



Gold Coast Transit
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2012 and 2011



Gold Coast Transit 2012 Board of Directors



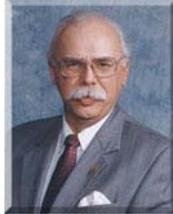
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Gold Coast Transit
Comprehensive Annual Financial Report
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**Gold Coast Transit
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Introductory Section



September 4, 2012

The Board of Directors
Gold Coast Transit
Oxnard, California

Members of the Board:

It continues to be my pleasure to serve as Gold Coast Transit's General Manager. During this past year we successfully concluded negotiations with SEIU Local 721 for the Memorandum of Understanding with our three bargaining units that are in effect until November 1, 2013, with a wage reopener in September 2012. Over the past year we have once again been able to add new services, and have continued to work 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 2011-2012, Gold Coast Transit delivered close to 3.55 million passenger trips and operated 2.22 million miles of revenue service in western Ventura County.

Key developments at GCT during the 2011-2012 fiscal year include:

- **New Facility Funding** – In October 2011, GCT was notified by Congresswoman Lois Capps' office that we had been awarded a \$15,000,000 State of Good Repair grant by the Federal Transit Administration. These funds, combined with State funding from the Public Transportation Modernization Program allocated to GCT by the State and through the Ventura County Transportation Commission will allow us to buy property, complete the design and engineering, and begin construction of a new Maintenance, Operations and Administration facility.
- **Route 17 Esplanade – Oxnard College** – This new service began operating in February, 2012 funded by a Congestion Mitigation and Air Quality Improvement (CMAQ) grant. The original route was revised in order to extend service to Oxnard College on South Rose Ave, with service to the Juvenile Justice Center, Rio Mesa High School, St. John's Hospital and several shopping areas along Rose Avenue.
- **New Scheduling Software** – The new scheduling and dispatching software system, *Mobile-Plan & PERDIS*, was fully implemented this year and immediately began yielding benefits by providing the planning staff with more flexibility and tools to develop route schedules and operator runs. An additional benefit is a reduction in non-revenue time paid, thereby lowering the overall cost of providing service. Full implementation of the automated dispatching functions that support operator payroll time reporting is still being tested to ensure 100% accuracy.
- **Additions to the Gold Coast Transit Team** – With the Board's approval, Gold Coast Transit added an Administrative Analyst position this year that is providing needed back-up and assistance to the Accounting and Payroll functions.
- **Employee Relations** – In an effort to promote an open door policy and strengthen internal communications, I've continued the numerous activities begun last year, including "Coffee with the GM", monthly staff birthday celebrations in the driver's lounge, the monthly "General Manager's Update" and a new quarterly Employee Newsletter that is distributed to all members of the agency.

- **Facility Improvements** – Several safety and efficiency upgrades to the facility have continued this year. The most significant improvements include the new hydraulic bus lifts in the maintenance building and the office trailer for the planning staff.
- **Bus Advertising Program** – This program continues to experience considerable growth this year with several new advertisers. The Ventura County Credit Union, Santa Barbara Bank and Trust and McDonalds are the largest advertisers.
- **Marketing and Community Outreach** – Gold Coast Transit has continued and expanded our successful community outreach events, with promotions for Dump the Pump Day and the introduction of new service being very well received by the public. Additional outreach meetings were held this year to seek more input from the public about needed service improvements and adjustments. An expanded use of various social media sites and our website continue to be an important part of GCT’s overall outreach program. The use of real-time traveler information available from NextBus and Smart Ride utilizing the apps for smart phones has proven to be very positively received and provides a great benefit to our customers. GCT’s information will soon be on Google Transit allowing for current and prospective customers to easily plan trips on line.

The Gold Coast Transit team is very proud of its accomplishments to date however 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



September 4, 2012

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, 2012 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. Each year I deservedly recognize Lili Marlene T. Tomen, GCT's Accounting Manager, for working long hours preparing for GCT's financial audit. This year I need to recognize Ms. Tomen's extraordinary efforts in keeping both the accounting and payroll functions going during an extended period of time during which GCT Administration was shorthanded. GCT management owes Ms. Tomen a debt of gratitude for her dedication and professionalism.



