April 6, 2016

TO:        Gold Coast Transit District Board of Directors

From:      Steve L. Rosenberg  
            Director of Finance and Administration

RE:        Receive and File FY 2014-15 TDA Compliance Audit Reports for GCTD and Each of its Five (5) Members, and GCTD Single Audit Report, as Prepared by The Pun Group

I. EXECUTIVE SUMMARY

The Board of Directors has contracted with The Pun Group to audit GCTD’s financial operations and prepare GCTD’s FY 2014-15 financial statements. The Board accepted GCTD’s FY 2014-15 Comprehensive Annual Financial Report in December 2015 and received GCTD’s TDA Compliance Letter and Audit Management Letter in January 2016. For the first time in FY 2014-15 our audit scope included a TDA compliance audit for the five member jurisdictions that accept TDA from GCTD for public transportation related activities.

Presented today for the Board’s review and information are TDA Compliance Audits for GCTD and each of the five member jurisdictions (Oxnard, Ventura, Ojai, Port Hueneme and the County of Ventura) that receive TDA Article 4 Local Transportation Funds (LTF) from GCTD, as well as GCTD’s FY 2014-15 Single Audit Report.

All members were found to be in compliance with respect to all expended funds having been spent on TDA-eligible expenses. GCTD and Ojai were found to be in compliance with TDA’s farebox recovery ratio requirements. The County of Ventura provides operating funds to five transit service providers; of those, the Heritage Valley Express was found not be in compliance with TDA’s farebox recovery ratio requirements.

In accordance with the administrative process established in 2014 with input from the Technical Advisory Committee (TAC), funds for recurring annual expenses for locally-owned, maintained and operated transit services that were not expended will be considered carryover and will be returned to GCTD as a credit in the fiscal year following completion of the audit. Staff and TAC in January 2016 reviewed this process and concurred that to better serve our members’ needs the process should be revised to extend the time period for capital projects approved as part of the GCTD Budget. The
process, as revised (in markup form) is provided for the Board’s information as Attachment “A” to this report.

On November 4, 2015, Paul J. Kaymark from The Pun Group presented a draft of the FY 2014-15 Comprehensive Annual Financial Report (CAFR) and made an oral presentation to the Board to discuss the FY 2014-15 audit. The GCTD FY 2014-15 Comprehensive Annual Financial Report (CAFR) was presented to the Board for its acceptance on December 2, 2015, and the TDA Compliance Letter and Audit Management Letter were received by the Board on January 6, 2016. Going forward, every effort will be made to provide all audit documents at the time the CAFR is presented.

Except as noted, the TDA compliance reports express The Pun Group’s opinion that GCTD and its five members each complied, in all material aspects, with the compliance requirements of TDA. Copies of the reports are attached to this report and have been provided to all members of the Board.

II. SUMMARY AND RECOMMENDATIONS

IT IS RECOMMENDED that the Board receive and file the FY 2014-15 TDA Compliance Audit Reports for GCTD and each of its Five (5) Members, and GCTD Single Audit Report, as Prepared by The Pun Group

General Manager’s Concurrence
Administrative Process for Member Claims for GCT's LTF Article 4 funds as authorized by GCTD’s Authorizing Legislation, Division 10, Part 18, Section 107009 (b) of the Public Utilities Code

1. In accordance with Article 8 (b) of the GCTD by-laws, Members will submit to GCTD by February 15th of the previous fiscal year their proposed expenditures for locally-owned, maintained and operated transit services and capital needs for transit facilities, not to exceed ten percent (10%) above the adjusted base year.

2. The GCTD TAC will review all proposed expenditures, and the GCTD Board of Directors will approve a claim amount for each member as part of its annual budget.

3. GCTD will submit a claim to VCTC for the entirety of its LTF claim, including funds for GCTD transit operations as well as members' claims. GCTD will receive all LTF funds from the Ventura County Auditor-Controller into a separate and dedicated bank account, and will account for all funds in a separate fiduciary fund.

4. After the GCTD Budget is approved but prior to July 15th of each fiscal year, each member will submit a claim form to GCTD for its approved amount.

5. GCTD will distribute claimed LTF funds to members in accordance with the completed and accepted claim. Distribution will typically be made on a monthly basis but could be made on other terms or on a reimbursable basis, subject to the nature of the claim and the schedule of funds receipt by GCTD.

6. Should actual LTF receipts for a fiscal year fall short of projections, member claims may be reviewed and reallocated with the approval of the GCTD Board of Directors.

7. Toward the end of or after the completion of each fiscal year, Members will respond to requests from GCTD's auditor for any information, documentation and audit meetings the auditor may require to complete an audit of each member's LTF account(s) and expenditures.

8. For recurring annual expenses for locally-owned, maintained and operated transit services, any LTF funds not expended or expended on items or activities which are not eligible in accordance with Article 4 of TDA will be considered carryover and will be returned to GCTD in the fiscal year following completion of the audit.

9. For capital projects included in GCTD’s approved budget, members may take one additional year (beyond the funding year) for funding to be expended, with no additional review or consideration. If additional time is required to complete the project, the member may request extension of the project funding timeline for another year by resubmitting the item for the next budget cycle. (example: budget item approved for FY14-15, funding would extend through June 2016 but would need to be submitted for approval in FY 16-17 budget to remain available after June 2016.)