SOUTH COUNTY TRANSIT

FINANCIAL STATEMENTS

June 30, 2019

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Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
South County Transit
San Luis Obispo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the South County Transit (Agency) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South County Transit, as of June 30, 2019, and the respective changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the South County Transit's 2018 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with audited financial statements from which it has been derived.

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Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South County Transit's basic financial statements. The schedule of expenses – budget and actual on page 15, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenses – budget and actual is the responsibility of management and was derived from and relate 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 budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019, on our consideration of the South County Transit'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 Agency's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

September 23, 2019

SOUTH COUNTY TRANSIT
STATEMENT OF NET POSITION
JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR JUNE 30, 2018

	2019	2018
ASSETS		
Current assets:		
Cash and investments	$ 952,952	$ 555,761
Accounts receivable	60,900	23,489
Prepaid items	4,002	5,303
Deposits	2,000	2,000
Total current assets	1,019,854	586,553
Capital assets:		
Depreciable:		
Buildings and improvements	152,006	152,006
Equipment and vehicles	2,650,914	2,650,914
Less accumulated depreciation	(1,785,890)	(1,601,957)
Total net capital assets	1,017,030	1,200,963
Total assets	2,036,884	1,787,516
LIABILITIES		
Current liabilities:		
Accounts payable	323,332	263,497
Accrued payroll	29,891	19,959
Unearned revenue	157,840	9,910
Total current liabilities:	511,063	293,366
Noncurrent liabilities:		
Compensated absences	7,178	3,910
Total noncurrent liabilities:	7,178	3,910
Total liabilities	518,241	297,276
NET POSITION		
Net investment in capital assets	1,017,030	1,200,963
Unrestricted	501,613	289,277
Total net position	$ 1,518,643	$ 1,490,240

The notes to basic financial statements are an integral part of this statement.

SOUTH COUNTY TRANSIT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2019	2018
Operating Revenues:		
Passenger fares	$ 153,140	$ 162,511
Advertising and other income	8,400	13,370
Total operating revenues	161,540	175,881
Operating Expenses:		
Salaries and benefits	619,594	616,662
Maintenance and operation	665,929	614,490
Administration and financial services	95,430	91,300
Depreciation	183,933	206,444
Total operating expenses	1,564,886	1,528,896
Operating income (loss)	(1,403,346)	(1,353,015)
Non-Operating Revenues (Expenses):		
Interest income	14,402	6,377
Transportation Development Act funds	643,530	554,396
Low Carbon Transit Operations Program	221,919	135,648
Fees and reimbursements from other governmental agencies	54,895	51,972
Federal grants	507,150	483,000
Settlement payments	(50,735)	
Total non-operating revenues (expenses)	1,391,161	1,231,393
Capital Contributions:		
Federal capital grants	40,588	
State capital grants		843
Total capital contributions	40,588	843
Change in net position	28,403	(120,779)
Net position, beginning of fiscal year	1,490,240	1,611,019
Net position, end of fiscal year	$ 1,518,643	$ 1,490,240

The notes to basic financial statements are an integral part of this statement.

SOUTH COUNTY TRANSIT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2019	2018
Cash Flows From Operating Activities:		
Receipts from customers	$ 122,059	$ 188,291
Payments to suppliers and wages	(1,306,617)	(1,166,479)
Net cash (used) by operating activities	(1,184,558)	(978,188)
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of property, plant, and equipment		(843)
Capital grants received	190,588	816
Net cash provided (used) by capital and related financing activities	190,588	(27)
Cash Flows from Noncapital Financing Activities:		
Operating subsidies	865,449	690,044
Fees, grants, and reimbursements received	562,045	534,972
Settlement payments	(50,735)	
Net cash provided by noncapital financing activities	1,376,759	1,225,016
Cash Flows From Investing Activities:		
Interest income	14,402	6,377
Net cash provided by investing activities	14,402	6,377
Net increase in cash and cash equivalents	397,191	253,178
Cash and cash equivalents, beginning of fiscal year	555,761	302,583
Cash and cash equivalents, end of fiscal year	$ 952,952	$ 555,761

The notes to basic financial statements are an integral part of this statement.

SOUTH COUNTY TRANSIT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2019	2018
Reconciliation of operating loss to net cash (used) by operating activities:		
Operating loss	$ (1,403,346)	$ (1,353,015)
Adjustments to reconcile operating income to net cash used by operating activities		
Depreciation expense	183,933	206,444
Change in operating assets and liabilities:		
Accounts receivable	(37,411)	12,129
Prepaid items	1,301	694
Accounts payable	59,835	156,909
Accrued payroll	9,932	(1,154)
Compensated absences	3,268	(476)
Unearned revenue	(2,070)	281
Net cash (used) by operating activities	$ (1,184,558)	$ (978,188)

The notes to basic financial statements are an integral part of this statement.

NOTE 1 – REPORTING ENTITY

The South County Transit (the Agency) is a Joint Powers Agency created by a joint powers agreement among the Cities of Arroyo Grande, Grover Beach, Pismo Beach, and the County of San Luis Obispo. The Agency's accounting and financial management affairs are maintained by San Luis Obispo Regional Transit Authority (SLORTA), as an agent of the Agency.

