



**Gold Coast Transit**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2011 and 2010**



# Gold Coast Transit 2011 Board of Directors



**Jonathan Sharkey, Chair**  
Councilmember, City of Port Hueneme  
Alternate Director, Mayor Sylvia Muñoz Schnopp



**Carol Smith, Vice-Chair**  
Mayor, City of Ojai  
Alternate Director, Councilmember Carlon Strobel



**Bryan A. MacDonald, Director**  
Councilman, City of Oxnard  
Alternate Director, Councilmember Carmen Ramirez, Esq.



**William Fulton, Director**  
Mayor, City of Ventura  
Alternate Director, Councilmember Brian Brennan



**John C. Zaragoza, Director**  
Supervisor 5<sup>th</sup> District, County of Ventura  
Alternate Director, Supervisor Steve Bennett

**Gold Coast Transit**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

**Gold Coast Transit  
Comprehensive Annual Financial Report  
For the Fiscal Years Ended June 30, 2011 and 2010**

**Table of Contents**

	<b><u>Page No.</u></b>
Table of Contents	i
<b>Introductory Section</b>	
Letter of Transmittal – General Manager	1-2
Letter of Transmittal – Director of Administrative Services	3
Organizational Information	4-5
Service Area Map	6
Bus System Map	7
<b>Financial Section</b>	
Independent Auditor’s Report	8-9
Management’s Discussion and Analysis	10-19
Basic Financial Statements:	
Statements of Net Assets	20
Statements of Revenues, Expenses and Changes in Net Assets	21
Statements of Cash Flows	22-23
Notes to the Basic Financial Statements	24-35
<b>Statistical Information Section</b>	
Financial Ratios	36
Operating Revenues and Expenses – Ten Year Comparison	37
Operational Statistics:	
Passenger Cost By Mode – Ten Year Comparison	38
Service Cost By Mode – Ten Year Comparison	39
Ridership and Service – Ten Year Comparison	40
<b>Report on Compliance and Internal Controls</b>	
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41
<b>Single-Audit Section</b>	
Single-Audit Report	1-5

# **Introductory Section**





August 10, 2011

The Board of Directors  
Gold Coast Transit  
Oxnard, California

Members of the Board:

It has been a pleasure to serve as Gold Coast Transit's General Manager since October of 2010. Despite the often uncertain circumstances of the current economic downturn, Gold Coast Transit has worked diligently to operate and strengthen the public transit system for the residents of our community. This has largely been made possible through the generous funding support of GCT's five member governments: the Cities of Oxnard, Ventura, Port Hueneme and Ojai, and the County of Ventura.

In fiscal year 2010-2011, Gold Coast Transit delivered close to 3.4 million passenger trips and operated 2.18 million miles of revenue service in western Ventura County.

Additional key developments at GCT during the 2010-11 fiscal year include:

- **Vineyard Corridor** – In January 2011, the GCT Board adopted the findings of the Vineyard Corridor Study completed in December of 2010. The Board also approved the “starter” route that will run between the Esplanade and St. John's/Rose Crossing via Central Avenue. A Congestion Mitigation and Air Quality Improvement (CMAQ) grant was awarded to GCT for the implementation of this route, which is scheduled to begin operating in February 2012.
- **Fixed Route Service Improvements** – The new Route 19 provides key connections for transit dependent riders at Villa Victoria and Prototypes for Women, the Mexican Consulate, and those who work in the Seagate Industrial Park.
- **New Scheduling Software** – Gold Coast Transit is in the process of implementing a new scheduling and dispatching software system called *Mobile-Plan & PERDIS*. This new software will automate and improve how we develop route schedules and assure that our routes have more accurate running times and adequate layover time. In turn, this will enable us to provide better service to the public.
- **Additions to the Gold Coast Transit Team** – With the Board's approval, Gold Coast Transit added one Customer Service Assistant, one Communications and Marketing Manager, one Transit Planner, and one Transit Supervisor.
- **Employee Relations** – In an effort to promote an open door policy and strengthen internal communications, we began hosting several activities throughout the year, including “Coffee with the GM”, monthly staff birthday celebrations in the driver's lounge, and a monthly “General Manager's Report” distributed to all members of the agency.
- **Facility Improvements** – Funded by a combination of federal grants, including the American Recovery and Reinvestment Act (ARRA) grant, Gold Coast Transit has several capital projects currently under construction or in the design and planning stages to improve the efficiencies in maintenance.
- **Travel Training** – With the aim of increasing public awareness and education about GCT's services, three how-to videos were produced to provide step-by-step guidelines to make it easier for riders to plan and enjoy their trips aboard GCT buses. The videos and supplemental workbook will be provided to various social service organizations, schools, senior centers, and other community groups.

- **Bus Advertising Program** – This program has experienced considerable growth this year with several new advertisers. GCT has received approximately \$158,000 in advertising revenue, a significant increase from previous years.
- **Marketing and Community Outreach** - Gold Coast Transit coordinated several successful community outreach events. As part of this effort, we have significantly increased our online presence by consistently posting updates on GCT’s official website and social networking sites Facebook and Twitter. As a result, GCT has more than doubled the number of “likes” on Facebook and the number of “followers” on Twitter.

While the Gold Coast Transit team is very proud of its accomplishments to date, we do not intend to rest on these. 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.



---

**Steven P. Brown**  
**General Manager**



August 10, 2011

Board of Directors  
Gold Coast Transit  
301 E. Third St.  
Oxnard, California 93030

Members of the Board:

This is Gold Coast Transit's Comprehensive Annual Financial Report (CAFR) covering the fiscal year ended June 30, 2011 and is submitted in compliance with Section 4(b) of our Joint Powers Agreement.

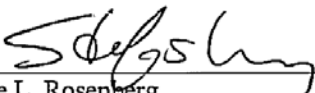
The CAFR has been prepared by the Office of the Director of Administrative Services in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). This Office is responsible for both the accuracy of the presented data and the 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 GCT. All disclosures necessary to enable the reader to gain the maximum understanding of GCT financial affairs have been included.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by GCT 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 GCT 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 GCT in conformity with generally accepted accounting principles.
3. The **Statistical Section** contains comparative statistical data on GCT's financial, physical, economic and social characteristics.

The preparation of this Comprehensive Annual Financial Report required the cooperation of GCT management, staff and independent auditors, Charles Z. Fedak & Company, CPA's. I wish to express my appreciation to all those individuals who contributed to the preparation of this report, with special recognition to Lili Marlene T. Tomen, GCT's Accounting Manager, who, year after year, works long hours preparing for GCT's financial audit. Her professionalism and dedication continues to be invaluable to this organization.

  
\_\_\_\_\_  
Steve L. Rosenberg  
Director, Administrative Services

**< Page Intentionally Left Blank >**

## **Gold Coast Transit** *Organizational Information*

### **History<sup>1</sup>**

South Coast Area Transit (SCAT) was established in 1973. On July 17, 1973 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. The County of Ventura became a SCAT member agency in October of 1977.

Prior to SCAT's creation, two municipal bus lines operated the region's public transit service. Ventura Transit City Lines operated local service in Ventura and intercity service to Ojai. Oxnard Municipal Bus Lines served Oxnard and Port Hueneme. Following a national trend, the bus systems flourished through the mid 1940's but both ridership and service levels declined in the years following. By the late 1960's it became increasingly difficult for cities to maintain municipal bus lines with local general funds.

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.

After SCAT's creation in 1973, the operating systems of Ventura Transit City Lines and Oxnard Municipal Bus Lines were merged to create the SCAT regional transit system. Bus service was implemented on November 4, 1973. SCAT originally operated from two facilities located in Ventura and Oxnard. In February of 1980 all SCAT functions were consolidated in a single administrative, operating and maintenance facility on a three-acre site at 301 E. Third Street in Oxnard.

In June 2007, SCAT's Joint Powers Agreement was amended to, among other changes, rename the agency from South Coast Area Transit to Gold Coast Transit; this change became effective July 1, 2007.

### **Services**

GCT provides fixed-route 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 an estimated population of 375,000.

GCT served 3.43 million passenger boardings in Fiscal Year 2010-11, a decrease of 2.5% from the previous year, and operated 2.1 million miles of revenue service. GCT operates a fleet of 54 full-size (35-foot and 40-foot) buses on fixed route service and 24 cutaway buses primarily on paratransit service, all using clean burning compressed natural gas (CNG). Only eleven of GCT's 78 revenue vehicles are more than five years old. GCT operates its own onsite CNG fueling station, having last year completed construction of GCT's new state-of-the-art CNG fueling station.

In Fiscal Year 2010-11, GCT fixed-route service served 3.35 million passenger boardings, a decrease of 2.6% from the previous year, while the ACCESS paratransit system transported 76,730 passengers, a decrease of 1.6% over the previous year.

---

<sup>1</sup> Historical information excerpted from "A Historical Summary of Gold Coast Transit," by Peter G. Drake, retired SCAT general manager.

## **Gold Coast Transit** *Organizational Information*

### **Mission Statement**

GCT's mission is to provide safe, responsive, convenient, efficient, and environmentally responsible public transportation that serves the diverse needs of our community, by:

- 1) Offering a range of transit opportunities to serve the diverse needs of our community;
- 2) Building on GCT's internal strengths and capacities to achieve the highest standards of transit service delivery and foster a sense of ownership for employees;
- 3) Providing safe and dependable transit service that is convenient and efficient;
- 4) Providing transit services that are environmentally and sustainably responsible as well as supportive of and supported by sustainable development/smart growth/TOD;
- 5) Maintaining the most appropriate governance structure to facilitate the achievement of the highest standards of transit service delivery; and
- 6) Maintaining a balanced fiscal plan that supports our Mission Statement.

### **Board of Directors**

Gold Coast Transit is a joint powers agency governed by a Board of Directors. Each of GCT's five member agencies appoints 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.

### **Management**

The General Manager is appointed by the Board of Directors and is charged with carrying out the Board's policies and directives. The General Manager leads a management team made up of four departmental directors. Members of the GCT management team are:

Steven P. Brown, General Manager

Steve L. Rosenberg, Director of Administrative Services

Helene Buchman, Director of Planning and Marketing

Robert Lurie, Director of Fleet and Facilities

Andrew Mikkelson, Director of Transit Operations

As the end of fiscal year 2011, GCT had 140 employees, the majority of whom provide or supervise bus service. The operations department had 104 employees, including 96 bus operators, six transit supervisors, an operations support specialist and a director. The maintenance department had 21 employees, including ten mechanics, five service workers, two parts specialists, one facility and equipment mechanic, two supervisors and a director. The administrative departments had a staff of 15 employees. Service Employees International Union Local 721 represents all bus operators, most maintenance employees and two administrative employees. In addition to GCT's directly operated fixed route bus service, GCT contracts with MV Transportation, Inc for the management and operation of GCT ACCESS, a regional paratransit service providing curb-to-curb transportation for people with disabilities and senior citizens.