Steve L. Rosenberg
Director, Administrative Services

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Gold Coast Transit *Organizational Information*

History¹

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 3.55 million passenger boardings in Fiscal Year 2011-2012, an increase of 3.4% from the previous year, and operated 2.2 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 on paratransit service, all using clean burning compressed natural gas (CNG). Only eleven of GCT's 78 revenue vehicles are more than six years old. GCT operates its own onsite CNG fueling station, having in 2011 completed construction of a state-of-the-art CNG fueling station.

In Fiscal Year 2011-2012, GCT fixed-route service served 3.48 million passenger boardings, an increase of 3.7% from the previous year, while the ACCESS paratransit system transported 68,618 passengers, a decrease of 10.6% over the previous year.

¹ 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

At the end of fiscal year 2012, GCT had 166 employees, the majority of whom provide or supervise bus service. The operations department had 128 employees, including 119 bus operators, seven transit supervisors, a dispatch and revenue control 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 Administration Department had eight employees, including the General Manager, the Office Manager, the Director of Administrative Services, the Human Resources and Risk Manager, the Accounting Manager, the Payroll and Benefits Specialist, the Purchasing Manager and the Assistant Buyer. The Planning & Marketing/Paratransit Department had nine employees, including the Director of Planning and Marketing, the Communications and Marketing Manager, the Paratransit and Special Projects Manager, three Transit Planners (one of whom works part-time), and three Customer Service Assistants. Service Employees International Union Local 721 represents all bus operators, all non-supervisory maintenance employees and the three Customer Service Assistants.

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.

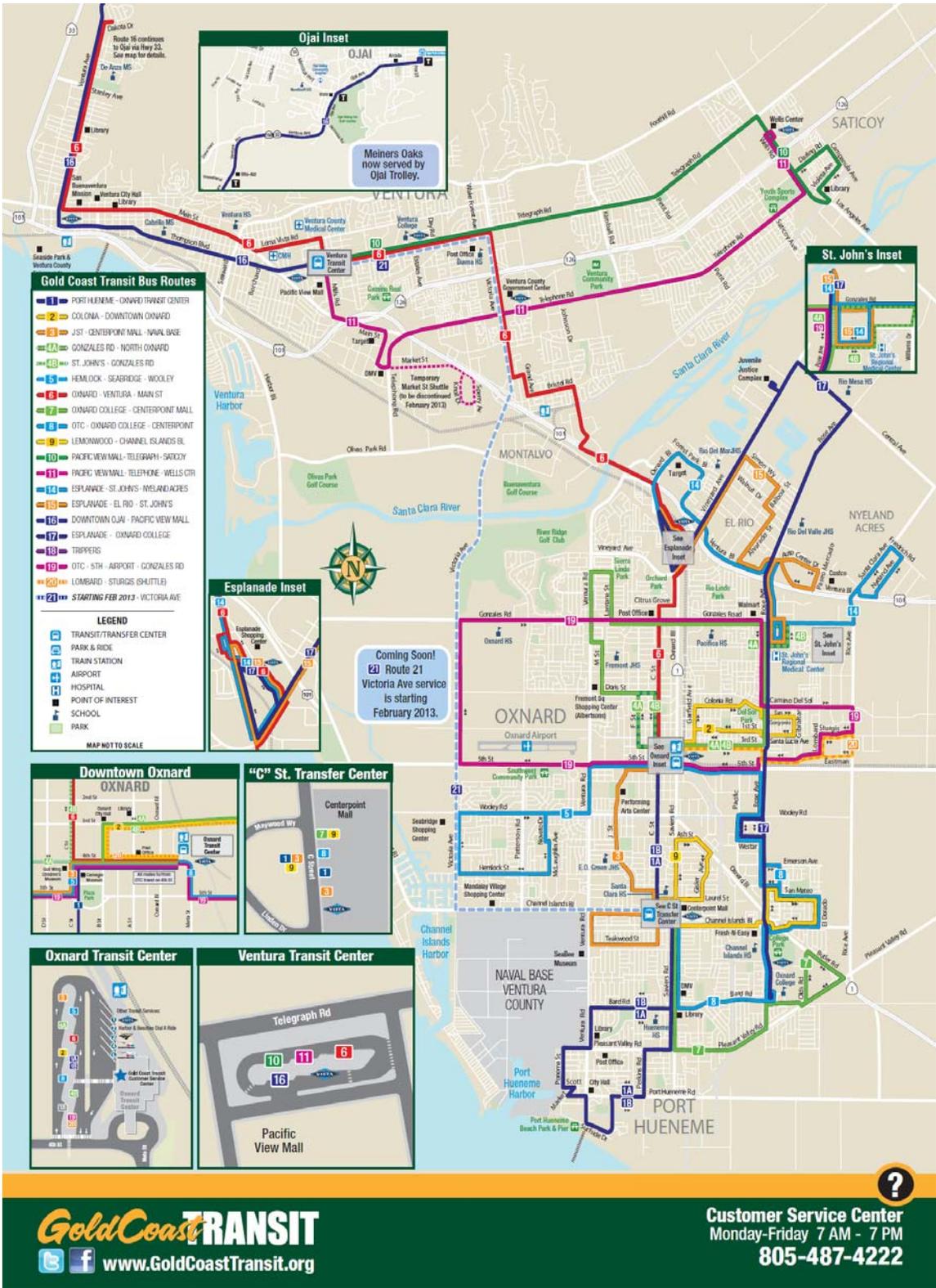
Gold Coast Transit
Organizational Information