The purpose of the Agency is to operate a fixed route transit system within the southern part of San Luis Obispo County with services to the participating member communities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies - The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants (AICPA).

B. Accounting Method - The Agency follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred regardless of the timing of related cash flows.

C. Fund Financial Statements – The fund financial statements provide information about the Agency's fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

GASB Statement No. 34, defines major funds and requires that the Agency's major proprietary-type fund be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total. The Agency maintains one proprietary fund as follows:

Proprietary Fund Type

Enterprise Fund

Enterprise fund is used to account for 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 Agency reported its enterprise fund as a major fund in the accompanying basic financial statements.

D. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.

E. Property, Plant, and Equipment – Capital assets purchased by the Agency are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.

F. Depreciation – Capital assets purchased by the Agency are depreciated over their estimated useful lives (ranging from 3-15 years) under the straight-line method of depreciation.

G. Receivables - The Agency did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable are shown at full value.

H. Compensated Absences – Accumulated unpaid employee vacation leave benefits are recognized as liabilities of the Agency.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Revenue Recognition - The South County Transit's primary source of revenues include passenger fares, State Transit Assistance funds, and Local Transportation Fund/Transportation Development Act (TDA) allocations made to the participating members, but assigned by the members to this Agency for its sole use. The San Luis Obispo County of Governments administers the State Transit Assistance and Transportation Development Act funds, approves claims for such funds submitted by this Agency, and makes payments to the Agency based upon such claims.

Generally, amounts due from other governments are recorded as revenues when earned. However, when the expenditure of funds is the prime factor for determining eligibility for grants, revenue is accrued when the related expenditures have been made on an approved grant. The Agency recognizes revenues as the amounts allocated to it by San Luis Obispo Council of Governments to the extent approved by San Luis Obispo Council of Governments.

J. Net Position - GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and is reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

K. Use of Estimates -The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

L. Comparative Data/Totals Only – Comparative total data for the prior fiscal year has been presented in certain accompanying financial statements in order to provide an understanding of the changes in the Agency's financial position, operations, and cash flows. Also, certain prior fiscal amounts have been reclassified to conform to the current fiscal year financial statements presentation.

M. Comparative Data/Totals Only

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

NOTE 3 - CASH AND INVESTMENTS

On June 30, 2019, the Agency had the following cash and investments on hand:

Cash on hand and in banks	$ 46,007
Investments	906,945
Total cash and investments	$ 952,952

Cash and investments listed above are presented on the accompanying basic financial statements as follows:

Cash and investments, statement of net position	$ 952,952

The Agency categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency's investments are in the San Luis Obispo Investment Pool and in the Local Agency Investment Fund which are external investment pools not valued under level 1, 2 or 3.

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the Agency by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	10%	5%
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
County Investment Pool	N/A	None	None

Disclosures Relating to 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. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table, that shows the distribution of the Agency's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
San Luis Obispo County Investment Pool	$ 836,841	$ 836,841	$ -	$ -	$ -
Local Agency Investment Fund	70,104	70,104			
Total	$ 906,945	$ 906,945	$ -	$ -	$ -

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year End AAA	AA	Not Rated
San Luis Obispo County Investment Pool	$ 836,841	N/A	$ -	$ -	$ -	$ 836,841
Local Agency Investment Fund	70,104					70,104
Total	$ 906,945		$ -	$ -	$ -	$ 906,945

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Agency investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency 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 California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The Agency may waive collateral requirements for deposits which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) 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 California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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 the San Luis Obispo County Investment Pool or LAIF).

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the Agency'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.

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-type activities:				
Capital Assets, being depreciated				
Building and improvements	$ 152,006	$ -	$ -	$ 152,006
Vehicles and equipment	2,650,914			2,650,914
Total capital assets, being depreciated	2,802,920			2,802,920
Less accumulated depreciation for:				
Building and improvements	148,492	1,381		149,873
Vehicles and equipment	1,453,465	182,552		1,636,017
Total accumulated depreciation	1,601,957	183,933		1,785,890
Net depreciable capital assets	$ 1,200,963	$ (183,933)	$ -	$ 1,017,030

Depreciation expense for the fiscal year ended June 30, 2019, was $183,933. Depreciation expense for the fiscal year ended June 30, 2018, was $206,444.

