



REPORT TO THE BOARD OF DIRECTORS OF GOLD COAST TRANSIT DISTRICT

December 3, 2025



/ To the Board of Directors Gold Coast Transit District

We are pleased to present this report related to our audit of the financial statements of Gold Coast Transit District (District) as of and for the year ended June 30, 2025. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the District.

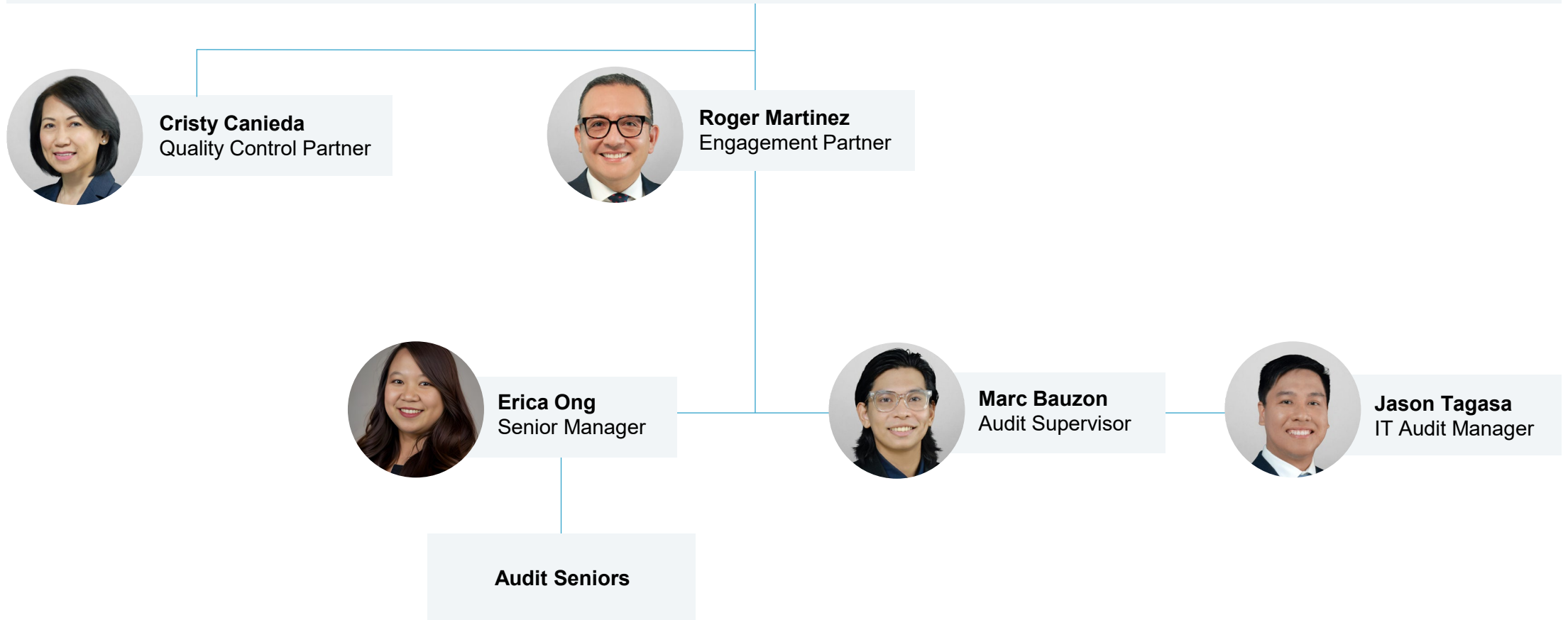


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/ Engagement Team

GCTD Engagement Team



/ Independence



There are no relationships between any of our representatives and the District that in our professional judgment may reasonably be thought to bear on independence.

Vasquez & Company LLP meets the independence requirements of the *Government Auditing Standards* as it relates to the District.