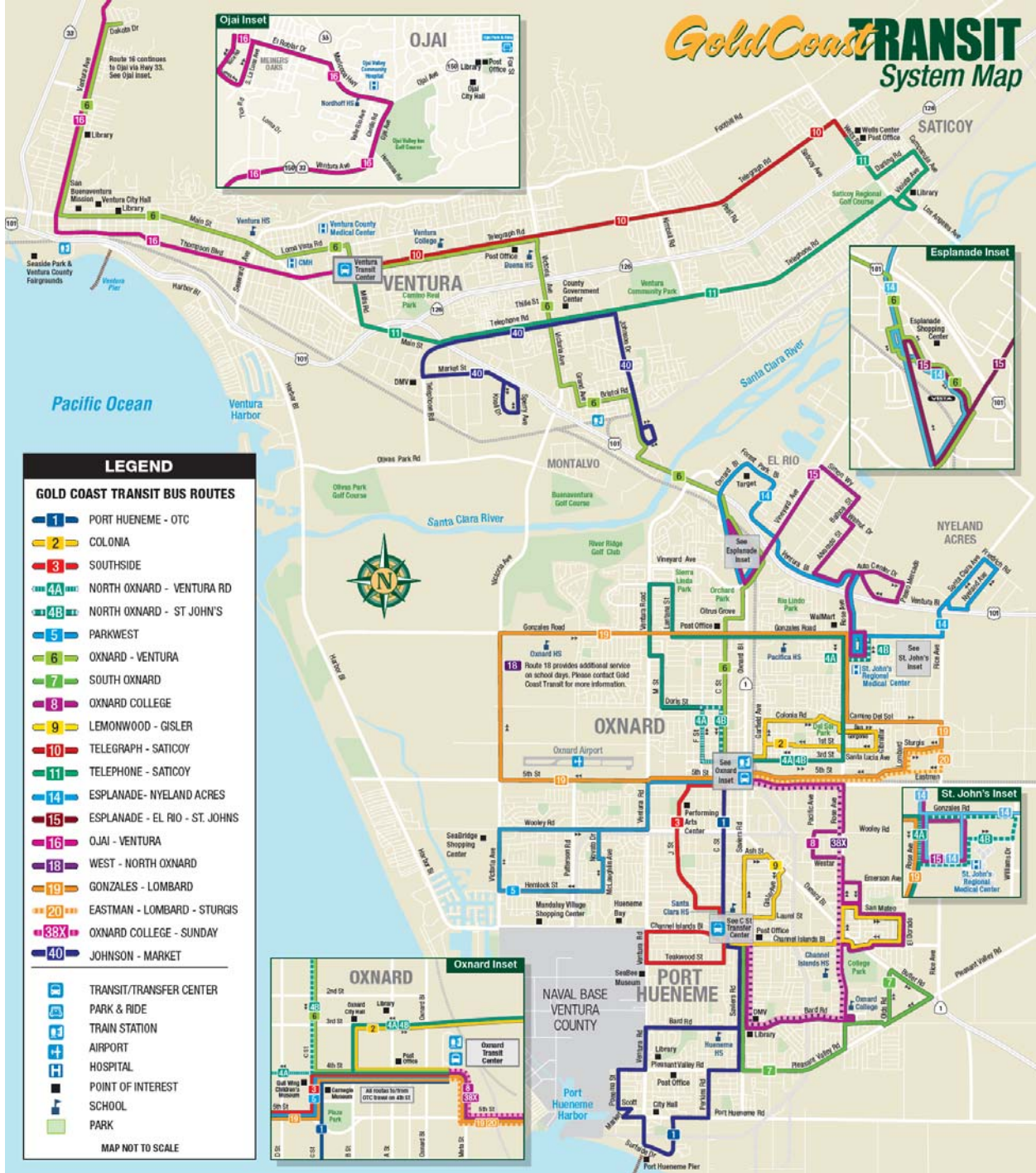
Gold Coast Transit  
Organizational Information

Map of Ventura County, California



**Gold Coast Transit  
Organizational Information**

# Gold Coast Transit Bus System Map



# **Financial Section**





Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
(562) 598-6565  
FAX (714) 527-9154  
EMAIL [czfco@czfcpa.com](mailto:czfco@czfcpa.com)

## Independent Auditor's Report

Board of Directors  
Gold Coast Transit  
Oxnard, California

We have audited the accompanying financial statements of the Gold Coast Transit (GCT) as of and for the years ended June 30, 2011 and 2010, which collectively comprise GCT's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of GCT's management. Our responsibility is to express opinions on these basic 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Gold Coast Transit as of June 30, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2011, on our consideration of GCT's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit. That report can be found on page 41.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 19 be presented to supplement the basic financial statements. Such 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. 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

### **Independent Auditor's Report, continued**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 7 and the statistical section on pages 36 through 40 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 4 of the attached single-audit report is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

Charles Z. Fedak & Co. CPA's  
An Accountancy Corporation

**Charles Z. Fedak and Company, CPA's – An Accountancy Corporation**  
Cypress, California  
August 10, 2011

**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of Gold Coast Transit (GCT) provides an introduction to the financial statements of GCT for the fiscal year ended June 30, 2011. 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 Statistical Section.

**Activities and Highlights**

GCT 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.

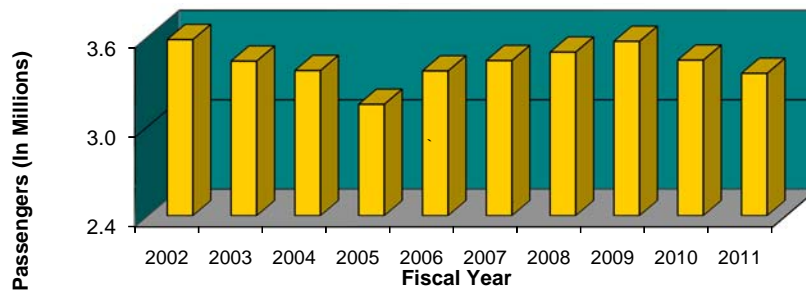
GCT owns 78 revenue vehicles which are 100% fueled with clean burning compressed natural gas (CNG), primarily from GCT's owned and operated CNG fueling station. In FY 2010-11, GCT vehicles carried over 3.43 million passengers while traveling over 2.1 million revenue miles.

GCT operates a fleet of 54 fixed-route buses. In FY 2010-11, GCT fixed-route buses operated 1.61 million miles of revenue service and served 3.35 million passenger boardings, a decrease of 2.6% over the previous year.

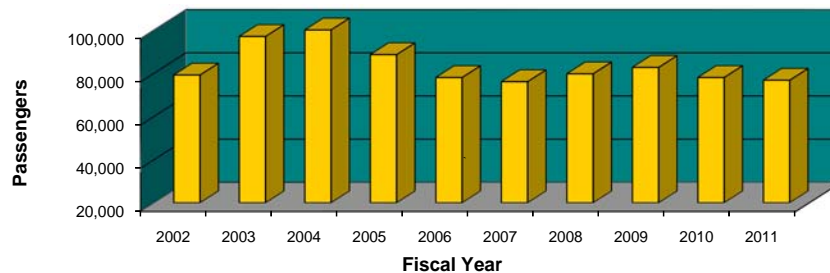
In FY 2010-11, the ACCESS paratransit system transported 76,730 passengers, a decrease of 1.6% from the previous year. GCT owns the paratransit fleet consisting of 24 vans, which are operated under contract by MV Transportation, Inc.

	<u>2011</u>	<u>2010</u>	<u>Increase/ (Decrease)</u>
<b>Fixed-Route Passengers Trips</b>	<b>3,353,539</b>	<b>3,442,005</b>	<b>(2.6%)</b>
<b>ACCESS Paratransit One-Way Trips</b>	<b>76,730</b>	<b>77,985</b>	<b>(1.6%)</b>
<b>Total Boardings</b>	<b>3,430,269</b>	<b>3,519,990</b>	<b>(2.5%)</b>

**Fixed Route Bus Ridership – Unlinked Passenger Trips from 2002 to 2011**



**ACCESS Paratransit Ridership – One-way Trips from 2002 to 2011**



**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

GCT is unique compared to the majority of transit operations in California since it provides transit service without support from direct sales tax measures, tax levies or dedicated general funds. As GCT does not have the authority to levy taxes, the use of Local Transportation Funds (LTF) from a quarter-cent sales tax provided by the Transportation Development ACT (TDA) has historically been the only local means available to GCT to support transit services. In July 2007 GCT's Joint Powers Agreement (JPA) was revised to give the agency the authority to accept local funds from other sources (in the form of route guarantees) to support local transit services.

In FY 2007-08, TDA funds were 50% of the total revenue for operating expense, while fares and other local funds accounted for 21%. The remainder is met by other state and federal funds, advertising revenue, interest income and gain on disposed property. During FY 2008-09, the State announced its intention to eliminate State Transportation Assistance (STA) Funds for five years starting in FY 2009-10. This funding source accounted for only 1.6% of GCT Revenues in FY 2008-09 but provided significant funding for competing Ventura County transit priorities. The loss of STA funds directly reduced the amount of regionally shared LTF funds available for GCT. In March 2010, the state consequently enacted legislation restoring STA by replacing the sales tax on fuel with an increase in the fuel excise tax rate. While STA has been restored for now, its future continues to be at legislative risk.

The economic recession dramatically impacted LTF funding. Projected LTF revenue in Ventura County dropped 27% from FY 2007-08 to FY 2009-10, causing GCT to reduce service levels in FY10-11. The Ventura County Auditor-Controller has projected higher LTF receipts in FY 2011-12. Combined with higher-than-projected receipts for the two previous fiscal years being apportioned to local agencies, GCT members saw their LTF allocations increase a combined 24.6% from FY 2010-11 to FY 2011-12; however much of that increase is non-recurring.

**Financial Position Summary**

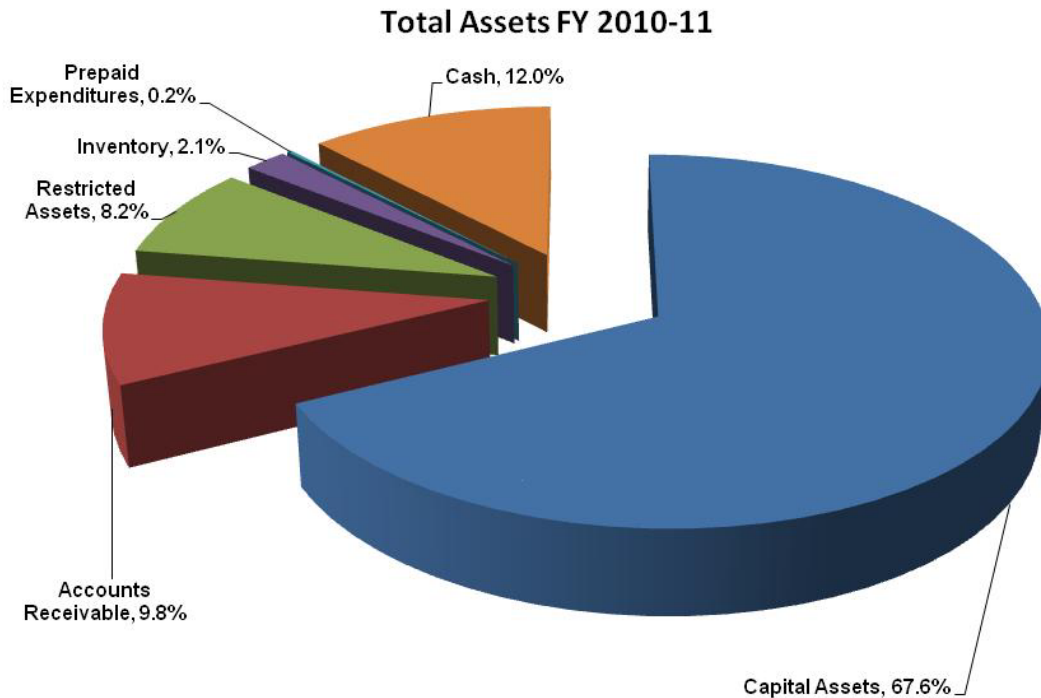
Total net assets serve over time as a useful indicator of GCT's financial position. GCT's net assets exceed liabilities by \$22,503,881 as of June 30, 2011, a 11.0% decrease from June 30, 2010. A condensed summary of net assets at June 30 is shown below:

<b>Condensed Statement of Net Assets</b>			
	<u>2011</u>	<u>2010</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 8,916,778	7,343,202	1,573,576
Capital assets, net	18,641,472	21,473,376	(2,831,904)
<b>Total assets</b>	<u>27,558,250</u>	<u>28,816,578</u>	<u>(1,258,328)</u>
<b>Liabilities:</b>			
Current liabilities	5,054,369	3,528,254	1,526,115
<b>Total liabilities</b>	<u>5,054,369</u>	<u>3,528,254</u>	<u>1,526,115</u>
<b>Net assets:</b>			
Net investment in capital assets	18,641,472	21,473,376	(2,831,904)
Restricted for capital projects	2,261,177	2,292,862	(31,685)
Unrestricted	1,601,232	1,522,086	79,146
<b>Total net assets</b>	<u>22,503,881</u>	<u>25,288,324</u>	<u>(2,784,443)</u>
<b>Total liabilities and net assets</b>	<u>\$ 27,558,250</u>	<u>28,816,578</u>	<u>(1,258,328)</u>

**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

The largest portion of GCT's *net* assets (\$18,641,472 or 83% at June 30, 2011) is its net investment in capital assets, such as buses, buildings, improvements, and equipment. GCT uses these capital assets to provide services to its passengers; consequently, these assets are not available for future spending. The decrease in GCT's *net* assets in FY 2010-11 reflects minimal additions to fixed assets in FY 2010-11 offset by a full year of depreciation for all assets, including the first full year of depreciation for nine new buses acquired toward the end of the previous fiscal year.

