776	8,976,087
Other Local Funds	-	30,530	-	-	-
State Funds	245,741	66,989	188,222	220,821	196,076
Federal Funds	3,925,318	4,043,661	4,378,878	4,042,074	4,074,383
Investment Earnings	52,444	16,874	13,901	14,540	15,758
Other Income, Net	138,766	152,152	170,130	227,547	231,864
Total Non-Operating Revenues	11,981,142	12,148,958	12,099,576	13,100,758	13,494,168
Net Loss	$ (1,817,089)	$ (3,101,452)	$ (3,054,737)	$ (3,016,832)	$ (2,924,099)

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

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Actual Dollars	$ 15,187,284	$ 15,557,202	$ 15,141,244	$ 16,404,321	$ 16,642,267
Constant Dollars (2007)	$ 14,737,375	$ 14,964,605	$ 14,160,082	$ 15,101,011	$ 15,115,249
CPI Percent Change	-2.2%	0.9%	2.9%	1.6%	1.4%
Index Number (1982 = 100)	223.9	225.9	232.3	236.0	239.2
Cumulative Percent	3.2%	4.0%	6.9%	8.6%	10.1%

GOLD COAST TRANSIT DISTRICT
REVENUES AND EXPENSES – TEN YEAR COMPARISON (Continued)
FISCAL YEARS 2009 TO 2018

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operations:					
Passenger Fares	$ 3,714,914	$ 4,022,983	$ 3,369,769	$ 3,482,127	$ 3,403,877
Operating Expenses	(18,531,482)	(19,381,448)	(20,547,884)	(22,113,345)	(23,853,669)
Depreciation Expense	(2,519,756)	(2,405,787)	(2,843,634)	(2,919,180)	(2,801,731)
Operating Loss	(17,336,324)	(17,764,252)	(20,021,749)	(21,550,398)	(23,251,523)
Non-Operating Revenues:					
Local Transportation Funds	9,631,812	8,869,456	10,601,709	13,338,152	13,804,353
Other Local Funds	-	-	-	-	-
State Funds	192,000	174,425	207,973	153,094	180,450
Federal Funds	4,733,271	5,469,611	4,930,720	4,335,128	4,347,696
Investment Earnings	13,885	12,449	15,816	22,295	43,227
Other Income, Net	245,601	832,524	1,421,897	465,139	2,074,064
Total Non-Operating Revenues	14,816,569	15,358,465	17,178,115	18,313,808	20,449,790
Net Loss	$ (2,519,755)	$ (2,405,787)	$ (2,843,634)	$ (3,236,590)	$ (2,801,733)

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

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Actual Dollars	$ 18,531,482	$ 19,381,448	$ 20,547,881	$ 22,113,345	$ 23,853,668
Constant Dollars (2007)	$ 16,533,584	$ 17,155,881	$ 17,861,786	$ 18,821,400	$ 20,115,016
CPI Percent Change	1.8%	0.8%	1.8%	2.1%	4.0%
Index Number (1982 = 100)	243.5	245.5	249.9	255.3	265.5
Cumulative Percent	12.1%	13.0%	15.0%	17.5%	18.6%