/ Scope of Engagement

Financial Statements Audit

- In accordance with Generally Accepted Government Auditing Standards
- As of and for the year ended June 30, 2025

Single Audit of Federal Programs

- In accordance with the Uniform Guidance
- Compliance Requirements
 - ✓ Activities allowed or unallowed
 - ✓ Allowable cost/Cost Principles
 - ✓ Cash Management
 - ✓ Period of Performance
 - ✓ Procurement, Suspension and Debarment
 - ✓ Subrecipient Monitoring
- For fiscal year ended June 30, 2025



/ Summary of Audit Results



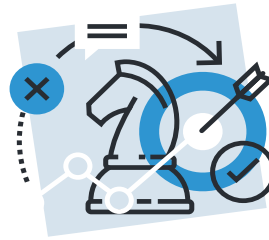
/ Summary of Audit Results

Independent Auditor's Report

UNMODIFIED "CLEAN"

Audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts

The financial statements present fairly, in all material respects, Gold Coast Transit District's



Net position



Revenues,
Expenses, and
Changes in Net
Position



Cash flows

/ Significant Audit Areas (An Overview)

- ✓ **Information Technology Controls**
- ✓ **Management Override of Controls – fraud risks**
- ✓ **Cash and Investments**
- ✓ **Revenue and Accounts Receivables**
- ✓ **Capital Assets**
- ✓ **Net Pension Liability and Net OPEB Liability and the related accounts**
- ✓ **Accounts Payable and Accrued Expenses**
- ✓ **GASB 101 Compensated Absences**
- ✓ **Net Position**
- ✓ **Expenses and Allocation of Expenses**



/ Significant Audit Areas

Information Technology

- ❑ Understanding of the General IT Controls of the District. The areas reviewed include the following:
 - ✓ IT Organization and Management
 - ✓ IT Policies and Procedures
 - ✓ Change Management
 - ✓ Information Security/ User Access Management
 - ✓ Computer Operations (e.g. capacity planning, network management, helpdesk)
 - ✓ Incident Management
 - ✓ Data Integrity (DRP, backup, restoration, retention)

No material exceptions were noted.

Management Override of Controls (Fraud Risk)

- ❑ Obtained an understanding of the District's financial reporting process.
- ❑ Examined selected journal entries and other adjustments.
- ❑ Conducted procedures to evaluate fraud risks.

/ Significant Audit Areas, Continued

Revenues and Accounts Receivable **(Passenger Fares, Federal, State and Local Grants and Receivables)**

- ☐ Reviewed the revenues recognized during the fiscal year against the District's revenue recognition policy.
- ☐ Performed tests of controls over revenue, receivables and receipts process.
- ☐ Sent out receivable confirmations.
- ☐ Performed test of details and substantive analytical procedures.
- ☐ Examined supporting documents for subsequent collections.
- ☐ Performed analysis of allowance for doubtful accounts as of June 30, 2025.

No material exceptions were noted.

/ Significant Audit Areas, Continued

Cash and Investments

- ☐ Tested controls over cash receipts and disbursements.
- ☐ Confirmed material cash and investment balances as of June 30, 2025.
- ☐ Tested bank reconciliation statements and transfers for proper cut-off.
- ☐ Reviewed valuation of investments.

No material exceptions were noted.

Capital Assets

- ☐ Examined significant additions, disposals during the year.
- ☐ Tested the reasonableness of depreciation.
- ☐ Reviewed the repairs and maintenance.

No material exceptions were noted.

/ Significant Audit Areas, Continued

Net Pension Liability, Net OPEB Liability, and Deferred Inflows/Outflows of Resources Related to Pension and OPEB

- ☐ Obtained and reviewed the valuation reports.
- ☐ Reviewed the actuarial assumptions used in the valuation.
- ☐ Recalculated the net pension liability using the CalPERS 68 tool.
- ☐ Recalculated the net OPEB liability.

No material exceptions were noted.

/ Significant Audit Areas, Continued

Accounts Payable and Accrued Expenses

- ☐ Tested disbursements after June 30, 2025 whether expenses were properly recorded in the correct period.

No material exceptions were noted.

Net Position

- ☐ Reviewed the components of net position for proper net position classification.