*Restricted* net assets have been set aside to fund the purchase of future capital projects and transit vehicle acquisitions. The remaining *unrestricted net assets* (\$1,601,232 or 7% at June 30, 2011) may be used to meet GCT's capital and ongoing obligations.



**GCT Passenger Fares**

Passenger fares are set by the Board of Directors and changed when determined necessary by the Board. Prior to FY 2009-10 the most recent increase had taken place effective July 1, 2004, when the adopted fare policy included a “tie bar” requiring that the paratransit fare automatically be set at twice the amount of the fixed route fares.

During FY 2009-10, the Board of Directors approved a two-phase fare increase. The first phase took effect on January 24, 2010, increasing the base cash fare from \$1.25 to \$1.35. The second phase is scheduled to take effect on August 21, 2011, with the base cash fare increasing to \$1.50. GCT's fare structure is as follows:

**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

**GCT Fixed Route Service Fares**

<b><u>Fare Type</u></b>	<b><u>January 2010 Current Fare</u></b>	<b><u>August 2011 Revised Fare</u></b>
<b><u>Cash Fares (One Way)</u></b>		
Adult	\$1.35	\$1.50
Youth (through age 18)	\$1.35	\$1.50
Seniors*	\$0.65	\$0.75
Medicare (with Medicare Card)	\$0.65	\$0.75
Disabled (ADA card or GCT I.D.)	\$0.65	\$0.75
Seniors 75+ (with GCT I.D. – restricted hours)	Free	Free
Seniors 75+ (with GCT I.D. – am and pm rush hours)	0.65	+ Free
Children under 45" tall (when accompanied by paid fare)	Free	Free
Day Pass (One-Day/Unlimited Boardings)	\$3.25	\$4.00
Day Pass for Seniors/Medicare/Disabled	\$1.60	\$2.00
<b><u>Multi-Ride Ticket or Monthly Pass</u></b>		
Adult		
10-Ride	\$12.50	\$14.00
20-Ride	\$23.50	\$26.00
30-Ride	\$32.50	\$36.00
Monthly Pass (cost per ride based on 50 rides)	\$44.50	\$49.00
Youth		
10-Ride	\$10.00	\$11.00
20-Ride	\$18.50	\$20.50
30-Ride	\$26.00	\$29.00
Monthly Pass	\$35.00	\$38.50
Senior/Disabled		
10-Ride	\$6.00	\$6.50
20-Ride	\$11.00	\$12.00
30-Ride	\$15.75	\$17.50
Monthly Pass	\$19.50	\$21.50

**GCT Fixed Route Service Fares**

<b><u>Fare Type</u></b>	<b><u>January 2010 Current Fare</u></b>	<b><u>August 2011 Revised Fare</u></b>
<b><u>Cash Fares (One Way)</u></b>		
<b>GCT ACCESS (Paratransit)</b>		
Cash Fare (one-way) - ADA Certified or Senior*	\$2.70	\$3.00
Senior Nutrition (registered with County program)	Donation	Donation
Book of Ten Tickets - ADA Certified or Senior*	\$27.00	\$30.00

\* 65 years of age and older w/proof of age  
+ Fare for 75+ seniors during am and pm rush hours will be eliminated with August 2011 fare change

**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

**Financial Operations Highlights**

- Operating revenues decreased by 3.1% from \$3,137,831 in FY 2009-10 to \$3,041,669 in FY 2010-11, primarily as the result of reduced service, fewer boardings, and a lower requirement for local “fare guarantee” contributions from our member agencies. Such fare contributions support GCT achieving its fare box recovery ratio of 20% overall or 20% for fixed route and 10% for paratransit.
- Operating expenses before depreciation decreased by 2.7% from \$15,557,203 to \$15,141,244. The decrease was driven by:
  - A 1.4% decrease in salaries and wages resulting from reduced service hours and lower administrative wage costs associated with several extended position vacancies, partially offset by increased hours for vehicle maintenance. GCT’s represented work force works under a set of Memoranda of Understanding (MOUs) between GCT and Service Employees International Union (SEIU) Local 721, which expired on November 1, 2010 and has remained in force by mutual agreement. GCT’s represented work force received no wage increases in FY 2010-11, and GCT’s non-represented work force received no wage increases in FY 2009-10 and FY 2010-11.
  - A 47% decrease in fuels and lubricants resulting from the reinstatement of the Alternative Fuel Excise Tax Credit in December 2010. The credit expired at the end of December in 2009 and was reinstated retroactively in December 2010, so GCT realized two quarters of savings in FY 2009-10 and four quarters of savings in FY 2010-11. GCT saves \$90,000-\$100,000 each quarter under the current formula.
  - A 6.5% decrease in Paratransit contract costs attributable to reduced ridership and corresponding reduction in the level of service being provided.
- Capital contributions received in the form of grants from the federal and state governments and matching funds from local governments decreased from \$4,177,698 in FY 2009-10 to \$270,295 in FY2010-11. GCT has available FTA Section 5307 funding, American Recovery and Reinvestment Act of 2009 (ARRA) funding and California Proposition 1B funding for numerous planned projects, some of which are currently in process.
- Revenues generally equal expenditures before depreciation in order to comply with State Transportation Development Act requirements of GCT, as a publicly funded transportation entity.

**Condensed Statement of Revenues, Expenses and Changes in Net Assets**

	<b>2011</b>	<b>2010</b>	<b>Change</b>
Operating revenues	\$ 3,041,669	3,137,831	(96,162)
Operating expenses	(15,141,242)	(15,557,202)	415,960
<b>Operating loss before depreciation</b>	(12,099,573)	(12,419,371)	319,798
Depreciation	(3,054,738)	(2,831,039)	(223,699)
<b>Operating loss</b>	(15,154,311)	(15,250,410)	96,099
Non-operating revenues	12,099,573	12,419,371	(319,798)
<b>Loss before capital contributions</b>	(3,054,738)	(2,831,039)	(223,699)
Capital contributions	270,295	4,177,698	(3,907,403)
<b>Change in net assets</b>	(2,784,443)	1,346,659	(4,131,102)
<b>Net assets – beginning of period</b>	25,288,324	23,941,665	1,346,659
<b>Net assets – end of period</b>	\$ 22,503,881	25,288,324	(2,784,443)

**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

**Revenues**

A summary of revenues for the year ended June 30, 2011 including the amount and percentage of change in relation to prior year amounts is as follows:

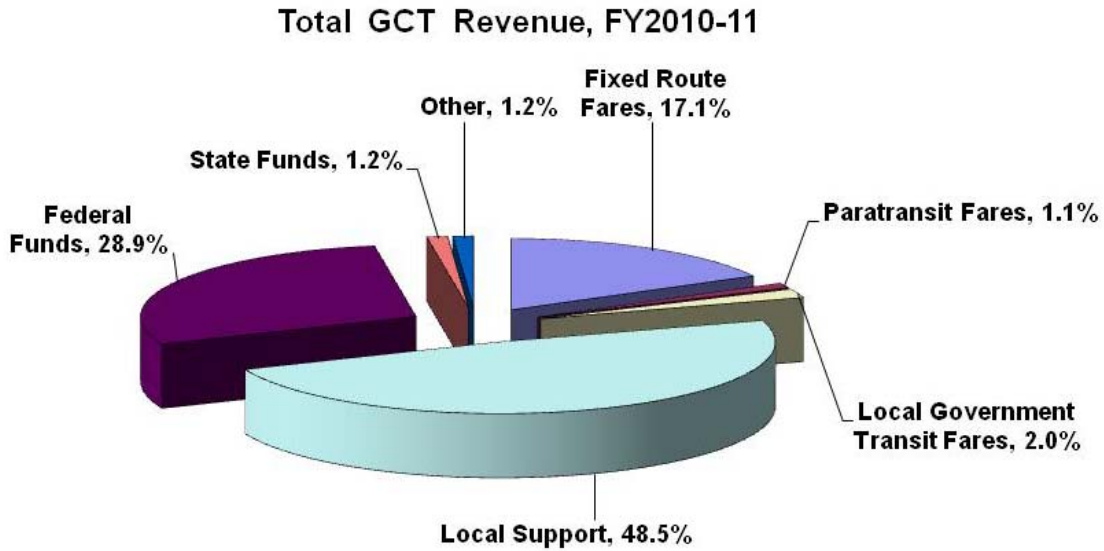
	<u>2011</u>	<u>Percentage of Total</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
<b>Operating:</b>					
Fixed-route passenger fares	\$ 2,798,811	18.5%	2,575,992	222,819	8.6%
Local government transit fees	-	0.0%	400,000	(400,000)	-100.0%
ACCESS paratransit fares	<u>242,858</u>	<u>1.6%</u>	<u>161,839</u>	<u>81,019</u>	<u>50.1%</u>
<b>Total operating</b>	<u>3,041,669</u>	<u>20.1%</u>	<u>3,137,831</u>	<u>(96,162)</u>	<u>-3.1%</u>
<b>Non-operating:</b>					
Local assistance	7,349,169	48.5%	7,869,282	(520,113)	-6.6%
Federal funding	4,182,661	27.6%	4,314,074	(131,413)	-3.0%
State funding	188,221	1.2%	66,989	121,232	181.0%
Other	<u>379,522</u>	<u>2.5%</u>	<u>169,026</u>	<u>210,496</u>	<u>124.5%</u>
<b>Total non-operating</b>	<u>12,099,573</u>	<u>79.9%</u>	<u>12,419,371</u>	<u>(319,798)</u>	<u>-2.6%</u>
<b>Total revenues</b>	<u>\$ 15,141,242</u>	<u>100.0%</u>	<u>15,557,202</u>	<u>(415,960)</u>	<u>-2.7%</u>

The total revenue decrease of 2.7% included increased reliance on federal funds, specifically \$990,000 in ARRA funds, also known as “stimulus” funds, used to support the provision of both fixed route operations and paratransit service. State Transit Assistance (STA) funds were restored in FY 2010-11 after essentially being eliminated by the state in FY 2009-10. GCT saw a 6.6% reduction in Local Transportation Fund (LTF) funding. LTF is derived from a ¼ cent statewide general sales tax, and has been negatively impacted by the ongoing recession.