GOLD COAST TRANSIT DISTRICT
PASSENGER COST BY MODE – TEN YEAR COMPARISON
FISCAL YEARS 2009 TO 2018

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Bus - Fixed Route					
Total Passengers	3,568,028	3,442,005	3,353,639	3,476,408	3,566,470
Passenger Fare Revenue	$ 2,709,665	$ 2,575,992	$ 2,581,811	$ 2,689,740	$ 2,708,046
Local Government Fare Revenue	$ 335,000	$ 400,000	$ 217,000	$ 370,000	$ 200,000
Total Operating Cost	$ 12,719,127	$ 13,395,101	$ 13,136,934	$ 14,367,128	$ 14,408,626
Revenue per Passenger	$ 0.767	$ 0.748	$ 0.770	$ 0.774	$ 0.759
Cost per Passenger	$ 3.515	$ 3.892	$ 3.917	$ 4.133	$ 4.040
Farebox Recovery %	21.8%	19.2%	19.7%	18.7%	18.8%
Adjusted Farebox Recovery %	23.9%	22.2%	21.3%	21.3%	20.2%
Subsidy per Passenger	$ 2.748	$ 3.143	$ 3.147	$ 3.359	$ 3.281
Subsidy %	78.2%	80.8%	80.3%	81.3%	81.2%
Bus - Paratransit					
Total Passengers	82,655	77,985	76,730	68,618	70,927
Passenger Fare Revenue	$ 161,476	$ 161,839	$ 164,858	$ 168,823	$ 170,054
Local Government Fare Revenue	$ -	$ -	$ 78,000	$ 75,000	$ 70,000
Total Operating Cost	$ 2,468,157	$ 2,162,102	$ 2,004,310	$ 2,037,193	$ 2,233,641
Revenue per Passenger	$ 1.954	$ 2.075	$ 2.149	$ 2.460	$ 2.398
Cost per Passenger	$ 29.861	$ 27.725	$ 26.122	$ 29.689	$ 31.492
Farebox Recovery %	6.5%	7.5%	8.2%	8.3%	7.6%
Adjusted Farebox Recovery %			12.1%	12.0%	10.7%
Subsidy per Passenger	$ 27.907	$ 25.649	$ 23,973.000	$ 27.229	$ 29.095
Subsidy %	93.5%	92.5%	91.8%	91.7%	92.4%
All Mode - Total					
Total Passengers	3,650,683	3,519,990	3,430,269	3,545,026	3,637,397
Passenger Fare Revenue	$ 2,871,141	$ 2,737,831	$ 2,746,669	$ 2,858,563	$ 2,878,100
Total Operating Cost	$ 15,187,284	$ 15,557,203	$ 15,141,244	$ 16,404,321	$ 16,642,267
Revenue per Passenger	$ 0.786	$ 0.778	$ 0.801	$ 0.806	$ 0.791
Cost per Passenger	$ 4.160	$ 4.420	$ 4.414	$ 4.627	$ 4.575
Farebox Recovery %	18.9%	17.6%	18.1%	17.4%	17.3%
Adjusted Farebox Recovery %			20.1%	20.1%	18.9%
Subsidy per Passenger	$ 3.374	$ 3.642	$ 3.613	$ 3.821	$ 3.784
Subsidy %	81.1%	82.4%	81.9%	82.6%	82.7%

GOLD COAST TRANSIT DISTRICT
PASSENGER COST BY MODE – TEN YEAR COMPARISON (Continued)
FISCAL YEARS 2009 TO 2018

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Bus - Fixed Route					
Total Passengers	3,817,758	3,908,847	3,800,673	3,616,386	3,474,161
Passenger Fare Revenue	$ 2,996,373	$ 3,211,258	$ 3,068,465	$ 2,936,328	$ 2,808,293
Local Government Fare Revenue	$ 390,000	$ 350,000	$ -	$ -	$ -
Total Operating Cost	$ 16,019,298	$ 16,723,757	$ 17,770,454	$ 18,949,465	$ 20,331,655
Revenue per Passenger	$ 0.785	$ 0.822	$ 0.807	$ 0.812	$ 0.815
Cost per Passenger	$ 4.196	$ 4.278	$ 4.660	$ 5.240	$ 5.850
Farebox Recovery %	20.2%	19.2%	17.3%	15.5%	13.9%
Adjusted Farebox Recovery %	22.6%	26.4%	24.8%	20.9%	25.3%
Subsidy per Passenger	$ 3.411	$ 3.457	$ 3.850	$ 4.430	$ 5.040
Subsidy %	81.3%	80.8%	82.7%	84.5%	86.1%
Bus - Paratransit					
Total Passengers	82,495	84,604	93,274	102,424	114,229
Passenger Fare Revenue	$ 202,324	$ 207,375	$ 255,046	$ 268,530	$ 303,830
Local Government Fare Revenue	$ 126,217	$ 254,350	$ 46,258	$ 277,269	$ 291,754
Total Operating Cost	$ 2,512,184	$ 2,657,691	$ 2,847,427	$ 3,163,880	$ 3,522,013
Revenue per Passenger	$ 2.453	$ 2.451	$ 2.730	$ 2.620	$ 2.660
Cost per Passenger	$ 30.453	$ 31.413	$ 30.530	$ 30.890	$ 30.830
Farebox Recovery %	8.1%	7.8%	9.0%	8.5%	8.6%
Adjusted Farebox Recovery %	13.1%	17.8%	16.9%	19.3%	17.4%
Subsidy per Passenger	$ 28.000	$ 28.962	$ 27.790	$ 28.270	$ 28.170
Subsidy %	91.9%	92.2%	91.0%	91.5%	91.4%
All Mode - Total					
Total Passengers	3,900,253	3,993,451	3,893,947	3,718,810	3,588,390
Passenger Fare Revenue	$ 3,198,697	$ 3,418,633	$ 3,323,511	$ 3,204,858	$ 3,133,573
Total Operating Cost	$ 18,531,482	$ 19,381,448	$ 20,547,881	$ 22,113,345	$ 23,853,668
Revenue per Passenger	$ 0.820	$ 0.856	$ 0.850	$ 0.860	$ 0.870
Cost per Passenger	$ 4.751	$ 4.853	$ 5.280	$ 5.950	$ 6.650
Farebox Recovery %	18.5%	17.6%	16.2%	14.5%	13.1%
Adjusted Farebox Recovery %	21.3%	25.1%	23.7%	20.7%	24.1%
Subsidy per Passenger	$ 3.931	$ 3.997	$ 4.420	$ 5.080	$ 5.770
Subsidy %	82.7%	82.4%	83.8%	85.5%	86.9%