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
Christopher J. Brown, 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
WEB www.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, 2012 and 2011, 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, 2012 and 2011, 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 September 4, 2012, 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 46.

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 GCT's basic financial statements as a whole. The introductory section on pages 1 through 7 and the statistical section on pages 41 through 45 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 & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 4, 2012

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

The following Management 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, 2012. 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.

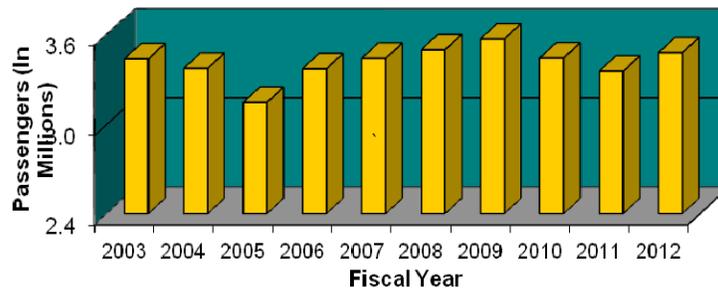
GCT owns 78 revenue vehicles which are 100% fueled with clean burning compressed natural gas (CNG), primarily from GCT's owned and operated CNG fueling station. In FY 2011-2012, GCT vehicles carried over 3.55 million passengers while traveling over 2.2 million revenue miles.

GCT operates a fleet of 54 fixed-route buses. In FY 2011-2012, GCT fixed-route buses operated 1.75 million miles of revenue service and served 3.48 million passenger boardings, an increase of 3.7% over the previous year.

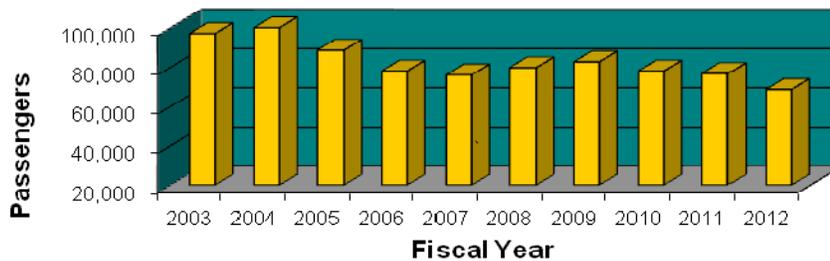
In FY 2011-2012, the ACCESS paratransit system transported 68,618 passengers, a decrease of 10.6% from the previous year. GCT owns the paratransit fleet consisting of 24 vans, which are operated under contract by MV Transportation, Inc.

	<u>2012</u>	<u>2011</u>	<u>Increase/ (Decrease)</u>
Fixed-Route Passengers Trips	3,476,408	3,353,539	3.7%
ACCESS Paratransit One-Way Trips	<u>68,618</u>	<u>76,730</u>	<u>(10.6%)</u>
Total Boardings	3,545,026	3,430,269	3.4%

Fixed Route Bus Ridership – Unlinked Passenger Trips from 2003 to 2012



ACCESS Paratransit Ridership – One-way Trips from 2003 to 2012



Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

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 primary local means available to GCT to support transit services. Since 2007 GCT's revised Joint Powers Agreement (JPA) gives the agency the authority to accept local funds from other sources to support local transit services.

