Financial Section
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, 2010 and 2009, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. 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, 2010 and 2009, 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 15, 2010, 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.

Management’s discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.
Independent Auditor’s Report, continued

Our audits were conducted for the purpose of forming opinions on the basic financial statements of GCT taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments. The Schedule of Federal Financial Assistance has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section and statistical section listed in that table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

August 15, 2010
Cypress, California

[Signature]

An Accountancy Corporation

Charles Z. Fedak & Company • Certified Public Accountants • An Accountancy Corporation
Member of: American Institute of Certified Public Accountants • California Society of Certified Public Accountants
Gold Coast Transit
Management’s Discussion and Analysis
For the Years Ended June 30, 2010 and 2009

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, 2010. 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, which recently underwent a completer renovation. In FY 2010, GCT vehicles carried over 3.52 million passengers while traveling over 2.18 million revenue miles.

GCT operates a fleet of 54 fixed-route buses. In FY 2010, GCT fixed-route buses operated 1.68 million miles of revenue service and served 3.44 million passenger boardings, a decrease of 3.5% over the previous year. In FY 2009-10, the ACCESS paratransit system transported 77,985 passengers, a decrease of 5.6% from the previous year. GCT owns the paratransit fleet consisting of 24 vans, which are operated under contract by MV Transportation, Inc.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-Route Passengers Trips</td>
<td>3,442,005</td>
<td>3,568,028</td>
<td>(3.5%)</td>
</tr>
<tr>
<td>ACCESS Paratransit One-Way Trips</td>
<td>77,985</td>
<td>82,655</td>
<td>(5.6%)</td>
</tr>
<tr>
<td>Total Boardings</td>
<td>3,519,990</td>
<td>3,650,683</td>
<td>(3.6%)</td>
</tr>
</tbody>
</table>

Fixed Route Bus Ridership – Unlinked Passenger Trips from 2001 to 2010

ACCESS Paratransit Ridership – One-way Trips from 2001 to 2010
Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2010 and 2009

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 2010, TDA funds were just over 50% of the total revenue for operating expense, while fares and other local funds accounted for just over 20%. The State previously announced its intention to eliminate State Transportation Assistance (STA) Funds for five years starting in FY 2010, so our support from this revenue stream was limited to a small amount of previously unclaimed funds, less than one-half of one percent. While STA accounted for only 1.6% of GCT revenues in FY 2009, it has historically provided significant funding for other Ventura County transit priorities. The most significant impact to GCT of the loss of STA funds was in reduced regionally-shared LTF funds available to GCT’s members. In March 2010, the state consequently enacted legislation which restored STA going forward by replacing the sales tax on fuel with an increase in the fuel excise tax rate. GCT’s use of Federal funds increased from 24% to 28%, as the loss of STA funds and a reduced level of Federal formula funds were offset by Federal funds from the American Recovery and Reinvestment Act (ARRA) of 2009 and a new Congestion Mitigation and Air Quality (CMAQ) grant which provides three-year funding for a GCT demonstration route.

Financial Position Summary

Total net assets serve over time as a useful indicator of GCT’s financial position. GCT’s assets exceed liabilities by $25,288,324 as of June 30, 2010, a 5.6% increase from June 30, 2009. A condensed summary of net assets at June 30 is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$7,343,202</td>
<td>7,701,443</td>
<td>(358,241)</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>21,473,376</td>
<td>20,274,686</td>
<td>1,198,690</td>
</tr>
<tr>
<td>Total assets</td>
<td>28,816,578</td>
<td>27,976,129</td>
<td>840,449</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>3,528,254</td>
<td>4,034,464</td>
<td>(506,210)</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>3,528,254</td>
<td>4,034,464</td>
<td>(506,210)</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>21,473,376</td>
<td>20,274,686</td>
<td>1,198,690</td>
</tr>
<tr>
<td>Restricted for capital projects</td>
<td>2,292,862</td>
<td>2,480,894</td>
<td>(188,032)</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,522,086</td>
<td>1,186,085</td>
<td>336,001</td>
</tr>
<tr>
<td>Total net assets</td>
<td>25,288,324</td>
<td>23,941,665</td>
<td>1,346,659</td>
</tr>
<tr>
<td>Total liabilities and net assets</td>
<td>$28,816,578</td>
<td>27,976,129</td>
<td>840,449</td>
</tr>
</tbody>
</table>

The largest portion of GCT’s net assets ($21,473,376 or 85% at June 30, 2010) represents 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. Restricted net assets have been set aside to fund the purchase of future capital projects and transit vehicle acquisitions. The remaining unrestricted net assets ($1,522,086 or 6% at June 30, 2010) may be used to meet GCT’s capital and ongoing operating obligations.
Gold Coast Transit