GOLD COAST TRANSIT DISTRICT
SERVICE COST BY MODE – TEN YEAR COMPARISON
FISCAL YEARS 2009 TO 2018

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Bus - Fixed Route					
Revenue Miles	1,718,639	1,676,728	1,605,651	1,752,942	1,850,676
Revenue Hours	148,477	154,956	145,228	168,491	181,417
Total Operating Cost	$ 12,719,127	$ 13,395,101	$ 13,136,934	$ 14,367,128	$ 14,408,626
Cost per Revenue Mile	$ 7.40	$ 7.99	$ 8.18	$ 8.20	$ 7.79
Cost per Revenue Hour	$ 85.66	$ 86.44	$ 90.46	$ 85.27	$ 79.42
Bus - Paratransit					
Revenue Miles	537,060	502,026	501,280	462,927	482,005
Revenue Hours	39,218	32,993	32,717	29,524	30,649
Total Operating Cost	$ 2,468,157	$ 2,162,102	$ 2,004,310	$ 2,037,193	$ 2,233,641
Cost per Revenue Mile	$ 4.60	$ 4.31	$ 4.00	$ 4.40	$ 4.63
Cost per Revenue Hour	$ 62.93	$ 65.53	$ 61.26	$ 69.00	$ 72.88
All Mode - Total					
Revenue Miles	2,255,699	2,178,754	2,106,931	2,215,869	2,332,681
Revenue Hours	187,695	187,949	177,945	198,015	212,066
Total Operating Cost	$ 15,187,284	$ 15,557,203	$ 15,141,244	$ 16,404,321	$ 16,642,267
Cost per Revenue Mile	$ 6.73	$ 7.14	$ 7.19	$ 7.40	$ 7.13
Cost per Revenue Hour	$ 80.91	$ 82.77	$ 85.09	$ 82.84	$ 78.48