LTF increased substantially through the early 2000s, peaked in FY 2006-2007, and was dramatically impacted by the recent recession. In the three years from FY 2006-2007 to its low point in FY 2009-2010, the LTF available to GCT's members decreased 35% (from \$16.7M to \$10.8M). This caused GCT to reduce service levels in FY 2010-2011. LTF revenues for GCT's members in FY 2011-2012 increased 24.6% from the prior year, and although some of that increase was non-recurring GCT was able to restore service levels. For FY 2012-2013 LTF revenues for GCT's members are up 4.1% from FY 2011-2012. While transit funding in Ventura County continues to recover, the FY 2012-2013 forecast of \$14.0M for GCT members is still less than the amount our members received in FY 2005-2006.

Another revenue source for GCT is State Transportation Assistance. While STA accounts for a small percentage of GCT revenues (1.2% in FY 2011-2012), it provides significant funding for competing Ventura County transit priorities such as Metrolink. During FY 2008-2009, the State announced its intention to eliminate State Transportation Assistance (STA) Funds for five years starting in FY 2009-2010. The loss of STA funds directly reduced the amount of regionally shared LTF funds available for GCT. In March 2010 following successful transit industry litigation, the state consequently enacted legislation restoring STA by replacing the sales tax on fuel with an increase in the diesel fuel excise tax rate. STA appears at this point to have stabilized as a funding source.

Financial Position Summary

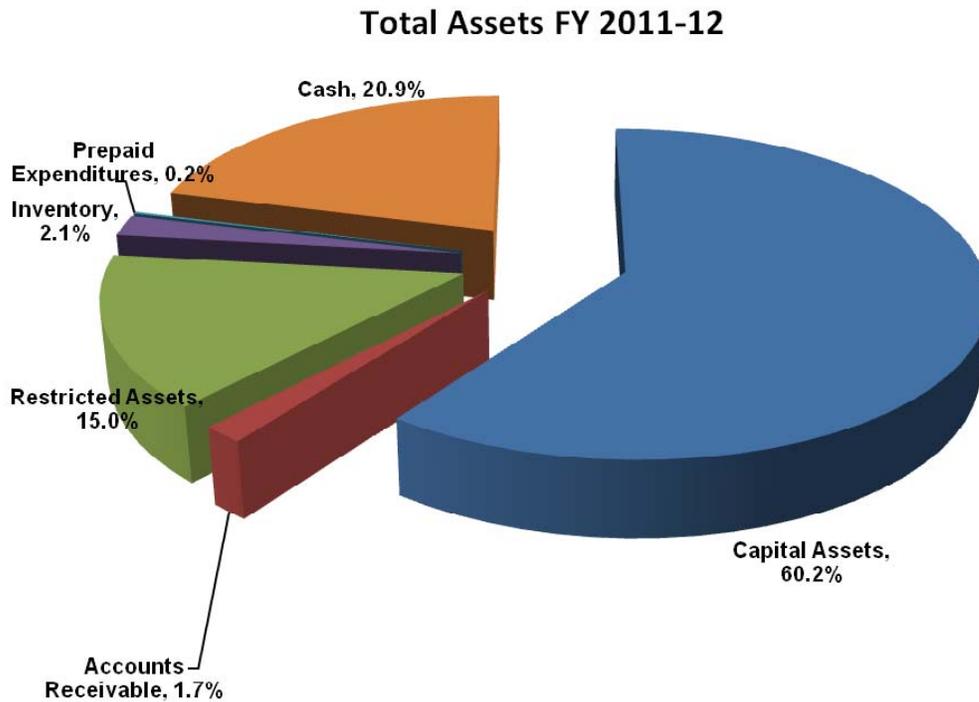
Total net assets serve over time as a useful indicator of GCT's financial position. GCT's net assets exceed liabilities by \$13,131,831 as of June 30, 2012, making net assets 2.92 times liabilities. A condensed summary of net assets at June 30 is shown below:

Condensed Statement of Net Assets			
	<u>2012</u>	<u>2011</u>	<u>Change</u>
Assets:			
Current assets	\$ 10,668,377	8,916,778	1,751,599
Capital assets, net	16,107,810	18,641,472	(2,533,662)
Total assets	<u>26,776,187</u>	<u>27,558,250</u>	<u>(782,063)</u>
Liabilities:			
Current liabilities	6,822,178	5,054,369	1,767,809
Total liabilities	<u>6,822,178</u>	<u>5,054,369</u>	<u>1,767,809</u>
Net assets:			
Net investment in capital assets	16,107,810	18,641,472	(2,533,662)
Restricted for capital projects	2,234,181	2,262,198	(28,017)
Unrestricted	1,612,018	1,600,211	11,807
Total net assets	<u>19,954,009</u>	<u>22,503,881</u>	<u>(2,549,872)</u>
Total liabilities and net assets	<u>\$ 26,776,187</u>	<u>27,558,250</u>	<u>(782,063)</u>