Management's Discussion and Analysis

For the Years Ended June 30, 2010 and 2009

Total Assets - FY2009-10

- Prepaid Expenditures 0.2%
- Cash 13.9%
- Inventory 1.9%
- Restricted Assets 8.5%
- Accounts Receivable 1.4%
- Capital Assets 74.5%

GCT Passenger Fares

Passenger fares are set by the Board of Directors and changed when determined necessary by the Board. Prior to FY 2010 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 2010, 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 in July 2011. GCT's current fare structure is as follows:

Fixed Route Service Fares – Effective January 24, 2010

Cash Fares

- Adult $ 1.35
- Youth (through age 18) 1.35
- Seniors* 0.65
- Medicare (with Medicare Card) 0.65
- Disabled (Medicare card or GCT I.D.) 0.65
- Seniors 75+ (with GCT I.D. – restricted hours) FREE
- Seniors 75+ (with GCT I.D. – am and pm rush hours) 0.65
- Children under 45” tall (when accompanied by paid fare) FREE
- Day Pass (One-Day/Unlimited Boardings) 3.25
- Day Pass for Seniors/Medicare/Disabled 1.60

Multi-Ride Ticket or Monthly Pass

Adult

- 10-Ride $ 12.50
- 20-Ride 23.50
- 30-Ride 32.50
- Monthly Pass 44.50

Youth

- 10-Ride $ 10.00
- 20-Ride 18.50
- 30-Ride 26.00
- Monthly Pass 35.00

Senior/Disabled

- 10-Ride $ 6.00
- 20-Ride 11.00
- 30-Ride 15.75
- Monthly Pass 19.50
Gold Coast Transit  
*Management's Discussion and Analysis*  
For the Years Ended June 30, 2010 and 2009

**GCT ACCESS Transit Service Fares – Fiscal Year 2010**

**Cash Fare (one-way)**
- ADA Certified and Senior* $2.70
- Senior Nutrition Program (registered with County program) Donation

**Book of Ten Tickets**
- ADA Certified and Senior* $27.00

* 65 years of age and older with proof of age

**Financial Operations Highlights**

Operating revenues decreased by 2.1% from $3,206,142 in FY 2009 to $3,137,831 in FY 2010, primarily as the result of fixed route fare revenue being down 4.9% based on fixed route passenger boardings being down 5.6%.

Operating expenses before depreciation increased by 2.4% from $15,187,283 to $15,557,203. The increase was driven by:

- A 5.6% increase in labor and benefit costs resulting primarily from increased hours worked and increased wage and benefit costs attributable to the second year of the Memoranda of Understanding (MOUs) between GCT and Service Employees International Union (SEIU) Local 721, which took effect November 1, 2008.
- A 9.8% increase in materials and supplies costs resulting primarily from increased repair parts costs attributable to obsolete parts associated with the disposition of GCT's old Orion bus fleet.

Cost increases were offset by:

- A 9.8% decrease in Paratransit contract costs attributable to reduced ridership and corresponding reduction in the level of service being provided.
- A 13.5% decrease in insurance costs.

Capital contributions received in the form of grants from the federal and state governments and matching funds from local governments decreased from $8,322,085 in FY 2009 to $4,177,698 in FY 2010. GCT received ARRA funds for eight (8) new 35-foot NABI buses in FY 2010, however last year's contribution reflected not only nine (9) new buses but substantial completion of GCT's new Compressed Natural Gas (CNG) dispensing station.

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

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$ 3,137,831</td>
<td>3,206,142</td>
<td>(68,311)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(15,557,202)</td>
<td>(15,187,284)</td>
<td>(369,918)</td>
</tr>
<tr>
<td>Operating loss before depreciation</td>
<td>(12,419,371)</td>
<td>(11,981,142)</td>
<td>(438,229)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(2,831,039)</td>
<td>(1,817,089)</td>
<td>(1,013,950)</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(15,250,410)</td>
<td>(13,798,231)</td>
<td>(1,452,179)</td>
</tr>
<tr>
<td>Non-operating revenues</td>
<td>12,419,371</td>
<td>11,981,142</td>
<td>438,229</td>
</tr>
<tr>
<td>Loss before capital contributions</td>
<td>(2,831,039)</td>
<td>(1,817,089)</td>
<td>(1,013,950)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>4,177,698</td>
<td>8,322,086</td>
<td>(4,144,388)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>1,346,659</td>
<td>6,504,997</td>
<td>(5,158,338)</td>
</tr>
<tr>
<td>Net assets – beginning of period</td>
<td>23,941,665</td>
<td>17,436,668</td>
<td>6,504,997</td>
</tr>
<tr>
<td>Net assets – end of period</td>
<td>$ 25,288,324</td>
<td>23,941,665</td>
<td>1,346,659</td>
</tr>
</tbody>
</table>