NOTE 5 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS

The Agency was allocated the following funds from the Local Transportation Funds (LTF) and State Transit Assistance Fund for the fiscal years ended June 30, 2019 and 2018:

Allocation Assigned By/Claimant	Article/Section	Amount 2019	Amount 2018
Local Transportation Fund:			
City of Arroyo Grande	4 / 99260(a)	$ 180,602	$ 166,057
City of Grover Beach	4 / 99260(a)	136,908	125,426
City of Pismo Beach	4 / 99260(a)	83,990	76,404
County of San Luis Obispo	4 / 99260(a)	83,990	73,754
Total Article 4 – LTF		485,490	441,641
State Transit Fund:			
Regional Transit Authority	6.5 / 99313	148,700	106,736
Regional Transit Authority	6.5 / 99314	9,340	6,862
Total Article 6.5 – STF		158,040	113,598
Total TDA Revenue		$ 643,530	$ 555,239

NOTE 5 – OPERATING SUBSIDIES FROM LOCAL TRANSPORTATION AND STATE TRANSIT ASSISTANCE FUNDS (Continued)

Transit system operating subsidies are earned by the Agency to the extent that it has incurred eligible operating expenses. Eligible expenses compared to the subsidies received and accrued were as followed:

	Amount	
	2019	2018
Operating expenses	$ 1,564,886	$ 1,528,896
Plus/(minus):		
Capital purchases with LTF and STA		843
Depreciation	(183,933)	(206,444)
Fare revenues	(153,140)	(162,511)
Other operating revenues	(8,400)	(13,370)
Maximum total allocation	1,219,413	1,147,414
TDA operating allocations received and accrued	643,530	555,239
Allocation over/under maximum	$ (575,883)	$ (592,175)

NOTE 6 – FARE REVENUE RATIO

The Agency had fare revenue ratios for the year ended June 30, 2019 and 2018, computed as follows:

		2019	2018
(a)	Operating revenues – passenger fares and other local assistance	$ 161,540	$ 175,881
(b)	Operating costs – net of depreciation expense	1,380,953	1,322,452
(c)	Fare revenue ratio [(a) / (b)]	11.70%	13.30%
	Minimum ratio required	20.00%	20.00%
	Under minimum ratio requirement	8.30%	6.70%

The Agency was not in compliance with applicable TDA regulations pertaining to acceptable fare revenue ratios which require a minimum ratio of 20%.

NOTE 7 – LONG TERM DEBT – COMPENSATED ABSENCES

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Compensated absences	$ 3,910	$ 12,775	$ 9,507	$ 7,178

NOTE 8 – UNEARNED REVENUE

Unearned revenue at June 30, 2019, and June 30, 2018, consisted of the following:

	June 30, 2019	June 30, 2018
Bus Pass Sales	$ 7,840	$ 9,910
LCTOP funding	150,000	
Total Unearned revenues	$ 157,840	$ 9,910

NOTE 9 – INSURANCE

The Agency is exposed to various risks of loss related to torts, theft, damage to, or destruction of an asset and errors or omissions. The Agency maintains comprehensive general liability including automobile insurance of $25 million for buses, vans, equipment, and facilities. The Agency also purchases commercial Special Liability Insurance and Special District Property Insurance with limits of $10 million per occurrence and $100 million annual aggregate.

NOTE 10 – THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)

The Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. For agencies whose service area includes disadvantaged communities, at least 50 percent of the total moneys received shall be expended on projects that will benefit disadvantaged communities. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund (Fund) for LCTOP, beginning in 2015-16.

Interest earned on funds to date is $4,937. The Agency had qualifying expenditures incurred under this program from previous allocation totaling $221,919, which was used for operating expenses for the new route 27 and 28 service and is included in State operating grants in the accompanying financial statements.

SUPPLEMENTARY INFORMATION SECTION

SOUTH COUNTY TRANSIT
PROPRIETARY FUND
SCHEDULE OF EXPENSES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Administrative Expenditures			
Insurance			
Liability and Physical Damage	$ 115,280	$ 117,060	$ (1,780)
Workers Compensation	51,000	49,963	1,037
Property Insurance	740	632	108
Rent	30,600	30,600	
Utilities	8,980	10,723	(1,743)
Radio Expense	1,240	1,236	4
Legal Services	1,590	310	1,280
Payroll Processing	760	697	63
Administration - Staff Time	81,110	81,110	
Finance	14,320	14,320	
Marketing	5,530	5,530	
Office Expense/Miscellaneous	7,150	9,958	(2,808)
Audit	3,310	3,215	95
Marketing/Community Relations/Printing	16,000	18,011	(2,011)
Uniforms/Laundry/Physicals/Ads	5,660	6,226	(566)
Operating Expenditures			
Salaries/Benefits	667,510	619,594	47,916
Maintenance	226,920	147,697	79,223
Dispatch	23,700	23,700	
SoCo Bus Fuel	201,490	191,541	9,949
Contingency	14,630	48,830	(34,200)
Total administration and operations	1,477,520	1,380,953	96,567
Capital Outlay and Non-Operating Expenditures			
Support Vehicle	33,000		33,000
Short Range Transit Plan	105,000	50,735	54,265
Facility Improvements/Bus Stop Amenities	43,410		43,410
Transit Center Improvements	93,750		93,750
Total capital outlay	275,160	50,735	224,425
Total expenses, budgetary basis	$ 1,752,680	$ 1,431,688	$ 320,992

TOTAL EXPENSES, BUDGETARY BASIS	$ 1,431,688
ADD:	
DEPRECIATION	183,933
TOTAL EXPENSES PER FINANCIAL STATEMENTS	$ 1,615,621