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

The largest portion of GCT's *net* assets (\$16,107,810 at June 30, 2012) 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 2011-2012 reflects a second consecutive year of minimal additions to fixed assets offset by another full year of depreciation for all assets.

Restricted net assets have been set aside to fund the purchase of future capital projects and transit vehicle acquisitions. The remaining *unrestricted net assets* (\$1,612,018 as of June 30, 2012) may be used to meet GCT's capital and ongoing obligations. GCT also holds as deferred revenue \$1.79 million from California Proposition 1B bonds, to be used for pending capital improvement projects.



GCT Passenger Fares

Passenger fares are set by the Board of Directors and changed when determined necessary by the Board. The most recent fare increase was approved during FY 2009-2010, when the Board of Directors approved a two-phase fare increase. The first phase took effect on January 24, 2010, and the second phase took effect on August 21, 2011. The base cash fare for GCT fixed route buses is \$1.50, and by policy the paratransit fare is automatically set at twice the amount of the fixed route fare, or \$3.00. GCT's fare structure is as follows:

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

GCT Fixed Route Service Fares

<u>Fare Type</u>	<u>Fare Amount</u>
GCT FIXED ROUTE	
<u>Cash Fares (One Way)</u>	
Adult	\$1.50
Youth (through age 18)	\$1.50
Seniors (65-74 years of age with GCT I.D or proof of age)	\$0.75
Medicare (with Medicare Card)	\$0.75
Disabled (ADA card or GCT I.D.)	\$0.75
Seniors 75+ (with GCT I.D or proof of age)	Free
Children under 45" tall (when accompanied by paid fare)	Free
Day Pass (One-Day/Unlimited Boardings)	\$4.00
Day Pass for Seniors/Medicare/Disabled	\$2.00
<u>Multi-Ride Ticket or Monthly Pass</u>	
Adult	
10-Ride	\$14.00
20-Ride	\$26.00
30-Ride	\$36.00
Monthly Pass (cost per ride based on 50 rides)	\$49.00
Youth	
10-Ride	\$11.00
20-Ride	\$20.50
30-Ride	\$29.00
Monthly Pass	\$38.50
Senior/Disabled	
10-Ride	\$6.50
20-Ride	\$12.00
30-Ride	\$17.50
Monthly Pass	\$21.50
GCT ACCESS (Paratransit)	
Cash Fare (one-way) - ADA Certified or Senior	\$3.00
Senior Nutrition (registered with County program)	Donation
Book of Ten Tickets - ADA Certified or Senior	\$30.00

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

Financial Operations Highlights

Operating revenues increased by 8.6% from to \$3,041,669 in FY 2010-2011 to \$3,303,563 in FY 2011-2012, primarily as the result of increased service and ridership and a higher provision of local "fare guarantee" contributions from our member agencies. These fare contributions support GCT achieving its TDA-mandated fare box recovery ratio of 20% overall or 20% for fixed route and 10% for paratransit.

Operating expenses before depreciation increased 8.3% from \$15,141,242 to \$16,404,321. The increase was driven by:

- ◆ An 8.7% increase in salaries and wages, primarily the result of a 16% increase in revenue service hours as well as increased support staffing in Operations and in Planning. Increases in overall labor costs have been minimized by a lower average hourly wage for Operators due to attrition and an influx of new hires, and to a freeze in overall wage and salary rates; GCT's represented work force has received no contractual wage increases since November 2009, and GCT's non-represented work force has received no salary increases since February 2009. 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 expire on November 1, 2013, but include a September 2012 reopener for wage and medical benefit contribution.
- ◆ A 14.5% increase in medical benefit contribution costs, resulting from previously noted headcount increases as well recognizing in FY 2011-2012 for the first time the future cost of retiree medical benefit contributions. Regarding current medical benefit contributions, GCT's contribution rates have not increased since January 2010. Regarding future retiree medical benefit contributions, GCT's established contribution obligations are set at the minimum level allowed under CalPERS.
- ◆ An 18.7% increase in pension-related expenses, resulting from increased headcount and a 14.8% increase in GCT's employer contribution percentage.
- ◆ A 53% increase in fuels and lubricants resulting from the expiration of the Alternative Fuel Excise Tax Credit in December 2011. GCT benefitted in FY 2011-2012 from historically low natural gas pricing, however the year-to-year comparison is skewed because the credit was reinstated retroactively in December 2010 and GCT realized six quarters of the credit in FY 2010-2011.