GOLD COAST TRANSIT DISTRICT
SERVICE COST BY MODE – TEN YEAR COMPARISON (Continued)
FISCAL YEARS 2009 TO 2018

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Bus - Fixed Route					
Revenue Miles	2,044,386	2,111,023	2,168,198	2,185,626	2,163,750
Revenue Hours	196,925	199,418	201,903	202,938	201,970
Total Operating Cost	$ 16,019,298	$ 16,723,757	$ 17,700,454	$ 18,949,465	$ 20,331,655
Cost per Revenue Mile	$ 7.84	$ 7.92	$ 8.16	$ 8.67	$ 9.40
Cost per Revenue Hour	$ 81.35	$ 83.86	$ 87.67	$ 93.38	$ 100.67
Bus - Paratransit					
Revenue Miles	552,342	581,041	663,954	735,001	802,841
Revenue Hours	36,210	36,876	43,007	49,188	61,006
Total Operating Cost	$ 2,512,184	$ 2,657,691	$ 2,847,427	$ 3,613,880	$ 3,522,013
Cost per Revenue Mile	$ 4.55	$ 4.57	$ 4.29	$ 4.92	$ 4.39
Cost per Revenue Hour	$ 69.38	$ 72.07	$ 66.21	$ 73.47	$ 57.73
All Mode - Total					
Revenue Miles	2,596,728	2,692,064	2,832,152	2,920,627	2,966,591
Revenue Hours	233,135	236,294	244,910	252,126	262,976
Total Operating Cost	$ 18,531,482	$ 19,381,448	$ 20,547,881	$ 22,563,345	$ 23,853,668
Cost per Revenue Mile	$ 7.14	$ 7.20	$ 7.26	$ 7.73	$ 8.04
Cost per Revenue Hour	$ 79.49	$ 82.02	$ 83.90	$ 89.49	$ 90.71

GOLD COAST TRANSIT DISTRICT
RIDERSHIP AND SERVICE – TEN YEAR COMPARISON
FISCAL YEARS 2009 TO 2018

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Passengers					
Fixed Route	3,568,028	3,442,005	3,353,539	3,476,408	3,566,470
Paratransit	82,655	77,985	76,730	68,618	70,927
Total	3,650,683	3,519,990	3,430,269	3,545,026	3,637,397
Revenue Miles					
Fixed Route	1,718,639	1,676,728	1,605,651	1,752,942	1,850,676
Paratransit	537,060	502,026	501,280	462,927	482,005
Total	2,255,699	2,178,754	2,106,931	2,215,869	2,332,681
Revenue Hours					
Fixed Route	148,477	154,956	145,228	168,491	181,417
Paratransit	39,218	32,993	32,717	29,524	30,649
Total	187,695	187,949	177,945	198,015	212,066
Passengers per Mile					
Fixed Route	2.08	2.05	2.09	1.98	1.93
Paratransit	0.15	0.16	0.15	0.15	0.15
Total	1.62	1.62	1.63	1.60	1.56
Passengers per Hour					
Fixed Route	24.03	22.21	23.09	20.63	19.66
Paratransit	2.11	2.36	2.35	2.32	2.31
Total	19.45	18.73	19.28	17.90	17.15
Bus - Fixed Route					
Cost per Boarding	$ 3.56	$ 3.89	$ 3.92	$ 4.13	$ 4.04
Bus - Paratransit					
Cost per Boarding	$ 29.86	$ 27.72	$ 26.12	$ 29.69	$ 31.49

GOLD COAST TRANSIT DISTRICT
RIDERSHIP AND SERVICE – TEN YEAR COMPARISON (Continued)
FISCAL YEARS 2009 TO 2018

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Passengers					
Fixed Route	3,817,758	3,908,847	3,800,673	3,616,386	3,474,161
Paratransit	82,495	84,604	93,274	102,424	114,229
Total	3,900,253	3,993,451	3,893,947	3,718,810	3,588,390
Revenue Miles					
Fixed Route	2,044,386	2,111,023	2,168,198	2,185,626	2,163,750
Paratransit	552,342	581,041	663,954	735,001	802,841
Total	2,596,728	2,692,064	2,832,152	2,920,627	2,966,591
Revenue Hours					
Fixed Route	196,925	199,418	201,903	202,938	201,970
Paratransit	36,210	36,876	43,007	49,188	61,006
Total	233,135	236,294	244,910	252,126	262,976
Passengers per Mile					
Fixed Route	1.87	1.85	1.75	1.65	1.61
Paratransit	0.15	0.15	0.14	0.14	0.14
Total	1.50	1.48	1.37	1.27	1.21
Passengers per Hour					
Fixed Route	19.39	19.60	18.82	17.82	17.20
Paratransit	2.28	2.29	2.17	2.08	1.87
Total	16.73	16.90	15.90	14.75	13.65
Bus - Fixed Route					
Cost per Boarding	$ 4.20	$ 4.28	$ 4.66	$ 5.24	$ 5.85
Bus - Paratransit					
Cost per Boarding	$ 30.45	$ 31.41	$ 30.53	$ 30.89	$ 30.83

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