No material exceptions were noted.

/ Significant Audit Areas, Continued

GASB 101 Compensated Absences

- ☐ Obtained and reviewed the District's leave policies.
- ☐ Obtained and reviewed the District's assessment of the implementation of GASB 101 and ensured consideration of historical data and the more likely than not probability.
- ☐ Performed independent recalculation based on the District's leave policies and management assumptions.

No material exceptions were noted.

/ Significant Audit Areas, Continued

Expenses and Allocation of Expenses

- ☐ Reviewed the significant expenses and determined amounts are reasonable.
- ☐ Performed reasonableness test over salaries and benefits expense.
- ☐ Performed tests of controls over disbursements and payroll processes.

No material exceptions were noted.

/ Single Audit

Major program

<u>Assistance Listing Number:</u>	<u>Name of Federal Program or Cluster:</u>
20.507 and 20.526	Federal Transit Cluster (\$7,504,080 – 95% of total federal expenditures)
Dollar threshold used to distinguish between type A and type programs:	\$750,000
Auditee qualifies as low-risk auditee?	No
Financial Statement Findings:	None
Federal Award Findings:	None

****Please note that the above are initial results and not yet final. As per the GACQ Alert 492 released on October 1, Single Audit Reports cannot be issued until the 2025 Compliance Supplement is officially released.***

/ Single Audit, Continued

Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards

Federal Awards

Internal control over its major programs:

- Material weakness(es) identified
- Control deficiency(ies) identified that are not considered to be material weaknesses?

Type of auditors' report issued on compliance for its major programs:

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

No

None reported

Unmodified

None

Unmodified
Opinion

/ Financial Statements Overview



Statement of Net Position

		June 30		Increase (decrease)	
		2025	2024 (Restated)	\$	%
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets					
Cash and cash equivalents (Note 2)	\$	15,654,375	\$ 4,743,120	\$ 10,911,255	\$ 230%
Receivables:					
Accounts, net of allowance		132,428	125,254	7,174	6%
Interest		35,607	20,121	15,486	77%
Due from other governments		1,080,009	5,980,686	(4,900,677)	-82%
Inventories and prepaid expenses		1,006,278	1,242,475	(236,197)	-19%
Total current assets		17,908,697	12,111,656	5,797,041	48%
Non-current assets					
Restricted - investments (Note 2 and 3)		2,697,894	2,601,393	96,501	4%
Capital assets - not being depreciated (Note 4)		9,705,445	9,353,397	352,048	4%
Capital assets - being depreciated, net (Note 4)		52,545,405	52,165,742	379,663	1%
Total noncurrent assets		64,948,744	64,120,532	828,212	1%
Total assets		82,857,441	76,232,188	6,625,253	9%
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows of resources (Note 10)		6,804,495	7,498,648	(694,153)	-9%
Other Post Employment Benefits (OPEB)-related deferred outflows of resources (Note 11)		1,377,476	1,369,437	8,039	1%
Total deferred outflows of resources		8,181,971	8,868,085	(686,114)	-8%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	91,039,412	\$ 85,100,273	\$ 5,939,139	\$ 7%