Capital contributions, received in the form of grants from the federal and state governments and matching local funds, increased from \$270,295 in FY2010-11 to \$466,962 in FY 2011-12. 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 compliance with State Transportation Development Act requirements.

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Operating revenues	\$ 3,303,563	3,041,669	261,894
Operating expenses	<u>(16,404,321)</u>	<u>(15,141,242)</u>	<u>(1,263,079)</u>
Operating loss before depreciation	(13,100,758)	(12,099,573)	(1,001,185)
Depreciation	<u>(3,016,834)</u>	<u>(3,054,738)</u>	<u>37,904</u>
Operating loss	(16,117,592)	(15,154,311)	(963,281)
Non-operating revenues	<u>13,100,758</u>	<u>12,099,573</u>	<u>1,001,185</u>
Loss before capital contributions	(3,016,834)	(3,054,738)	37,904
Capital contributions	<u>466,962</u>	<u>270,295</u>	<u>196,667</u>
Change in net assets	(2,549,872)	(2,784,443)	234,571
Net assets – beginning of period	<u>22,503,881</u>	<u>25,288,324</u>	<u>(2,784,443)</u>
Net assets – end of period	<u>\$ 19,954,009</u>	<u>22,503,881</u>	<u>(2,549,872)</u>

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

Revenues

A summary of revenues for the year ended June 30, 2012 including the amount and percentage of change in relation to prior year amounts is as follows:

	<u>2012</u>	<u>Percentage of Total</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Operating:					
Fixed-route passenger fares	\$ 3,059,740	18.7%	2,798,811	260,929	9.3%
ACCESS paratransit fares	243,823	1.5%	242,858	965	0.4%
Total operating	<u>3,303,563</u>	<u>20.1%</u>	<u>3,041,669</u>	<u>261,894</u>	<u>8.6%</u>
Non-operating:					
Local assistance	8,595,776	52.4%	7,349,169	1,246,607	17.0%
Federal funding	4,042,074	24.6%	4,182,661	(140,587)	-3.4%
State funding	220,821	1.3%	188,221	32,600	17.3%
Other	242,087	1.5%	379,522	(137,435)	-36.2%
Total non-operating	<u>13,100,758</u>	<u>79.9%</u>	<u>12,099,573</u>	<u>1,001,185</u>	<u>8.3%</u>
Total revenues	<u>\$ 16,404,321</u>	<u>100.0%</u>	<u>15,141,242</u>	<u>1,263,079</u>	<u>8.3%</u>