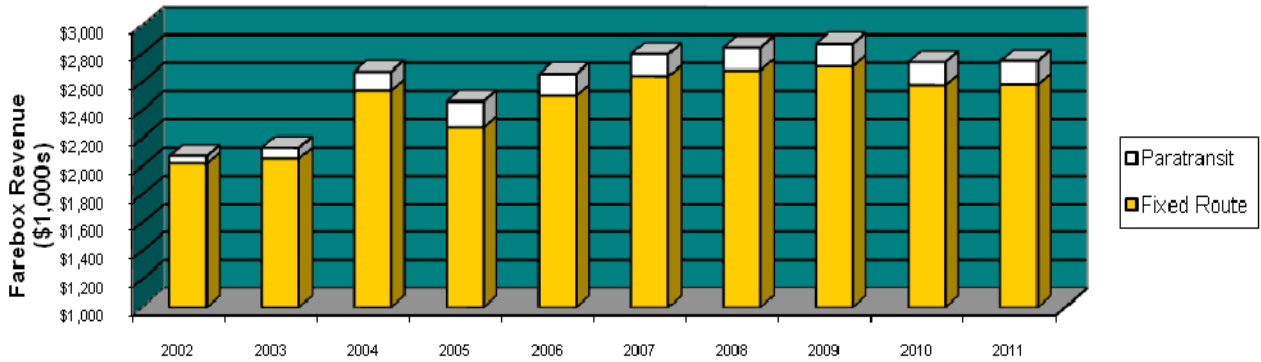
Passenger fares for both fixed route and paratransit were up very slightly from FY 2009-10 to FY 2010-11, with reduced boardings being offset by a full year of the fare increase implemented in January 2010. Increased advertising revenue more than offset reduced interest income resulting from lower interest rates.

**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

The following chart shows the major sources of operating and non-operating revenues for the year ended June 30, 2011 (fares, grants and others).



The following chart shows GCT's farebox revenues over the past ten years:



**Gold Coast Transit**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2011 and 2010**

**Expenses**

A summary of expenses for the year ended June 30, 2011, including the amount and percentage of change in relation to prior year amounts, is as follows:

	<u>2011</u>	<u>Percentage of Total</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
<b>Operating expenses:</b>					
Vehicle operation	\$ 8,166,482	44.9%	8,332,929	(166,447)	-2.0%
Vehicle maintenance	2,499,641	13.7%	2,606,205	(106,564)	-4.1%
Planning and marketing	759,871	4.2%	772,908	(13,037)	-1.7%
Operations and administration	1,710,938	9.4%	1,683,058	27,880	1.7%
Paratransit	<u>2,004,310</u>	<u>11.0%</u>	<u>2,162,102</u>	<u>(157,792)</u>	<u>-7.3%</u>
<b>Operating expenses before depr</b>	15,141,242	83.2%	15,557,202	(415,960)	-2.7%
Depreciation	<u>3,054,738</u>	<u>16.8%</u>	<u>2,831,039</u>	<u>223,699</u>	<u>7.9%</u>
<b>Total operating expenses</b>	<u>\$ 18,195,980</u>	<u>100.0%</u>	<u>18,388,241</u>	<u>(192,261)</u>	<u>-1.0%</u>

Fixed Route costs for FY 2010-11 were 2% lower than in FY 2009-10. Wages and benefits represent 88% of Fixed Route operations costs. The decrease in Fixed Route costs from FY 2009-10 is primarily attributable to decreased service and lower fuel costs. Revenue service hours (RSH) decreased 6.3% from FY 2009-10 to FY 2010-11, and revenue service miles (RSM) decreased 4.2%. As previously stated, GCT's Bus Operators, like all GCT employees, did not receive a wage increase during FY 2010-11, however wage cost per hour did rise 3% as newer operators progressed through the wage scale and GCT experienced very low operator turnover.

Maintenance costs for FY 2010-11 were 4.1% lower than in FY 2009-10. The decrease in Maintenance costs from FY 2009-10 to FY 2010-11 is primarily attributable to a charge for divesting obsolete parts associated with the retirement of GCT's old Orion bus fleet in FY 2009-10. Excluding that item, Maintenance costs were essentially flat from FY 2009-10 to FY 2010-11. Higher wage costs, resulting from more mechanic hours worked, were offset by lower costs for contract repairs and other contract services.

Administration department costs for FY 2010-11 were 1.7% higher than in FY 2009-10. The increase in Administration costs is attributable primarily to higher legal costs resulting from general counsel's participation in protracted union contract negotiations between GCT and SEIU Local 721, as well as an increase in other legal activity. Costs for insurance and materials and supplies increased in FY 2010-11, but were offset by savings in wages resulting from the transition to a new General Manager as well as another extended position vacancy.

Planning and Marketing department costs for FY 2010-11 were 1.7% lower than in FY 2009-10, attributable to wage savings from two extended position vacancies. Marketing expense was substantially higher in FY 2010-11 than the previous year as the result of a grant-funded project to upgrade rider information at GCT's bus stops.

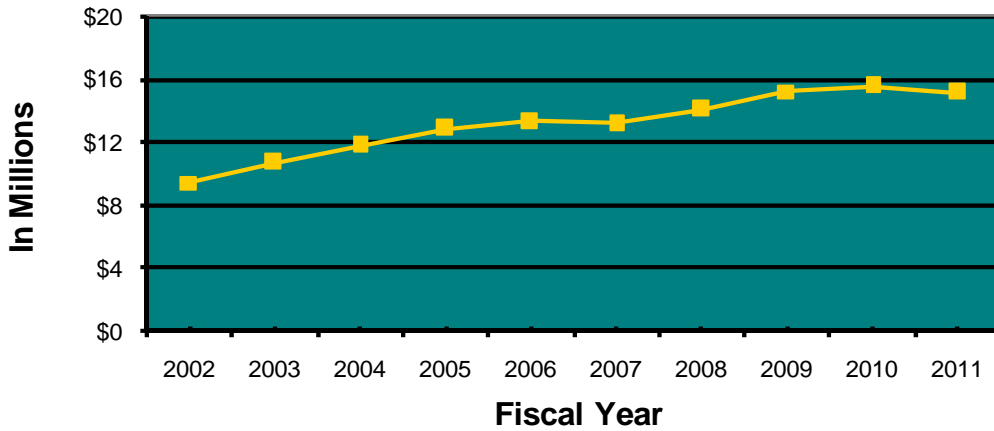
Paratransit operations costs for FY 2010-11 were 7.3% lower than in FY 2009-10. The paratransit service contract represents over 90% of paratransit operations costs. The decrease in Paratransit costs is attributable to reduced ridership and corresponding reduction in the level of service being provided. Reduced service does increase the unit cost of GCT's contract, but that increase was more than offset by reduced volume and other efficiencies. Additionally, fuel cost for paratransit service is down 18% as the result of the reinstatement of the Alternative Fuel Excise Tax Credit in December 2010.

The 8% increase in depreciation expense is the result of the first full year of depreciation expense for the addition of nine new buses to our depreciable asset base.

Total operating expenses before depreciation were 2.7% lower than the previous year. The following chart shows operating expense trends over a ten-year period.

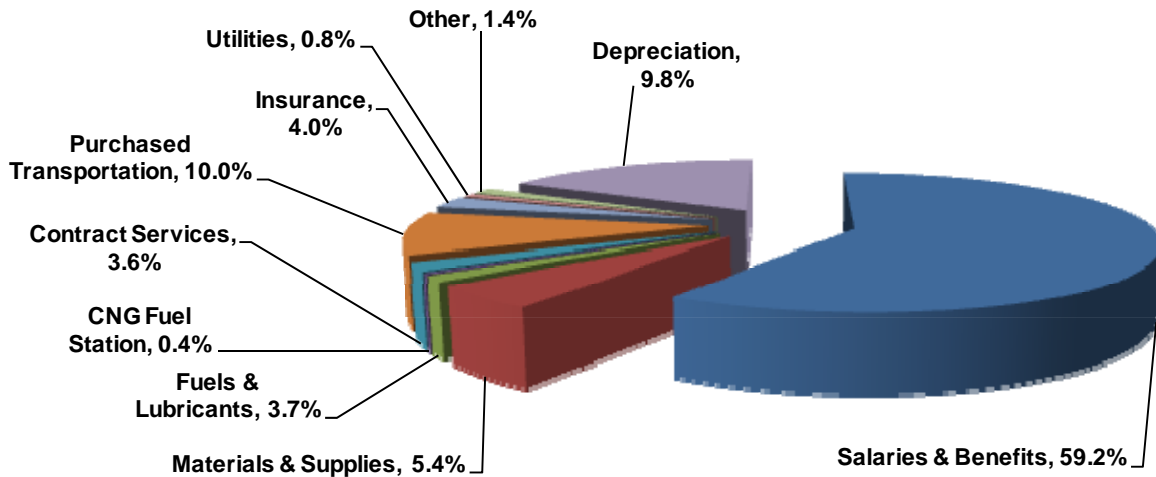
**Gold Coast Transit**  
*Management's Discussion and Analysis*  
**For the Years Ended June 30, 2011 and 2010**

**GCT Operating Expense - from 2002 to 2011**



The following chart shows major cost categories and the percentage of operating expenses for the year ended June 30, 2011:

**Total Operating Expenses FY2010-11**



**Financial Statements**

GCT's basic financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board. GCT is structured as a single enterprise fund with revenues 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 progress) depreciated over their estimated useful lives. See the notes to the financial statements for a summary of GCT's significant accounting policies.

**Capital Asset Acquisition**

During FY 2010-11, GCT added \$68,751 in capital additions. This included \$44,093 for one CNG supervisor van, \$6,316 for an on-board video and audio system and \$18,342 for the final withhold payment upon completion of the CNG station.

**Gold Coast Transit**  
*Management's Discussion and Analysis*  
**For the Years Ended June 30, 2011 and 2010**

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using primarily federal grants with matching local funds, however GCT has also received federal ARRA funds as well as state grants from the Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and Safety and Security programs. With numerous capital projects currently underway, GCT closed the year with \$172,423 in Work in Process.

Additional information on GCT's capital assets can be found in the notes to the financial statements.

**Economic and Other Factors**

Gold Coast Transit is committed to developing and delivering quality public transportation service. In carrying out this mission, GCT provides fixed route bus and paratransit service and carries out these activities in a cost-effective, fiscally responsible manner. Furthermore, GCT recognizes its responsibility to work with governments and agencies to meet the transportation needs of the people, communities and businesses of western Ventura County.

Despite weak economic conditions and uncertain state transit funding, GCT's financial condition continues to be relatively strong. The agency has a young fleet 100% powered by CNG, a clean, domestically produced, plentiful and currently inexpensive fuel. GCT has federal ARRA funding as well as California Proposition 1B funding to support several important future capital projects.

Fiscally, we have a capital reserve fund adequate to meet its projected short-term needs and a reasonable cash position backed up by a one million dollar line of credit. Just as for every California transit agency that depends on State funding, these are uncertain times. Local Transportation Fund revenues are forecasted higher in FY 2011-12 but remain historically low. The State Transit Assistance (STA) program, eliminated completely in FY 2009-10, was resurrected in FY 2010-11 but state budget deficits continue to threaten the possibility of placing transit funding reductions back on the table.

