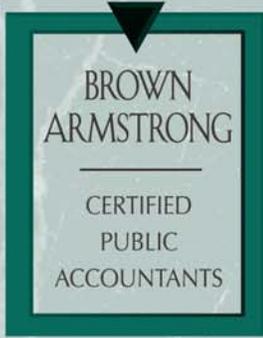


**GOLD COAST TRANSIT DISTRICT**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**GOLD COAST TRANSIT DISTRICT  
SINGLE AUDIT REPORT**

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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 THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Gold Coast Transit District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise 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.

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## **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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001.

## **The District's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

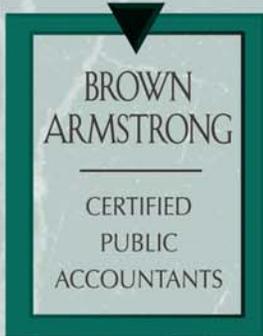
## **Purpose of this Report**

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 report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
October 31, 2018



# BROWN ARMSTRONG

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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### **Report on Compliance for Each Major Federal Program**

We have audited the Gold Coast Transit District's (District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001, to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 31, 2018, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures we applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
October 31, 2018

## **FINANCIAL STATEMENTS**

**GOLD COAST TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Agency or Grant Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Transportation/ Federal Transit Administration</b>				
<b>Federal Transit Cluster</b>				
Direct Programs:				
Federal Transit - Capital Investment Grants	20.500	CA-04-0235	\$ -	\$ 1,385,825
Federal Transit - Formula Grants	20.507	CA-90-0237	-	1,234
Federal Transit - Formula Grants	20.507	CA-90-Z173	-	33,529
Federal Transit - Formula Grants	20.507	CA-90-Z327	-	1,721,529
Federal Transit - Formula Grants	20.507	CA-90-Z363	-	2,423,026
Federal Transit - Formula Grants	20.507	CA-95-0014	-	594,433
Federal Transit - Bus and Bus Facilities Formula Program	20.526	CA-34-0099	-	515,047
Federal Transit - Bus and Bus Facilities Formula Program	20.526	CA-34-0118	-	179,502
Total Federal Transit Cluster			-	6,854,125
<b>Total Federal Transit Administration</b>			-	6,854,125
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 6,854,125

See Accompanying Notes to the Schedule of Expenditures of Federal Awards.

**GOLD COAST TRANSIT DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 1 – REPORTING ENTITY**

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, which is the Gold Coast Transit District (District), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**NOTE 2 – BASIS OF ACCOUNTING**

Funds received under the various grant programs have been recorded within the operating fund of the District. The District utilizes the accrual method of accounting for the operating fund. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in, the preparation of the District's basic financial statements.

**NOTE 3 – SEFA**

The accompanying SEFA presents the activity of all Federal financial assistance programs of the District. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through the State of California are included in the SEFA. The SEFA was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the District.

**NOTE 4 – INDIRECT COST RATE**

The District elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance.

**FINDINGS AND QUESTIONED COSTS SECTION**

**GOLD COAST TRANSIT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? \_\_\_ Yes  X  No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

**Federal Awards**

Internal control over major federal programs:

Material weakness identified? \_\_\_ Yes  X  No

Significant deficiencies identified that are not considered to be material weaknesses?  X  Yes \_\_\_ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  X  Yes \_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Clusters</u>
20.500	Federal Transit Cluster
20.507	Capital Investment Grants
20.526	Formula Grants
	Bus and Bus Facilities Formula Program

Dollar threshold used to distinguish Type A and B programs: \$750,000

Auditee qualified as low risk auditee?  X  Yes \_\_\_ No

**II. Findings Relating to Financial Statements Required Under Generally Accepted Government Auditing Standards (GAGAS)**

None.

### **III. Federal Award Findings and Questioned Costs**

#### **2018-001**

**Program:** Federal Transit Cluster  
**CFDA No.:** 20.500, 20.507, 20.526  
**Federal Agency:** U.S. Department of Transportation/Federal Transit Administration  
**Passed-Through:** None  
**Award Number:** Various  
**Award Year:** Fiscal Year 2017/18  
**Compliance Requirement:** Equipment and Real Property  
**Questioned Costs:** \$0

**Criteria:**

The April 2017 Uniform Guidance *Compliance Supplement* for equipment and real property state that a physical inventory of equipment be taken at least once every two years and be reconciled to the equipment records.

**Condition Found:**

The District did not perform a physical inventory of equipment in the last two years.

**Effect:**

Assets no longer in use may continue to be recorded.

**Cause:**

Although the District has performed a physical inventory of equipment every two years in the past, the District's current capital assets policy does not explicitly require that a physical inventory of equipment be taken at least once every 2 years. The District is preparing to relocate to a new facility and was planning to perform a physical inventory in conjunction with the relocation.

**Repeat Finding:**

N/A.

**Recommendation:**

We recommend the District implement in its current policy the requirement to perform a physical inventory of equipment at least once every two years.

**Views of Responsible Officials and Planned Corrective Actions:**

The District concurs. Refer to separate Corrective Action Plan Report for management's response.

### **IV. Summary of Prior Audit (June 30, 2017) Findings and Current Year Status**

None.

**GOLD COAST TRANSIT DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2018**

**I. FINANCIAL STATEMENT FINDINGS**

None.

**II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2018-001**

**Program:** Federal Transit Cluster  
**CFDA No.:** 20.500, 20.507, 20.526  
**Federal Agency:** U.S. Department of Transportation/Federal Transit Authorization  
**Passed-Through:** None  
**Award Number:** CA-04-0235  
**Award Year:** Fiscal Year 2017/18  
**Compliance Requirement:** Equipment and Real Property  
**Questioned Costs:** \$0

**Management's or Department's Response:**

The District concurs with the findings.

**Views of Responsible Officials and Corrective Action:**

The District is aware of this requirement and has remained in compliance with it in the past. The District is preparing to relocate to a new facility and has always planned to perform a physical inventory in advance of the relocation. This physical inventory is expected to be performed in November 2018 and will be performed no later than December 31, 2018.

**Contact Information of Responsible Official:**

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Director of Finance & Administration  
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