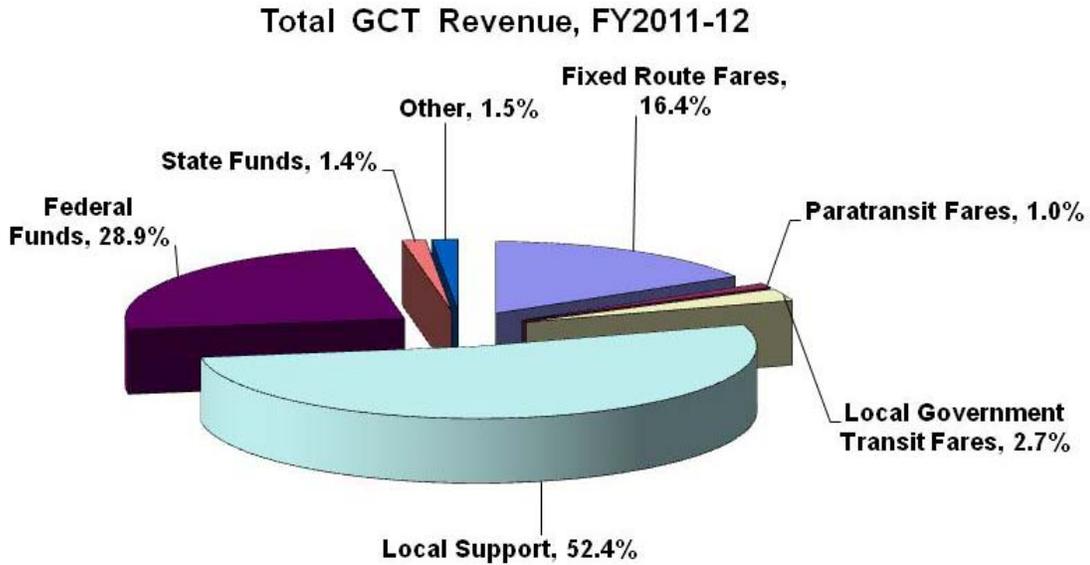
The total revenue increase of 8.1% included increased reliance on Local Transportation Fund (LTF) funding. LTF accounted for 52.4% of total revenues compared to 48.5% in FY 2010-11; this was the highest LTF-to-total revenue ratio since FY 2006-07. Federal funds as a percentage of total revenues decreased from 28.9% in FY 2010-11 to 24.6% in FY 2011-12, as GCT completed its short-term reliance on ARRA funds (also known as “stimulus” funds) 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. STA appears to be reestablished as a relatively stable funding sources source for public transit. GCT’s overall state funding increased 17% in FY 2011-12 compared to FY 2010-11.

Passenger fare revenues for both fixed route and paratransit increased from FY 2010-11 to FY 2011-12; fixed route fare revenues increased 4.2% and paratransit fare revenues increased 2.4%. Fixed route fare revenues increased roughly in proportion to a 3.7% increase in boardings, with the August 2011 fare increase having been offset by an increase in the use of free transfers (from 21.6% of boardings to 25.3% of boardings), a corresponding drop in cash fare boardings (from 44.8% of boardings to 39.7% of boardings) and a modest increase in the use of prepaid and multi-ride fare media (from 20.4% of boardings to 21.4% of boardings). The increase in paratransit fare revenues is directly attributable to the fare increase.

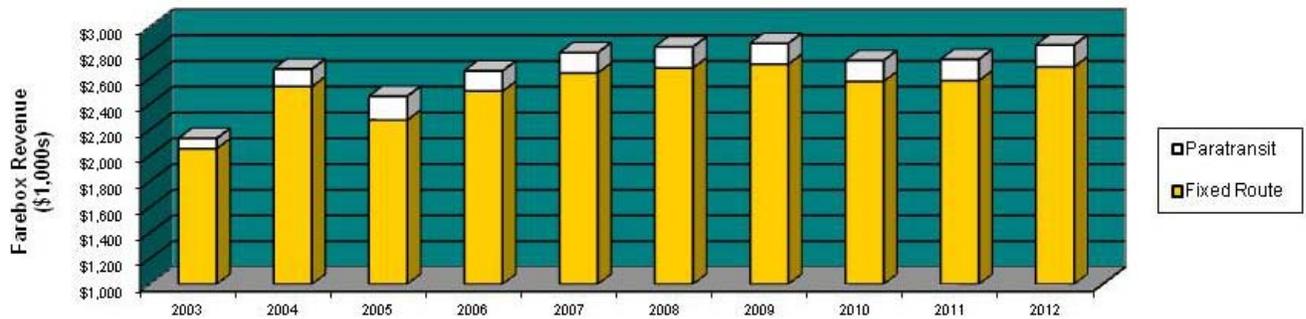
California regulations require that a transit service claimant for TDA funds have a system wide ratio of fare and local revenues to operating cost of at least 20%, or that the claimant realize a farebox recovery ratio (FBRR) of 20% for fixed route service and 10% for paratransit service. Including eligible local non-TDA funds in the form of route guarantees (for fixed route service) and service guarantees for paratransit service (to support service to non-ADA eligible riders) as well as eligible revenues for on-board advertising, GCT’s fare box recovery ratio (FBRR) is 22.8% for fixed route, 12% for paratransit and a combined 21.4%.