The demand for GCT services can be expected to increase as the economy improves, more people go back to work and the resulting increased demand for gasoline drives fuel prices higher. It can be anticipated that citizens will demand more and better public transit. GCT currently operates out of a thirty-year old facility designed for one-half its current fleet. GCT's goal is to position itself to be ready for higher public transit demand. This will require making the financial commitment during the next few years to acquire and develop a new, larger facility to support the anticipated growth that a higher level of public transit service will require. While funding has yet to be identified, GCT's ten-year capital project plan provides for the major investment of site acquisition and construction of a new Operations, Maintenance and Administration facility as well as the scheduled replacement and gradual expansion of the CNG fixed route and paratransit fleets.

**Requests for Information**

This financial report is designed to provide GCT's funding sources, customers, stakeholders and other interested parties with an overview of GCT'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 the Director of Administrative Services at Gold Coast Transit, 301 E. Third St., Oxnard, California, 93030-6048.

# **Basic Financial Statements**

**Gold Coast Transit  
Statement of Net Assets  
June 30, 2011 and 2010**

<i>Assets</i>	<b>2011</b>	<b>2010</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 2,335,083	4,004,181
Accrued interest receivable	978	1,463
Accounts receivable – federal funding	2,514,290	310,002
Accounts receivable – other	183,263	145,312
Materials and supplies inventory	589,012	536,877
Prepaid expenditures	55,061	52,505
Total current assets	<u>5,677,687</u>	<u>5,050,340</u>
<b>Restricted assets – current:</b>		
Cash and cash equivalents (note 2)	3,234,541	2,284,514
Accrued interest receivable	4,550	8,348
Total restricted assets – current	<u>3,239,091</u>	<u>2,292,862</u>
<b>Total current assets</b>	8,916,778	7,343,202
<b>Non-current assets:</b>		
Capital assets, net (note 3)	<u>18,641,472</u>	<u>21,473,376</u>
<b>Total assets</b>	<u>\$ 27,558,250</u>	<u>28,816,578</u>
<b><i>Liabilities and Net Assets</i></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 909,932	888,598
Accrued salaries and wages	396,711	365,014
Compensated absences (note 4)	546,676	560,428
Deferred revenue	6,530	11,330
Deferred revenue – CA Prop. 1B (note 5)	976,893	-
Deferred local transportation funding (note 6)	2,217,627	1,702,884
<b>Total liabilities</b>	<u>5,054,369</u>	<u>3,528,254</u>
<b>Net assets: (note 8)</b>		
Net investment in capital assets	18,641,472	21,473,376
Restricted for capital acquisitions (note 7)	2,261,177	2,292,862
Unrestricted (note 9)	1,601,232	1,522,086
<b>Total net assets</b>	<u>22,503,881</u>	<u>25,288,324</u>
<b>Total liabilities and net assets</b>	<u>\$ 27,558,250</u>	<u>28,816,578</u>

See accompanying notes to the basic financial statements

**Gold Coast Transit**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Years Ended June 30, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
Operating revenues:		
Passenger fares:		
Fixed route	\$ 2,798,811	2,975,992
Paratransit	242,858	161,839
	<b>Total operating revenues</b>	<b>3,137,831</b>
Operating expenses:		
Vehicle operation	8,166,482	8,332,929
Vehicle maintenance	2,499,641	2,606,205
Planning and marketing	759,871	772,908
Operations and administration	1,710,938	1,683,058
Paratransit	2,004,310	2,162,102
	<b>Total operating expenses</b>	<b>15,557,202</b>
	<b>Operating loss before depreciation</b>	<b>(12,419,371)</b>
Depreciation:		
Capital assets – operations	2,482,054	2,258,355
Capital assets – paratransit operations	572,684	572,684
	<b>Total depreciation</b>	<b>2,831,039</b>
	<b>Operating loss</b>	<b>(15,250,410)</b>
Non-operating revenues(expenses):		
Local transportation funding	7,349,169	7,869,282
Federal funding – operating grants	3,620,661	3,714,074
Federal funding – matching grants	562,000	600,000
State funding – operating grants	188,221	66,989
Interest earnings	13,901	16,874
Advertising revenue	157,466	133,328
Other, net	208,155	18,824
	<b>Total non-operating revenues, net</b>	<b>12,419,371</b>
	<b>Loss before capital contributions</b>	<b>(2,831,039)</b>
Capital contributions:		
Federal capital grants	246,516	4,129,557
State capital grants	1,021	2,574
Local capital grants	22,758	45,567
	<b>Total capital contributions</b>	<b>4,177,698</b>
	<b>Change in net assets</b>	<b>1,346,659</b>
	<b>Net assets – beginning of period</b>	<b>23,941,665</b>
	<b>Net assets – end of period</b>	<b>\$ 25,288,324</b>

See accompanying notes to the basic financial statements

**Gold Coast Transit**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
Cash flows from operating activities:		
Receipts from passenger fares – fixed route	\$ 2,760,860	3,166,850
Receipts from passenger fares – paratransit	242,858	161,839
Payments to employees for salaries and wages	(6,816,787)	(7,135,512)
Payments to vendors for services	(7,367,774)	(9,044,961)
Net cash used in operating activities	(11,180,843)	(12,851,784)
Cash flows from non-capital financing activities:		
Proceeds from local transportation funding	7,863,912	8,014,390
Proceeds from federal funding – operating grants	1,566,308	3,714,074
Proceeds from federal funding – matching grants	562,000	600,000
Proceeds from state funding – operating grants	188,221	66,989
Other non-operating revenue, net	365,621	152,152
Net cash provided by non-capital financing activities	10,546,062	12,547,605
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(222,834)	(4,029,729)
Proceeds from federal capital grants	96,581	5,129,652
Proceeds from state capital grants	1,021	154,032
Proceeds from local capital grants	22,758	45,567
Net cash provided(used) by capital and related financing activities	(102,474)	1,299,522
Cash flows from investing activities:		
Interest earnings on cash and cash equivalents	18,184	21,007
Net cash provided by investing activities	18,184	21,007
<b>Net increase(decrease) in cash and cash equivalents</b>	(719,071)	1,016,350
Cash and cash equivalents, beginning of year	6,288,695	5,272,345
Cash and cash equivalents, end of year	\$ 5,569,624	6,288,695
Reconciliation of cash and cash equivalents to statement of net assets:		
Cash and cash equivalents	\$ 2,335,083	4,004,181
Restricted assets – cash and cash equivalents	3,234,541	2,284,514
<b>Total cash and cash equivalents</b>	\$ 5,569,624	6,288,695

Continued on next page

See accompanying notes to the basic financial statements

**Gold Coast Transit**  
**Statement of Cash Flows, continued**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	\$ (15,154,311)	(15,250,410)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,054,738	2,831,039
Change in assets – (increase)decrease:		
Accounts receivable – other	(37,951)	190,858
Materials and supplies inventory	(52,135)	25,826
Prepaid expenditures	(2,556)	2,221
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	21,334	(701,237)
Accrued salaries and wages	31,697	36,132
Compensated absences	(13,752)	15,170
Deferred revenue	(4,800)	1,180
Deferred revenue – grant funding	976,893	(2,563)
Total adjustments	<u>3,973,468</u>	<u>2,398,626</u>
Net cash used in operating activities	<u>\$ (11,180,843)</u>	<u>(12,851,784)</u>

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The principal business activity of Gold Coast Transit (GCT) is to provide public transportation service to customers in the geographic area known as western Ventura County located in Southern California.

GCT is 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 GCT'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 and Measurement Focus**

GCT reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of GCT is that the costs (including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges (passenger fares) and transportation grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows takes place.

Operating revenues, such as passenger fares, result from exchange transactions associated with the principal activity of GCT. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from nonexchange transactions in which GCT gives (receives) value without directly receiving (giving) value in exchange.

**C. Financial Reporting**

GCT's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" (GASB No. 34), and all of its amendments. This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements and amendments provide for a revised view of financial information and a restructure of the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

Under GASB No. 34, enterprise funds, such as GCT, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. GCT has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets**

**1. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported changes in GCT's equity during the reporting period. Actual results could differ from those estimates.

**2. Cash and Investments**

GCT maintains its cash and investments in accordance with an investment policy adopted by its Board of Directors. The investment policy is more restrictive than applicable state statutes. GCT's investment policy authorizes investments in securities of the U.S. government or its agencies (i.e., Treasury notes or bonds), certificates of deposit, the Ventura County Investment Pool Fund (VCIPF) and the State of California Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board. Oversight of the VCIPF is conducted by the Ventura County Treasury Oversight Committee.

LAIF and the VCIPF are carried at fair value based on the value of each participating dollar as provided by the LAIF and VCIPF, respectively. The fair value of GCT's position in the LAIF and VCIPF is the same as the value of the pooled shares. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize GCT's deposits with the bank in accordance with the Code.

**3. Materials and Supplies Inventory**

Materials and supplies inventory consists primarily of bus replacement parts, supplies for vehicle maintenance, spare components, vehicle fuel 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.

**4. Prepaid Expenses**

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

**5. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. GCT policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Revenue vehicles – fixed route – 10 to 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

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets, continued**

**6. Restricted Assets**

Restricted assets consist of funds for capital asset acquisitions that are held in the Capital Reserve Fund administered by the Ventura County Treasurer's Office and unspent California Prop 1B funds.

**7. Compensated Absences**

GCT's policy is to permit employees to accumulate earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for GCT's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be used up within the next fiscal year. Sick leave can be accumulated, but, under GCT's policy, is not paid until termination or retirement with a minimum of ten years of service. Payment shall be made in an amount of 50% of accrued sick leave upon termination, retirement or death of the employee. Accordingly, 50% of the accumulated sick leave is accrued at year-end to account for GCT's obligation to the employees for the amount owed.

**8. Deferred Local Transportation Funding**

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

**9. 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. 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 deferred revenue until the respective obligations the grants were funded for are incurred.

**10. Non-Operating Revenues and Capital Contributions**

GCT receives Local Transportation Funds (LTF) under provisions of the State of California's Transportation Development Act of 1971. 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 and are allocated based on annual claims filed by GCT and approved by the Ventura County Transportation Commission (VCTC). A portion of these proceeds (at the discretion of GCT's Board of Directors) is set aside to fund capital acquisitions and is classified as local capital grants in the capital contribution section of the statement of activities. 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 revenues, expense and changes in net assets.

Under provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Act of 2005, 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 GCT under this act are included in the non-operating revenue section of the statement of revenues, expense and changes in net assets, and capital grants are reported as federal capital grants in the capital contribution section of the statement of revenues, expense and changes in net assets.

State operating grants are included in the non-operating revenue section of the statement of activities, and state capital grants are reported as state capital grants in the capital contribution section of the statement of revenues, expense and changes in net assets.

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets, continued**

**11. Net Assets**

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

**(2) Cash, Cash Equivalents and Investments**

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

	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 2,335,083	4,004,181
Restricted assets - cash and cash equivalents	3,234,541	2,284,514
Total	\$ 5,569,624	6,288,695

Cash and cash equivalents as of June 30, consist of the following:

	<b>2011</b>	<b>2010</b>
Cash on hand	\$ 30,380	14,772
Deposits held with financial institutions	2,458,686	1,465,964
Deposits held with California Local Agency Investment Fund (LAIF)	823,931	2,523,445
Deposits held with the Ventura County Investment Pool Fund (VCPIF)	2,256,627	2,284,514
Total	\$ 5,569,624	6,288,695

As of June 30, the investment pools had the following maturities:

	<b>2011</b>	<b>2010</b>
Deposits held with California Local Agency Investment Fund (LAIF)	237 days	203 days
Deposits held with the Ventura County Investment Pool Fund (VCPIF)	353 days	344 days

***Authorized Deposits and Investments***

GCT's investment policy only authorizes investments in the local government investment pools administered by the Ventura County Treasurer (VCPIF) and the State of California (LAIF). GCT's investment policy does not contain any specific provisions intended to limit GCT's exposure to interest rate risk, credit risk, and concentration of credit risk.

