



**GOLD COAST TRANSIT DISTRICT**  
**Single-Audit Report**  
**For the Fiscal Year Ended**  
**June 30, 2022**

**NIGRO & NIGRO<sup>PC</sup>**

**GOLD COAST TRANSIT DISTRICT**

*Table of Contents*

*For the Fiscal Year Ended June 30, 2022*

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	<b><u>Page</u></b>
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 <i>Government Auditing Standards</i> .....	1
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	3
Schedule of Expenditures of Federal Awards.....	6
Notes to Schedule of Expenditures of Federal Awards .....	7
Schedule of Audit Findings and Questioned Costs .....	8



**INDEPENDENT AUDITORS' 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 District  
Oxnard, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gold Coast Transit District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 31, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California  
March 31, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Gold Coast Transit District  
Oxnard, California

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

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

We have audited the Gold Coast Transit District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal program.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the Gold Coast Transit District (District), which comprise the statement of net position as of June 30, 2022, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 21, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Murrieta, California  
March 31, 2023

**GOLD COAST TRANSIT DISTRICT**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2022*

Federal Grantor Agency/ Pass-through Grantor Agency/ Program Name and/or Title	Federal Financial Assistance	Pass-Through Entity Identifying Number	Federal Program Expenditures
<b>Federal Programs:</b>			
U.S. Department of Transportation/ Federal Transit Administration:			
Federal Transit Cluster			
Direct Programs:			
Bus and Bus Facilities Formula & Discretionary Programs	20.526	CA-34-0182	\$ 570,460
CARES Act - Federal Transit - Formula Grants (Transit Facility/Business System Upgrades)	20.507	CA-90-Z456	108,312
Federal Transit - Formula Grants (Transit Facility/Business System Upgrades)	20.507	CA-90-0237	6,160
Federal Transit - Formula Grants (Operating Assistance/Preventative Maintenance Assistance/ ADA/Late Night Safe Rides)	20.507	CA-90-7508	6,881,000
Federal Transit - Formula Grants (Operating Assistance/Preventative Maintenance Assistance)	20.507	CA-90-Z415	2,553,046
Federal Transit - Formula Grants (Operating Assistance)	20.507	CA-95-X347	346,642
Federal Transit - Formula Grants (New Buses)	20.507	CA-95-0106	3,160,453
Federal Transit - Formula Grants (New Buses)	20.507	CA-95-0107	77,000
Federal Transit - Formula Grants (COP Debt Service)	20.507	CA-34-0225	503,242
Federal Transit - Formula Grants (Operating Assistance/Fixed Route/ADA/COP)	20.507	CA-90-Z518	<u>1,050,000</u>
Total Federal Transit Cluster			<u>15,256,315</u>
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CA-16-X073	65,255
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	CA-16-0077	<u>20,879</u>
Total Enhanced Mobility of Seniors and Individuals with Disabilities			<u>86,134</u>
FEMA	97.036	N/A	<u>154,633</u>
Total Other Federal Funds			<u>154,633</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 15,497,082</u></b>

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, the District provided no Federal awards to subrecipients.



## **GOLD COAST TRANSIT DISTRICT**

### *Notes to Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2022*

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#### **NOTE 1 – REPORTING ENTITY**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the District. The District's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

#### **NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS**

The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the District's financial statements as follows:

	<b>Federal Program Expenditures</b>
<b>Statement of activities and changes in net position:</b>	
Funding included within the following balances:	
Federal Revenue	\$ 15,497,082
<b>Total Expenditures of Federal Awards</b>	<b><u>\$ 15,497,082</u></b>

#### **NOTE 4 – INDIRECT COST RATE**

The District elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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***Findings and Questioned Costs***

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**GOLD COAST TRANSIT DISTRICT**  
*Schedule of Audit Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2022*

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

***Federal Awards***

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516a?	<u>No</u>

Identification of major programs:

**Federal Financial**

<u>Assistance</u>	<u>Name of Federal Program or Cluster</u>
	Federal Transit Cluster
20.507	Formula Grants
20.526	<u>Bus and Bus Facilities Formula Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>YES</u>

## **GOLD COAST TRANSIT DISTRICT**

### *Schedule of Audit Findings and Questioned Costs (Continued)*

*For the Fiscal Year Ended June 30, 2022*

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#### **SECTION II - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

*There were no audit findings in fiscal year 2021-22.*

#### **SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS**

*There were no federal award findings or questioned costs in fiscal year 2021-22.*

#### **SECTION IV - SUMMARY OF PRIOR AUDIT (JUNE 30, 2021) FINDINGS AND CURRENT YEAR STATUS**

##### **Condition**

The Gold Coast Transit District (District) did not complete year-end closing procedures in a timeframe which would have allowed the financial statements to be issued in a timely manner. The closing procedures did not include sufficient review of information before it was provided to the external auditors, resulting in several post-closing adjustments and revisions to the financial statements and resulted in delays in the issuance in financial statements, causing the District to be out of compliance with state and local statutes. Although the District received a 90-day extension through March 31, 2022, additional extensions were not authorized.

##### **Criteria**

The District should design and implement internal controls over the financial reporting and compliance processes to ensure the following: (1) that the general ledger and grant ledgers undergo adequate procedures to ensure the proper application of fiscal year cutoff, (2) that the fiscal year-end financial statements are closed and the related financial statements supporting schedules are prepared in a timely manner allowing for a more efficient audit, and (3) that the final trial balances are subject to sufficient management review so that balances are presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

Additionally, State Transportation Development Act (TDA) regulations, in accordance with Public Utilities Code Section 99245 and CCR Section 6664, require "a report of fiscal and compliance audit made by an independent auditor shall be submitted by each claimant within 180 days after the end of the fiscal year, except that the responsible entity, as defined in Section 6663, may grant an extension of up to 90 days as it deems necessary. No allocation shall be made to any claimant that is delinquent in its submission of a fiscal and compliance audit report."

##### **Cause of Condition**

The District experienced significant turnover of finance and accounting personnel and challenges related to the COVID pandemic, which made it impossible to follow established policies and procedures related to internal controls over financial reporting and compliance.

##### **Effect of Condition**

Untimely closing and financial statement preparation procedures resulted in delayed audits of financial statements and compliance. The District was out of compliance with state regulations, resulting in delays in receipt of grant funds due to delays in the completion of required audits.

## **GOLD COAST TRANSIT DISTRICT**

*Schedule of Audit Findings and Questioned Costs (Continued)*

*For the Fiscal Year Ended June 30, 2022*

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### **SECTION IV - SUMMARY OF PRIOR AUDIT (JUNE 30, 2021) FINDINGS AND CURRENT YEAR STATUS (continued)**

#### **Recommendation**

It was recommended the District implement strong internal policies and procedures and provide sufficient cross-training to staff to ensure that a comprehensive closing of the general ledger is performed in a timely manner and that sufficient resources and adequate oversight are available to oversee the District's year-end closing procedures and preparation of the financial statement supporting schedules.

**View of Responsible Officials and Planned Corrective Action:** The District has replaced finance and accounting staff and retained the services of a consulting CPA firm to be responsible for oversight of the year-end closing procedures and review of financial transactions to ensure reports are prepared and submitted within statutory timelines.

#### **Current Year Status**

The District implemented the above mentioned recommendations and submitted its audited financials by the extended March 31, 2023 deadline.