### Revenues

A summary of revenues for the year ended June 30, 2010 including the amount and percentage of change in relation to prior year amounts is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>Percentage of Total</th>
<th>2009</th>
<th>Increase (Decrease)</th>
<th>% Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-route passenger fares</td>
<td>$2,575,592</td>
<td>16.5%</td>
<td>2,709,666</td>
<td>(133,674)</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Local government transit fees</td>
<td>400,000</td>
<td>2.6%</td>
<td>335,000</td>
<td>65,000</td>
<td>19.4%</td>
</tr>
<tr>
<td>ACCESS paratransit fares</td>
<td>161,839</td>
<td>1.0%</td>
<td>161,476</td>
<td>363</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total operating</td>
<td>3,137,831</td>
<td>20.2%</td>
<td>3,206,142</td>
<td>(68,311)</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Nonoperating:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local assistance</td>
<td>7,869,282</td>
<td>50.5%</td>
<td>7,618,873</td>
<td>250,409</td>
<td>3.3%</td>
</tr>
<tr>
<td>Federal funding</td>
<td>4,314,074</td>
<td>27.7%</td>
<td>3,925,318</td>
<td>388,756</td>
<td>9.9%</td>
</tr>
<tr>
<td>State funding</td>
<td>66,989</td>
<td>0.4%</td>
<td>245,741</td>
<td>(178,752)</td>
<td>-72.7%</td>
</tr>
<tr>
<td>Other</td>
<td>169,026</td>
<td>1.1%</td>
<td>191,210</td>
<td>(22,184)</td>
<td>-11.6%</td>
</tr>
<tr>
<td>Total nonoperating</td>
<td>12,419,371</td>
<td>79.8%</td>
<td>11,981,142</td>
<td>438,229</td>
<td>3.7%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$ 15,557,202</td>
<td>100.0%</td>
<td>15,187,284</td>
<td>369,918</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

The total revenue increase of 2.4% included increased reliance on federal funds, specifically $500,000 in ARRA funds, also known as "stimulus" funds, used to support the provision of paratransit service. Increased reliance on local transportation funding (TDA and Local Government Transit Fares) was required, despite reduced availability of such funds to our member agencies, because State Transit Assistance (STA) funds were not provided by the state for FY 2009. Passenger fares were down for fixed route and flat for paratransit, and increased advertising revenue partially offset substantially reduced interest income resulting from both lower cash balances and lower interest rates.
Gold Coast Transit
Management’s Discussion and Analysis
For the Years Ended June 30, 2010 and 2009

The following chart shows the major sources of operating and non-operating revenues for the year ended June 30, 2010 (fares, grants and others):

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

Expenses

A summary of expenses for the year ended June 30, 2010, including the amount and percentage of change in relation to prior year amounts, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>Percentage of Total</th>
<th>2009</th>
<th>Increase (Decrease)</th>
<th>% Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vehicle operation</td>
<td>$8,332,829</td>
<td>45.3%</td>
<td>7,943,918</td>
<td>389,911</td>
<td>4.9%</td>
</tr>
<tr>
<td>Vehicle maintenance</td>
<td>2,606,205</td>
<td>14.2%</td>
<td>2,218,968</td>
<td>387,237</td>
<td>17.5%</td>
</tr>
<tr>
<td>Planning and marketing</td>
<td>772,908</td>
<td>4.2%</td>
<td>678,804</td>
<td>94,104</td>
<td>13.9%</td>
</tr>
<tr>
<td>Operations and administration</td>
<td>1,683,058</td>
<td>9.2%</td>
<td>1,877,436</td>
<td>(194,378)</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Paratransit</td>
<td>2,162,102</td>
<td>11.8%</td>
<td>2,468,158</td>
<td>(306,056)</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Operating expenses before depreciation</td>
<td>$15,557,202</td>
<td>84.6%</td>
<td>15,187,284</td>
<td>369,918</td>
<td>2.4%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,831,059</td>
<td>15.4%</td>
<td>1,817,089</td>
<td>1,013,950</td>
<td>55.8%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$18,388,241</td>
<td>100.0%</td>
<td>17,004,373</td>
<td>1,383,868</td>
<td>8.1%</td>
</tr>
</tbody>
</table>
Gold Coast Transit  
*Management's Discussion and Analysis*  
*For the Years Ended June 30, 2010 and 2009*

Fixed Route costs for FY 2010 were 4.9% higher than in FY 2009. Wages and benefits represent 86% of Fixed Route operations costs. The increase in Fixed Route costs for FY 2008-09 is primarily attributable to a 4.36% increase in revenue service hours as well as somewhat higher wages and benefit contributions levels, and a modest increase in fuel cost resulting from the expiration of the Alternative Fuel Excise Tax Credit on December 31, 2009. These costs were partially offset by lower Workers' Compensation costs and reduced expenditures for operations supplies. These higher costs were anticipated, as Operations finished FY 2010 at 1.4% under budget.