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(2) Cash, Cash Equivalents and Investments, continued**

***Custodial Credit Risk***

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 California Government Code and GCT's investment policy does 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 market 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 GCT's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of GCT's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in GCT's name.

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 Code and GCT's investment policy does 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 LAIF and VCIPF).

***Interest Rate Risk***

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

***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, 2011 and 2010, GCT's investment in the VCIPF was rated by Standard & Poor's as AA Af / S1+. LAIF is not rated.

***Concentration of Credit Risk***

GCT'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. GCT's deposit portfolio with governmental agencies, LAIF and VCIPF, are 40% and 36% for 2011, respectively, and 15% and 40% for 2010, respectively, of GCT's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of GCT's total investments.

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(3) Capital Assets**

Changes in capital assets for 2011 were as follows:

	<b>Balance 2010</b>	<b>Additions</b>	<b>Deletions/ Transfers</b>	<b>Balance 2011</b>
Non-depreciable assets:				
Land	\$ 300,298	-	-	300,298
Construction-in-process	18,340	222,834	(68,751)	172,423
Total non-depreciable assets	<u>318,638</u>	<u>222,834</u>	<u>(68,751)</u>	<u>472,721</u>
Depreciable assets:				
Revenue vehicles – fixed route	21,534,994	-	-	21,534,994
Facilities	6,352,060	18,342	-	6,370,402
Equipment and furniture	1,875,408	50,409	(75,689)	1,850,128
Paratransit revenue vehicles	2,268,631	-	(48,378)	2,220,253
Paratransit equipment	166,576	-	-	166,576
Total depreciable assets	<u>32,197,669</u>	<u>68,751</u>	<u>(124,067)</u>	<u>32,142,353</u>
Accumulated depreciation				
Revenue vehicles – fixed route	(5,503,605)	(1,794,665)	-	(7,298,270)
Facilities	(3,298,314)	(524,980)	-	(3,823,294)
Equipment and furniture	(1,367,901)	(162,409)	75,689	(1,454,621)
Paratransit revenue vehicles	(759,398)	(555,063)	-	(1,314,461)
Paratransit equipment	(113,713)	(17,621)	48,378	(82,956)
Total depreciation	<u>(11,042,931)</u>	<u>(3,054,738)</u>	<u>124,067</u>	<u>(13,973,602)</u>
Total depreciable assets	<u>21,154,738</u>	<u>(2,985,987)</u>	<u>-</u>	<u>18,168,751</u>
Total capital assets, net	<u>\$ 21,473,376</u>			<u>18,641,472</u>

During fiscal year 2011, GCT added \$68,751 in depreciable capital asset additions. This included \$44,094 for a supervisor van, \$6,315 for an additional camera system and \$18,342 for the final payment on the CNG station upgrades.

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(3) Capital Assets, continued**

Changes in capital assets for 2010 were as follows:

	<u>Balance 2009</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2010</u>
Non-depreciable assets:				
Land	\$ 300,298	-	-	300,298
Construction-in-process	552,976	4,046,259	(4,580,895)	18,340
Total non-depreciable assets	<u>853,274</u>	<u>4,046,259</u>	<u>(4,580,895)</u>	<u>318,638</u>
Depreciable assets:				
Revenue vehicles – fixed route	19,148,962	4,244,971	(1,858,939)	21,534,994
Facilities	6,328,699	23,361	-	6,352,060
Equipment and furniture	1,613,200	296,033	(33,825)	1,875,408
Paratransit revenue vehicles	3,155,344	-	(886,713)	2,268,631
Paratransit equipment	170,756	-	(4,180)	166,576
Total depreciable assets	<u>30,416,961</u>	<u>4,564,365</u>	<u>(2,783,657)</u>	<u>32,197,669</u>
Accumulated depreciation				
Revenue vehicles – fixed route	(5,808,788)	(1,553,756)	1,858,939	(5,503,605)
Facilities	(2,733,734)	(564,580)	-	(3,298,314)
Equipment and furniture	(1,261,707)	(140,019)	33,825	(1,367,901)
Paratransit revenue vehicles	(1,091,048)	(555,063)	886,713	(759,398)
Paratransit equipment	(100,272)	(17,621)	4,180	(113,713)
Total depreciation	<u>(10,995,549)</u>	<u>(2,831,039)</u>	<u>2,783,657</u>	<u>(11,042,931)</u>
Total depreciable assets	<u>19,421,412</u>	<u>1,733,326</u>	<u>-</u>	<u>21,154,738</u>
Total capital assets, net	<u>\$ 20,274,686</u>			<u>21,473,376</u>

During fiscal year 2010, GCT added \$4,564,365 in depreciable capital asset additions. This included \$4,244,972 for eight (8) 35-foot NABI CNG transit buses, \$77,451 for three (3) new Honda CNG service vehicles and \$241,942 for various other equipment upgrades.

**(4) Compensated Absences**

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. GCT's liability for compensated absences is determined annually.

Changes to compensated absences balances at June 30, were as follows:

<u>Balance 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2011</u>	<u>Due Within One Year</u>
560,428	787,980	(801,732)	546,676	546,676
<u>560,428</u>	<u>787,980</u>	<u>(801,732)</u>	<u>546,676</u>	<u>546,676</u>
<u>Balance 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2010</u>	<u>Due Within One Year</u>
545,258	840,028	(824,858)	560,428	560,428
<u>545,258</u>	<u>840,028</u>	<u>(824,858)</u>	<u>560,428</u>	<u>560,428</u>

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(5) Deferred Revenue – CA Prop 1B Grant Funding (PTMISEA/Safety & Security)**

The changes to deferred revenue – CA Prop 1B balances at June 30, were as follows:

<u>Balance</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2011</u>
\$ -	976,893	-	976,893
<hr/>			
<u>Balance</u> <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2010</u>
\$ 2,563	-	(2,563)	-

**(6) Deferred Local Transportation Funding**

In accordance with Transportation Development Act statutes and the California Code of Regulations, Title 21, Chapter 3, Subchapter 2, Article 5, Section 6649(b), Local Transportation Funds (LTF) received for operating assistance in excess of the amount that GCT is eligible to receive is recorded as a deferred revenue and is to be recognized as revenue and a reduction of eligible LTF during the following fiscal years.

<u>Amount</u> <u>Authorized</u>	<u>Year</u> <u>Received</u>	<u>Deferred</u> <u>LTF Amount</u>	<u>Year to be</u> <u>Recognized</u>
\$ 8,674,248	2009-2010	835,495	2011-2012
8,731,300	2010-2011	1,382,132	2012-2013
		\$ <u>2,217,627</u>	

**(7) Net Assets – Restricted for Capital Acquisitions**

Local Transportation Funds granted for operating assistance, but are 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 assets at June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Balance – beginning of period	\$ 2,292,862	2,480,894
Additions: Local transportation funding	-	-
Deletions: Capital acquisitions	(54,443)	(233,599)
Allocated interest earnings	22,758	45,567
Balance – end of period	\$ <u>2,261,177</u>	<u>2,292,862</u>

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(8) Net Asset Rollforward**

The following is a summary of changes in net assets for the year ended June 30, 2011, as follows:

	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>	<u>Net Assets Total</u>
<b>Beginning of period</b>	\$ 21,473,376	2,292,862	1,522,086	25,288,324
Net loss before capital contributions	-	-	(3,054,738)	(3,054,738)
Depreciation expense	(3,054,738)	-	3,054,738	-
Federal capital grants	246,516	-	-	246,516
State capital grants	1,021	-	-	1,021
Local capital contributions	-	22,758	-	22,758
Capital asset acquisition matching	(24,703)	(54,443)	79,146	-
Change in net assets	<u>(2,831,904)</u>	<u>(31,685)</u>	<u>79,146</u>	<u>(2,784,443)</u>
<b>End of period</b>	<u>\$ 18,641,472</u>	<u>2,261,177</u>	<u>1,601,232</u>	<u>22,503,881</u>

The following is a summary of changes in net assets for the year ended June 30, 2010, as follows:

	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>	<u>Net Assets Total</u>
<b>Beginning of period</b>	\$ 20,274,686	2,480,894	1,186,085	23,941,665
Net loss before capital contributions	-	-	(2,831,039)	(2,831,039)
Depreciation expense	(2,831,039)	-	2,831,039	-
Federal capital contributions	4,129,557	-	-	4,129,557
State capital grants	2,574	-	-	2,574
Local capital contributions	-	45,567	-	45,567
Capital asset acquisition matching	(102,402)	(233,599)	336,001	-
Change in net assets	<u>1,198,690</u>	<u>(188,032)</u>	<u>336,001</u>	<u>1,346,659</u>
<b>End of period</b>	<u>\$ 21,473,376</u>	<u>2,292,862</u>	<u>1,522,086</u>	<u>25,288,324</u>

**(9) Unrestricted Net Assets**

	<u>2011</u>	<u>2010</u>
Unrestricted net assets:		
Non-spendable net assets:		
Materials and supplies inventory	\$ 589,012	536,877
Prepaid expenditures	55,061	52,505
Total non-spendable net assets	<u>644,073</u>	<u>589,382</u>
Spendable net assets are designated as follows:		
Undesignated net assets reserve	957,159	932,704
Total spendable net assets	<u>957,159</u>	<u>932,704</u>
Total unrestricted net assets	<u>1,601,232</u>	<u>1,522,086</u>
Total net assets	<u>\$ 1,601,232</u>	<u>1,522,086</u>

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(10) Deferred Compensation Savings Plan**

For the benefit of its employees, GCT 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, GCT is in compliance with this legislation. Therefore, these assets are not the legal property of GCT, and are not subject to claims of GCT's general creditors. Market value of all plan assets held in trust by Nationwide at June 30, 2011 and 2010 were \$836,463 and \$823,493, respectively; The Hartford at June 30, 2011 and 2010 was \$682,915 and \$972,980, respectively, and ICMA Retirement Corp at June 30, 2011 and 2010 was \$778,642 and \$624,310, respectively. GCT has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since GCT has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

**(11) Defined Benefit Pension Plan**

***Plan Description***

GCT contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the GCT. Copies of CalPERS annual financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA, 95814.

***Funding Policy***

The contribution rate for plan members in the CalPERS 2.7% at 55 Risk Pool Retirement Plan is 8% of their annual covered salary. GCT makes these contributions required of GCT employees on their behalf and for their account. Also, GCT is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal year 2011, 2010 and 2009 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2011, 2010 and 2009, GCT's annual contributions for the CalPERS plan were equal to GCT's required and actual contributions for each fiscal year as follows:

***Three-Year Trend Information for CalPERS***

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2009	\$ 795,327	100%	-	12.846%
2010	816,525	100%	-	12.489%
2011	816,069	100%	-	12.445%

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(12) Risk Management**

GCT 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. GCT has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources.

GCT participates in the California Transit Insurance Pool (CalTIP), a joint powers agency created to provide liability and physical damage insurance to its members through an insurance pool. GCT holds property insurance, general and automotive liability, and public officials' errors and omissions liability with CalTIP on a first dollar basis, up to \$20 million on liability.

GCT purchases blanket insurance coverage from commercial brokers for the following:

<u>Insurance coverage limits:</u>	<u>2011</u>	<u>2010</u>
CNG fueling station	\$ 3,273,000	3,273,000
Buildings and structures	2,576,600	2,576,600
Business and property	2,264,430	2,264,430
Boiler and machinery	8,957,600	8,957,600

Some of the above insurance policies are subject to various deductibles.