Statement of Net Position, Continued

	June 30		Increase (decrease)	
	2025	2024 (Restated)	\$	%
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,382,423	\$ 2,050,501	\$ (668,078)	\$ -33%
Customer deposits and unearned revenue (Note 5)	11,514,935	14,856	11,500,079	77410%
Due within one year:				
Compensated absences (Note 6)	1,337,365	1,058,302	279,063	26%
Subscription Based Information Technology Arrangement (SBITA) payable (Note 7)	43,778	42,710	1,068	3%
Lease liability (Note 8)	12,615	17,640	(5,025)	-28%
Certificates of Participation (COPs) payable (Note 9)	529,623	509,623	20,000	4%
Total current liabilities	14,820,739	3,693,632	11,127,107	301%
Non-current liabilities				
Due in more than one year:				
Compensated absences (Note 6)	352,661	306,235	46,426	15%
SBITA payable (Note 7)	27,372	71,150	(43,778)	-62%
Lease liability (Note 8)	5,914	18,529	(12,615)	-68%
COPs payable (Note 9)	19,966,711	20,496,334	(529,623)	-3%
Net pension liability (Note 10)	17,527,808	17,470,234	57,574	0%
Net OPEB liability (Note 11)	1,756,300	1,540,411	215,889	14%
Total noncurrent liabilities	39,636,766	39,902,893	(266,127)	-1%
Total liabilities	54,457,505	43,596,525	10,860,980	25%
DEFERRED INFLOWS OF RESOURCES				
Pension-related deferred inflows of resources (Note 10)	317,560	582,192	(264,632)	-45%
OPEB-related deferred inflows of resources (Note 11)	972,557	942,307	30,250	3%
Total deferred inflows of resources	1,290,117	1,524,499	(234,382)	-15%
NET POSITION				
Net investment in capital assets (Note 12)	43,082,939	41,719,080	1,363,859	3%
Restricted proceeds from bond issuance (Note 3)	2,697,894	2,601,393	96,501	4%
Unrestricted Deficit (Note 13)	(10,489,043)	(4,341,224)	(6,147,819)	142%
Total net position	35,291,790	39,979,249	(4,687,459)	-12%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	\$ 91,039,412	\$ 85,100,273	\$ 5,939,139	\$ 7%

Statement of Revenues, Expenses, and Changes in Net Position

		Year ended June 30		Increase (decrease)	
		2024			
		2025	(Restated)	\$	%
OPERATING REVENUES					
Passenger fares:					
Fixed route	\$	2,152,280	\$ 1,798,373	\$ 353,907	20%
Paratransit		371,096	339,193	31,903	9%
Advertising revenue		270,448	250,057	20,391	8%
Other operating revenue		928,161	1,042,882	(114,721)	-11%
Total operating revenues		3,721,985	3,430,505	291,480	8%
OPERATING EXPENSES					
Salaries and wages		14,736,532	11,760,428	2,976,104	25%
Employee benefits		12,123,299	11,039,357	1,083,942	10%
Services		2,788,900	6,546,276	(3,757,376)	-57%
Materials		2,683,219	2,513,462	169,757	7%
Utilities		409,058	401,878	7,180	2%
Insurance claims		1,883,844	1,627,067	256,777	16%
Other operating expenses		1,730,424	606,720	1,123,704	185%
Total operating expenses before depreciation		36,355,276	34,495,188	1,860,088	5%
Operating loss before depreciation		(32,633,291)	(31,064,683)	1,568,608	5%
Depreciation and amortization expense		(4,041,727)	(3,801,267)	240,460	6%
Operating loss		(36,675,018)	(34,865,950)	1,809,068	5%
NON-OPERATING REVENUES (EXPENSES)					
Local transportation funding		21,184,826	21,382,371	(197,545)	-1%
Federal grants		7,908,107	11,062,007	(3,153,900)	-29%
State transit assistance		317,251	350,687	(33,436)	-10%
State and local grants		5,737,395	2,132,693	3,604,702	169%
Low carbon transit operations program		77,359	72,142	5,217	7%
Investment earnings		173,435	243,642	(70,207)	-29%
Pass-through to other agencies		(2,857,502)	(2,015,096)	842,406	42%
Interest expense		(867,823)	(888,649)	(20,826)	-2%
Other non-operating revenues		314,511	549,251	(234,740)	43%
Total non-operating revenues, net		31,987,559	32,889,048	(901,489)	3%
Change in net position		(4,687,459)	(1,976,902)	2,710,557	137%
NET POSITION:					
Beginning of year		39,979,249	41,956,151	(1,976,902)	-5%
End of year	\$	35,291,790	39,979,249	(4,687,459)	-12%