Maintenance costs for FY 2010 were 17.5% higher than in FY 2009. To view that in context, GCT Maintenance costs in FY 2009 were the lowest since FY 2004. The increase in Maintenance costs for FY 2009 is attributable to increased wage and benefits costs driven primarily by a 9.8% increase in labor hours worked resulting from an unusually high level of long-term employee absences in FY 2008-09. Additional factors included increased costs for parts and vehicle contract repair, partially offset by lower Workers' Compensation costs and reduced expenditures for supplies. Higher costs were anticipated, as Maintenance finished FY 2010 at 6.8% under budget.

Paratransit operations costs for FY 2010 were 12.4% lower than in FY 2009. The paratransit service contract represented 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, in addition to reduced fuel costs resulting from eliminating the need to send paratransit vehicles to fuel at a retail CNG facility as was necessary last year during construction of GCT's new fueling facility. Paratransit service finished FY 2010 at 12.7% under budget.

Administration department costs for FY 2010 were 10.4% lower than in FY 2009. The decrease in Administration costs is attributable primarily to lower contract services costs, as a large planning project was completed prior to the end of the previous fiscal year and no comparable project was performed in FY 2010. Additionally, GCT's insurance costs decreased by 13.5% in FY 2010. Administration finished FY 2010 at 11.3% under budget.

Planning and Marketing department costs were 13.9% higher than in FY 2009, attributable to a number of planning and marketing projects, some of which were funded by available grants or other governmental programs. These costs were partially offset by cost savings generated by implementing a more cost-efficient process for publishing our Bus Book, which contains route schedules, maps and other information for customers. These costs were anticipated and budgeted, as Planning and Marketing finished FY 2010 at 9% under budget.

The 55.8% increase in depreciation expense is the result of adding the new CNG Station and nine new buses to our depreciable asset base.

Total operating expenses before depreciation were 2.4% higher 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, 2010 and 2009

The following chart shows the major cost categories and the percentage of operating expenses for the year ended June 30, 2010:

**Total Expenses FY 2009-10**

- **Salaries & Benefits, 58.7%**
- **Depreciation, 9.8%**
- **Utilities, 0.8%**
- **Insurance, 4.0%**
- **Other, 1.2%**
- **Fuels & Lubricants, 3.7%**
- **CNG Fuel Station, 0.4%**
- **Purchased Transportation, 10.0%**
- **Contract Services, 3.5%**
- **Materials & Supplies, 5.3%**

**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 2009-10, GCT added $4,564,364 in capital additions. This included $4,244,972 for nine (9) 35-foot NABI CNG transit buses (including one delivered late last year), $75,451 for three (3) new Honda CNG service vehicles, $133,290 for upgrades to GCT's on-board video and audio systems, $85,291 for upgrades to GCT's business systems and $23,360 toward the completion of GCT's CNG fueling station. Capital asset acquisitions are capitalized at cost. Acquisitions are funded using primarily federal grants with matching local funds. In FY 2010 GCT also expended 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. Additional information on GCT's capital assets can be found in the notes to the financial statements.
Gold Coast Transit
Management’s Discussion and Analysis
For the Years Ended June 30, 2010 and 2009

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 reductions in 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. This year we took delivery of eight (8) 35-foot NABI buses funded 100% by the American Recovery and Reinvestment Act (ARRA). In addition, we have acquired ARRA funding to support paratransit and fixed route operations as well as fully fund several important capital projects, including upgraded fareboxes and a facility modernization program.

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 tenuous times. Local Transportation Fund revenues were down in FY 2009-10 and are forecast to remain down through at least FY 2011. The State Transit Assistance (STA) program, eliminated completely a year ago, has been resurrected as the result of a compromise agreement reached after the California Transit Association (CTA) prevailed in a lawsuit against the state, however, it is anticipated to provide a lower level of funding than in the past.

The passage of SB 716 in October 2009 requires that, with some exceptions, cities in GCT’s service area begin using all of their TDA funds for public transit purposes by July 2014. It further requires the Ventura County Transportation Commission to submit, by December 31, 2011, a report to the Legislature analyzing options for organizing public mass transportation services in the county and for expenditure of revenues in the local transportation fund, along with a recommended legislative proposal. This implies not only that additional funding may become available for public transit purposes, but that as the county’s largest local transit provider, GCT’s role can be expected to evolve.

The demand for GCT services can be expected to increase as the economy improves, more people go back to work and the increased demand for gasoline drives fuel prices higher. It can be anticipated that citizens will demand more and better public transit. 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 several 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.