GCT's employee practices liability insurance coverage is \$2.0 million and handled through Navigators Insurance. Also, GCT 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. GCT holds workers' compensation insurance coverage with CSAC-EIA up to statutory limits.

Settled claims have not exceeded any of the coverage amounts in any of the last five fiscal years and there were no reductions in GCT'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).

**(13) Commitments**

***Operating Lease***

Beginning October 1, 2001, GCT entered into a lease agreement with the City of Oxnard to rent office space in the Oxnard Transportation Center for customer service and administrative purposes. At the end of the lease, GCT will have the option to extend the term of the lease. Interest will be accrued on rent due and unpaid. In 2011, GCT extended the term of its lease as follows:

The base annual rent for the leased premises is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	10,631
2013	10,631
2014	10,950
2015	11,279
2016	11,617

**Gold Coast Transit**  
**Notes to the Basic Financial Statements, continued**  
**June 30, 2011 and 2010**

**(13) Commitments, continued**

***Litigation***

In the ordinary course of operations, GCT is subject to claims and litigation from outside parties. After consultation with legal counsel, GCT believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

***Grant Funding***

Grant funds received by GCT 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 GCT believes that such disallowances, if any, would not be significant.

***Operating Fare Revenue Ratio***

GCT 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 Local Transportation Funds. For the years ended June 30, 2011 and 2010, GCT met this requirement with fares to operating costs ratio of combined service of 20.09 % and 20.17%, respectively, as calculated below.

	<b>2011</b>	<b>2010</b>
Total passenger fare revenue	\$ 3,041,669	3,137,831
Operating expenses before depreciation	\$ 15,141,242	15,557,202
Operating fare revenue ratio	20.09%	20.17%

**< Page Intentionally Left Blank >**

# **Statistical Section**



**Gold Coast Transit  
Financial Ratios  
June 30, 2011, 2010 and 2009**

**Current Ratio:**

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

<b>2011</b>	<u>Current Assets</u>	<u>\$ 8,916,778</u>	
	Current Liabilities	\$ 5,054,369	1.76:1
<b>2010</b>	<u>Current Assets</u>	<u>\$ 7,343,202</u>	
	Current Liabilities	\$ 3,528,254	2.08:1
<b>2009</b>	<u>Current Assets</u>	<u>\$ 7,701,443</u>	
	Current Liabilities	\$ 4,034,464	1.91:1

**Quick Ratio:**

This variation of the current ratio is an indicator of GCT's liquidity by including only those current assets that could be converted readily to cash and receivables due within 30 days.

<b>2011</b>	Cash and Cash Equivalents plus	\$ 5,569,624	
	<u>Receivables within 30 days</u>	<u>\$ 2,703,081</u>	
	Current Liabilities	\$ 5,054,369	1.63:1
<b>2010</b>	Cash and Cash Equivalents plus	\$ 6,288,695	
	<u>Receivables within 30 days</u>	<u>\$ 465,125</u>	
	Current Liabilities	\$ 3,528,254	1.91:1
<b>2009</b>	Cash and Cash Equivalents plus	\$ 5,272,345	
	<u>Receivables within 30 days</u>	<u>\$ 1,811,669</u>	
	Current Liabilities	\$ 4,034,464	1.76:1

**Debt Ratio:**

Reflects the long-term solvency risk, in assessing GCT's financial capacity to meet long-term debts and similar obligations, by dividing total liabilities by total assets. As of the end of each fiscal year, GCT had no long-term debt.

<b>2011</b>	<u>Total Liabilities</u>	<u>\$ 5,054,369</u>	
	Total Assets	\$27,558,250	18.3%
<b>2010</b>	<u>Total Liabilities</u>	<u>\$ 3,528,254</u>	
	Total Assets	\$28,816,578	12.2%
<b>2009</b>	<u>Total Liabilities</u>	<u>\$ 4,034,464</u>	
	Total Assets	\$27,976,129	14.4%

**< Page Intentionally Left Blank >**

**Gold Coast Transit**  
**Operating Revenues and Expenses – Ten Year Comparison**  
**Fiscal Years 2002 to 2011**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Passenger Fares	\$2,074,067	\$2,132,355	\$2,671,557	\$2,459,632	\$2,656,931	\$2,798,083	\$3,093,606	\$3,206,142	\$3,137,831	\$3,041,669
Operating Expenses	\$9,421,826	\$10,657,371	\$11,740,177	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,202	\$15,141,242
Depreciation Expense	\$1,352,568	\$1,539,157	\$1,887,817	\$1,845,824	\$1,941,762	\$2,200,792	\$1,524,851	\$1,817,089	\$2,831,039	\$3,054,738
Operating Loss	(\$8,700,327)	(\$10,064,173)	(\$10,956,437)	(\$12,211,496)	(\$12,571,653)	(\$12,556,224)	(\$12,491,117)	(\$13,798,231)	(\$15,250,410)	(\$15,154,311)
<i>Nonoperating Revenues</i>										
Local Transportation Funds	\$4,649,771	\$5,846,330	\$5,867,203	\$6,825,349	\$6,648,885	\$6,603,987	\$7,314,731	\$7,618,873	\$7,838,752	\$7,349,169
Other local funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,530	\$0
State Funds	\$321,217	\$62,000	\$49,500	\$45,748	\$59,643	\$180,151	\$80,270	\$245,741	\$66,989	\$188,221
Federal Funds	\$2,338,000	\$2,603,163	\$3,138,092	\$3,484,050	\$3,895,600	\$3,472,655	\$3,346,048	\$3,925,318	\$4,314,074	\$4,182,661
Interest Income	\$29,413	\$10,700	\$7,622	\$10,352	\$20,960	\$90,513	\$119,413	\$52,444	\$16,874	\$13,901
Other Income	\$9,358	\$2,823	\$6,203	\$173	\$4,804	\$8,127	\$105,805	\$138,766	\$152,152	\$365,621
Total, Nonoperating	\$7,347,759	\$8,525,016	\$9,068,620	\$10,365,672	\$10,629,892	\$10,355,433	\$10,966,266	\$11,981,142	\$12,419,371	\$12,099,573
Net Income (Loss)	(\$1,352,568)	(\$1,539,157)	(\$1,887,817)	(\$1,845,824)	(\$1,941,761)	(\$2,200,792)	(\$1,524,851)	(\$1,817,089)	(\$2,831,039)	(\$3,054,738)
<i>Operating Expenses - Actual Dollars Compared to Constant Dollars (over Ten Year Period)</i>										
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Actual Dollars	\$9,421,826	\$10,657,371	\$11,740,177	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,202	\$15,141,242
Constant Dollars (2002)	\$9,421,826	\$10,405,667	\$11,024,978	\$11,623,930	\$11,448,948	\$11,012,066	\$11,166,473	\$12,338,066	\$12,528,301	\$11,854,757
CPI Percent Change	--	2.4%	4.0%	3.6%	5.2%	2.9%	5.4%	-2.2%	0.9%	2.9%
Index Number (1982=100)	181.9	186.3	193.7	200.7	211.1	217.3	229.0	223.9	225.9	232.3
Cumulative Percent	--	2.4%	6.5%	10.3%	16.1%	19.4%	25.9%	23.1%	24.2%	27.7%

**Gold Coast Transit**  
**Passenger Cost By Mode – Ten Year Comparison**  
**Fiscal Years 2002 to 2011**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
<b>Bus - Fixed Route</b>										
Total Passengers	3,579,671	3,435,333	3,372,170	3,145,890	3,369,704	3,438,989	3,495,875	3,568,028	3,442,005	3,353,539
Passenger Fare Rev.	\$2,019,873	\$2,054,251	\$2,536,038	\$2,275,562	\$2,499,831	\$2,641,230	\$2,681,149	\$2,709,665	\$2,575,992	\$2,581,811
Local Govt. Fare Rev.							\$250,000	\$335,000	\$400,000	\$217,000
Total Operating Cost	\$7,736,699	\$8,551,749	\$9,699,066	\$10,987,915	\$11,589,399	\$11,471,558	\$12,287,553	\$12,719,127	\$13,395,101	\$13,136,934
Revenue per passenger	\$0.56	\$0.60	\$0.75	\$0.72	\$0.742	\$0.768	\$0.767	\$0.759	\$0.748	\$0.770
Cost per passenger	\$2.16	\$2.49	\$2.88	\$3.49	\$3.44	\$3.34	\$3.51	\$3.56	\$3.89	\$3.92
Farebox Recovery %	26.1%	24.0%	26.4%	20.8%	21.6%	23.0%	21.8%	21.3%	19.2%	19.7%
Adjusted Farebox Recovery %							23.9%	23.9%	22.2%	21.3%
Subsidy per passenger	\$1.60	\$1.89	\$2.12	\$2.77	\$2.70	\$2.57	\$2.75	\$2.81	\$3.14	\$3.15
Subsidy %	73.9%	76.0%	73.9%	79.3%	78.4%	77.0%	78.2%	78.7%	80.8%	80.3%
<b>Bus - Paratransit</b>										
Total Passengers	79,128	96,986	108,024	88,563	77,982	76,054	79,686	82,655	77,985	76,730
Passenger Fare Rev.	\$54,194	\$78,104	\$135,519	\$184,070	\$157,100	\$156,854	\$162,457	\$161,476	\$161,839	\$164,858
Local Govt. Fare Rev.										#REF!
Total Operating Cost	\$1,685,129	\$1,968,534	\$2,041,111	\$1,837,389	\$1,697,423	\$1,681,958	\$1,772,319	\$2,468,157	\$2,162,102	\$2,004,310
Revenue per passenger	\$0.68	\$0.81	\$1.25	\$2.08	\$2.01	\$2.06	\$2.04	\$1.95	\$2.08	\$2.15
Cost per passenger	\$21.30	\$20.30	\$18.89	\$20.75	\$21.77	\$22.12	\$22.24	\$29.86	\$27.72	\$26.12
Farebox Recovery %	3.2%	4.0%	6.6%	10.0%	9.3%	9.3%	9.2%	6.5%	7.5%	8.2%
Adjusted Farebox Recovery %										#REF!
Subsidy per passenger	\$20.61	\$19.49	\$17.64	\$18.67	\$19.75	\$20.05	\$20.20	\$27.91	\$25.65	\$23.97
Subsidy %	96.8%	96.0%	93.4%	90.0%	90.7%	90.7%	90.8%	93.5%	92.5%	91.8%
<b>All Mode - Total</b>										
Total Passengers	3,658,799	3,532,319	3,480,194	3,234,453	3,447,686	3,515,043	3,575,561	3,650,683	3,519,990	3,430,269
Passenger Fare Rev.	\$2,074,067	\$2,132,355	\$2,671,557	\$2,459,632	\$2,656,931	\$2,798,083	\$2,843,606	\$2,871,141	\$2,737,831	\$2,746,669
Total Operating Cost	\$9,421,828	\$10,520,283	\$11,740,177	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,203	\$15,141,244
Revenue per passenger	\$0.57	\$0.60	\$0.77	\$0.76	\$0.77	\$0.80	\$0.80	\$0.79	\$0.78	\$0.80
Cost per passenger	\$2.58	\$2.98	\$3.37	\$3.97	\$3.85	\$3.74	\$3.93	\$4.16	\$4.42	\$4.41
Farebox Recovery %	22.0%	20.3%	22.9%	19.3%	20.0%	21.3%	20.2%	18.9%	17.6%	18.1%
Adjusted Farebox Recovery %										20.1%
Subsidy per passenger	\$2.01	\$2.37	\$2.61	\$3.20	\$3.08	\$2.95	\$3.14	\$3.37	\$3.64	\$3.61
Subsidy %	78.0%	79.7%	77.2%	80.8%	80.0%	78.7%	79.8%	81.1%	82.4%	81.9%