/ New Accounting Pronouncements – GASB Implementation



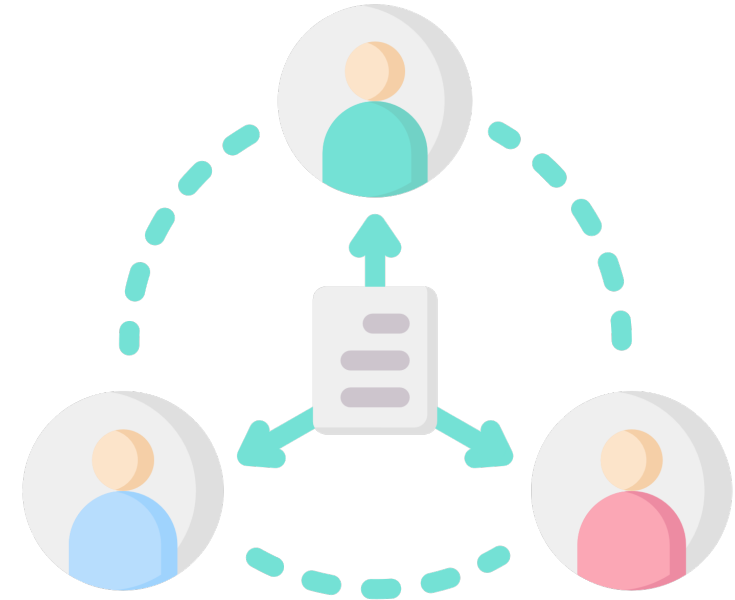
/ New Accounting Pronouncements – GASB Implementation

Effective FY2025 – Implemented and restated the 2024

- GASB Statement No. 101, *Compensated Absences* (effective for fiscal year 2025)
- GASB Statement No. 102, *Certain Risk Disclosures* (effective for fiscal year 2025)

Effective in FY2026

- GASB Statement No. 103, Financial Reporting Model Improvements (effective for reporting periods beginning after June 15, 2025)
- GASB Statement No. 104, Disclosure of Certain Capital Assets (effective for reporting periods beginning after June 15, 2025)



/ Auditor's Required Communication to Those Charged with Governance (AU-C 260)



/ Required Communication to Those Charged with Governance

Management's Responsibility	Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Consultations with Other Accountants	We are not aware of any consultations by management with other accountants about accounting or auditing matters.
Difficulties with Management	We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Board.
Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters as they relates to the current year financial statements.

/ Required Communication to Those Charged with Governance, Continued

Significant Accounting Policies

The District's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects.

Management's judgments and accounting estimates

Significant items subject to estimates include:

The determination of estimated net pension liability and net OPEB liability and the related deferred inflows and deferred outflows of resources related to pension and OPEB,

The lessor's interest rate (implicit rate) used to determine the lease payable;

The collectability of receivables, and

The determination of useful lives for depreciable assets.

Assumptions used in the implementation of GASB 101

/ Required Communication to Those Charged with Governance, Continued

Controversial issues

No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.

Audit Adjustments

Two adjustments were made in the District's division 1 trial balance solely for financial statement presentation purposes to ensure transparency and proper classification in accordance with accounting standards. These adjustments did not result from errors but were necessary to reflect:

- Unearned revenue associated with SB125 – recorded to present funds received but not yet earned as of year-end that are monitored in the District's division 3 trial balance.
- Local assistance provided to other agencies – recorded to properly show pass-through transactions that are monitored in the District's division 2 trial balance.

Passed Audit Differences

There were no passed audit differences.

/ Required Communication to Those Charged with Governance, Continued

Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.
Material Weakness and Significant Deficiency	There were no material weakness and/or significant deficiency identified.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
Management Representations	The District will provide us with a signed copy of the management representation letter prior to issuance of our audit report.

/ Questions

/ Contact Information

Vasquez + Company LLP has over 55 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, and governmental entities.

We are clients of the **Aprio Professional Services+ Practice**. As a client, we have access to the Professional Services+ Collaborative, a globally connected community that provides access to an ecosystem of capabilities, collaboration and camaraderie to help professional services firms grow and thrive in a rapidly changing business environment. As a participant in the PS+ Collaborative, we have the opportunity to interact and share best practices with other professional services firms across the U.S. and Canada.

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**Thank you for your
time and attention!**