**Gold Coast Transit**  
**Service Cost By Mode – Ten Year Comparison**  
**Fiscal Years 2002 to 2011**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
<b>Bus - Fixed Route</b>										
Revenue Miles	1,540,478	1,385,231	1,427,681	1,405,007	1,536,309	1,534,611	1,610,734	1,718,639	1,676,728	1,605,651
Revenue Hours	126,005	127,372	130,982	129,200	138,854	137,872	140,057	148,477	154,956	145,228
Total Operating Cost	\$7,736,699	\$8,551,749	\$9,699,066	\$10,987,915	\$11,589,399	\$11,471,558	\$12,287,553	\$12,719,127	\$13,395,101	\$13,136,934
Cost per Revenue Mile	\$5.02	\$6.17	\$6.79	\$7.82	\$7.54	\$7.48	\$7.63	\$7.40	\$7.99	\$8.18
Cost per Revenue Hour	\$61.40	\$67.14	\$74.05	\$85.05	\$83.46	\$83.20	\$87.73	\$85.66	\$86.44	\$90.46
<b>Bus - Paratransit</b>										
Revenue Miles	477,175	517,113	559,329	536,215	519,447	528,276	528,336	537,060	502,026	501,280
Revenue Hours	27,840	34,680	41,810	35,189	31,230	34,924	35,636	39,218	32,993	32,717
Total Operating Cost	\$1,685,129	\$1,968,534	\$2,041,111	\$1,837,389	\$1,697,423	\$1,681,958	\$1,772,319	\$2,468,157	\$2,162,102	\$2,004,310
Cost per Revenue Mile	\$3.53	\$3.81	\$3.65	\$3.43	\$3.27	\$3.18	\$3.35	\$4.60	\$4.31	\$4.00
Cost per Revenue Hour	\$60.53	\$56.76	\$48.82	\$52.21	\$54.35	\$48.16	\$49.73	\$62.93	\$65.53	\$61.26
<b>All Mode - Total</b>										
Revenue Miles	2,017,653	1,902,344	1,987,010	1,941,222	2,055,756	2,062,887	2,139,070	2,255,699	2,178,754	2,106,931
Revenue Hours	153,845	162,052	172,792	164,389	170,084	172,796	175,693	187,695	187,949	177,944
Total Operating Cost	\$9,421,828	\$10,520,283	\$11,740,177	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,203	\$15,141,244
Cost per Revenue Mile	\$4.67	\$5.53	\$5.91	\$6.61	\$6.46	\$6.38	\$6.57	\$6.73	\$7.14	\$7.19
Cost per Revenue Hour	\$61.24	\$64.92	\$67.94	\$78.02	\$78.12	\$76.12	\$80.03	\$80.91	\$82.77	\$85.09

**Gold Coast Transit  
Ridership and Service – Ten Year Comparison  
Fiscal Years 2002 to 2011**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
<b>Passengers</b>										
Fixed Route	3,579,671	3,435,333	3,372,170	3,145,890	3,369,704	3,438,989	3,495,875	3,568,028	3,442,005	3,353,539
Paratransit	79,128	96,986	108,024	88,563	77,982	76,054	79,686	82,655	77,985	76,730
TOTAL	3,658,799	3,532,319	3,480,194	3,234,453	3,447,686	3,515,043	3,575,561	3,650,683	3,519,990	3,430,269
<b>Revenue Miles</b>										
Fixed Route	1,540,478	1,385,231	1,427,681	1,405,007	1,536,309	1,534,611	1,610,734	1,718,639	1,676,728	1,605,651
Paratransit	451,439	533,939	551,794	536,215	519,447	528,276	528,336	537,060	502,026	501,280
TOTAL	1,991,917	1,919,170	1,979,475	1,941,222	2,055,756	2,062,887	2,139,070	2,255,699	2,178,754	2,106,931
<b>Revenue Hours</b>										
Fixed Route	126,005	127,372	130,982	129,200	138,854	137,872	140,057	148,477	154,956	145,228
Paratransit	30,882	34,562	41,810	35,189	31,230	34,924	35,636	39,218	32,993	32,717
TOTAL	156,887	161,934	172,792	164,389	170,084	172,796	175,693	187,695	187,949	177,944
<b>Passengers Per Mile</b>										
Fixed Route	2.32	2.48	2.36	2.24	2.19	2.24	2.17	2.08	2.05	2.09
Paratransit	0.18	0.18	0.20	0.17	0.15	0.14	0.15	0.15	0.16	0.15
TOTAL	1.84	1.84	1.76	1.67	1.68	1.70	1.67	1.62	1.62	1.63
<b>Passengers Per Hour</b>										
Fixed Route	28.41	26.97	25.75	24.35	24.27	24.94	24.96	24.03	22.21	23.09
Paratransit	2.56	2.81	2.58	2.52	2.50	2.18	2.24	2.11	2.36	2.35
TOTAL	23.32	21.81	20.14	19.68	20.27	20.34	20.35	19.45	18.73	19.28

# **Report on Compliance and Internal Controls**





Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
(562) 598-6565  
FAX (714) 527-9154  
EMAIL czfco@czfcpa.com

## **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***

Board of Directors  
Gold Coast Transit  
Oxnard, California

We have audited the basic financial statements of the Gold Coast Transit (GCT) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated August 10, 2011. 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.

### ***Internal Control Over Financial Reporting***

In planning and performing our audits, we considered GCT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GCT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GCT's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether GCT's financial statements are free of 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*.

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.

*Charles Z. Fedak & Co. CPAs  
An Accountancy Corporation*

**Charles Z. Fedak and Company, CPA's – An Accountancy Corporation**  
Cypress, California  
August 10, 2011

**< Page Intentionally Left Blank >**

# **Single-Audit Section**

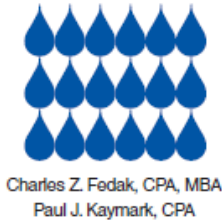


**Gold Coast Transit**  
**Single-Audit Report**  
**For the Year Ended June 30, 2011**

**Gold Coast Transit  
Single Audit Report  
For the Year Ended June 30, 2011**

**Table of Contents**

	<b>Page</b>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	2-3
Schedule of Expenditures of Federal Awards	4
Notes to Schedule of Expenditures of Federal Awards	4
Schedule of Findings and Questioned Costs	5



# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
(562) 598-6565  
FAX (714) 527-9154  
EMAIL [czfco@czfcpa.com](mailto:czfco@czfcpa.com)

## **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***

Board of Directors  
Gold Coast Transit  
Oxnard, California

We have audited the basic financial statements of the Gold Coast Transit (GCT) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated August 10, 2011. 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.

### ***Internal Control Over Financial Reporting***

In planning and performing our audits, we considered GCT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GCT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GCT's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

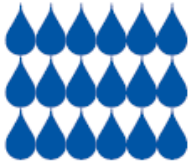
As part of obtaining reasonable assurance about whether GCT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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*.

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.

*Charles Z. Fedak & Co. CPAs  
An Accountancy Corporation*

**Charles Z. Fedak and Company, CPA's – An Accountancy Corporation**  
Cypress, California  
August 10, 2011

**< Page Intentionally Left Blank >**



Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

6081 Orange Avenue  
Cypress, California 90630  
(714) 527-1818  
(562) 598-6565  
FAX (714) 527-9154  
EMAIL czfco@czfcpa.com

## **Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Directors  
Gold Coast Transit  
Oxnard, California

### ***Compliance***

We have audited the Gold Coast Transit's (GCT) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on GCT's major federal program for the year ended June 30, 2011. GCT's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of the GCT's management. Our responsibility is to express an opinion on GCT's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 GCT'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. Our audit does not provide a legal determination on GCT's compliance with those requirements.

In our opinion, GCT complied, in all material respects, with the 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, 2011.

### ***Internal Control over Compliance***

Management of GCT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered GCT's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 GCT'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.

**Independent Auditor's Report on Compliance with Requirements That Could  
Have a Direct and Material Effect on Each Major Program and on Internal  
Control over Compliance in Accordance with OMB Circular A-133, continued**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***Schedule of Expenditures of Federal Awards***

We have audited the basic financial statements of the GCT as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated August 10, 2011, which contained an unqualified opinion on those basic financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Charles Z. Fedak & Co. CPA's  
An Accountancy Corporation

**Charles Z. Fedak and Company, CPA's – An Accountancy Corporation**  
Cypress, California  
August 10, 2011

**Gold Coast Transit**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2011**

<u>Federal Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Amount Receivable June 30, 2010</u>	<u>Grant Expenditures</u>	<u>Grant Funds Received by June 30, 2011</u>	<u>Amount Receivable June 30, 2011</u>
U.S. Department of Transportation Federal Transportation Administration					
<b>Major Program:</b>					
Federal Transit – Formula Grants – Section 5307					
Operating, Planning and Capital Grants: <b>20.507</b>					
<b>Directly Awarded:</b>					
CA-90-Y115		\$ -	20,811	17,716	3,095
CA-90-Y190		41,555	314,919	356,474	-
CA-90-Y336		-	5,043	5,043	-
CA-90-Y418		28,303	74,600	79,087	23,816
CA-90-Y498		40,000	-	40,000	-
CA-90-Y601		2,697	296	2,993	-
CA-90-Y842		-	2,322,066	-	2,322,066
CA-95-Y793		124,572	241,486	366,058	-
CA-95-X112		71,210	287,500	308,297	50,413
CA-96-X006 ARRA		1,665	1,151,717	1,038,482	114,900
<b>Total for CFDA No.</b>	<b>20.507</b>	<u>310,002</u>	<u>4,418,438</u>	<u>2,214,150</u>	<u>2,514,290</u>
<b>Other Program:</b>					
New Freedom Program <b>20.521</b>					
<b>Directly Awarded:</b>					
CA-57-X034		-	10,739	10,739	-
<b>Total Federal Assistance</b>		<u>\$ 310,002</u>	<u>4,429,177</u>	<u>2,224,889</u>	<u>2,514,290</u>

**Notes to Schedule of Expenditures of Federal Awards**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Gold Coast Transit (GCT) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**(2) Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements**

Statement of Revenues, Expenses and Changes in net Assets:

Non-operating revenues:

Federal funding – operating grants	\$ 3,620,661
Federal funding – matching grants	562,000

Capital contributions:

Federal capital grants	<u>246,516</u>
------------------------	----------------

Total federal awards	4,429,177
----------------------	-----------

Add – Accounts receivable – federal funding – June 30, 2010	310,002
---	---------

Less – Accounts receivable – federal funding – June 30, 2011	<u>(2,514,290)</u>
--	--------------------

Federal receipts or revenues recognized per schedule	<u>\$ 2,224,889</u>
--	---------------------

**Gold Coast Transit  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011**

<i>Section I—Summary of Auditor’s Results</i>	<i>Response</i>
<b><i>Basic Financial Statements</i></b>	
Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered material weakness	No
Noncompliance that is material to financial statements?	No
<b><i>Federal Awards</i></b>	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered material weakness	No
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133:	No
Identification of major programs tested included:	
U.S. Department of Transportation, Federal Transportation Administration	
Federal Transit – Formula Grants – Section 5307 Operating, Planning and Capital Grants – CFDA No. 20.507	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

***Section II—Financial Statement Findings***

No matters were reported.

***Section III—Federal Award Findings and Questioned Costs***

No matters were reported.

***Section IV—Prior Year Findings and Questioned Costs***

No matters were reported.