Gold Coast Transit
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The following chart shows the major sources of operating and non-operating revenues for the year ended June 30, 2012 (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, 2012, including the amount and percentage of change in relation to prior year amounts, is as follows:

	2012	Percentage of Total	2011	Increase (Decrease)	% Increase (Decrease)
Operating expenses:					
Vehicle operation	\$ 9,096,617	46.8%	8,166,482	930,135	11.4%
Vehicle maintenance	2,600,226	13.4%	2,499,641	100,585	4.0%
Planning and marketing	834,674	4.3%	759,871	74,803	9.8%
Operations and administration	1,835,611	9.5%	1,710,938	124,673	7.3%
Paratransit	2,037,193	10.5%	2,004,310	32,883	1.6%
Operating expenses before depr	16,404,321	84.5%	15,141,242	1,263,079	8.3%
Depreciation	3,016,834	15.5%	3,054,738	(37,904)	-1.2%
Total operating expenses	\$ 19,421,155	100.0%	18,195,980	1,225,175	6.7%

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

Fixed Route costs for FY 2011-2012 were 11.4% higher than in FY 2010-2011. Wages and benefits represent 88% of Fixed Route operations costs. The increase in Fixed Route costs from FY 2010-2011 is primarily attributable to increased service and higher net fuel costs. Revenue service hours (RSH) increased 16% from FY 2010-2011 to FY 2011-2012, from 145,228 to 168,491, and revenue service miles (RSM) increased 9.2%, from 1,605,651 to 1,752,942. As previously stated, GCT's Bus Operators, like all GCT employees, have not received a contractual wage increase since November 2009 and the average Operator wage cost per hour was 3.8% lower in FY 2011-2012 as the result of attrition and a significant number of new operators hired to accommodate the service increase.

Maintenance costs for FY 2011-12 were 4% higher than in FY 2010-11. The increase in Maintenance costs from FY 2010-11 to FY 2011-12 is primarily attributable to increases in pension and workers comp costs, as well as increased costs to maintain the CNG fueling facility which was covered by a maintenance warranty for part of FY 2010-11. Tire services costs also increased in FY 2011-12. Reduced costs for repair parts were offset by increased costs for contract repairs. Overall Maintenance costs increased at a lower rate than overall bus fleet miles, which increased 9.4% in FY 2011-12.

Administration department costs for FY 2011-2012 were 7.3% higher than in FY 2010-2011. The increase in Administration costs is attributable primarily to two projects charged to noncapital equipment, both of which were fully funded by grants. The other areas of increase were higher legal costs, resulting from general counsel's continuing participation in protracted union contract negotiations and one significant action handled by GCT's employment attorney, and increased contract services resulting from a project to update GCT's storm water reporting process.

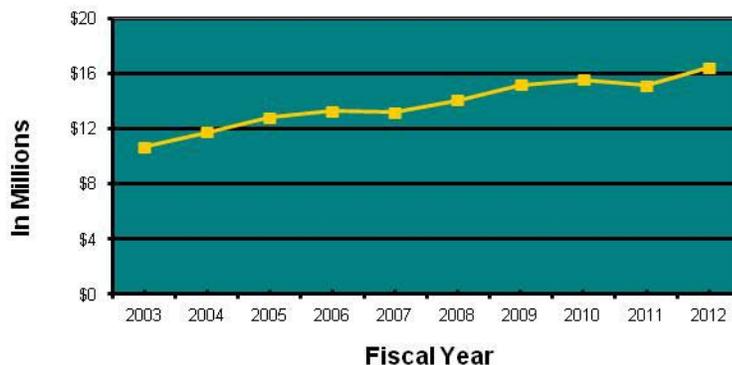
Planning and Marketing department costs for FY 2011-2012 were 9.8% higher than in FY 2010-2011, primarily attributable to staffing increases to expand GCT's overall planning capabilities. The year-to-year comparison of labor expense in this department is skewed by two extended position vacancies in FY 2010-2011. Marketing expense was substantially lower in FY 2011-2012 compared to FY 2010-2011, attributable to a large one-time grant-funded project in FY 2010-2011.

Paratransit operations costs for FY 2011-2012 were 1.5% higher than in FY 2010-2011. The paratransit service contract represents over 90% of paratransit operations costs, and the cost of service was essentially unchanged in FY 2011-2012. The increase in Paratransit costs is attributable to an agreement with the service provider, MV Transportation, for GCT to pay the difference between engine replacements and contractually required major engine repairs on a group of GCT's paratransit vehicles. This cost was offset by somewhat lower fuels costs resulting from a 7.7% reduction in service miles.

The 1.2% decrease in depreciation expense is the result of certain assets reaching their fully-depreciated useful life.

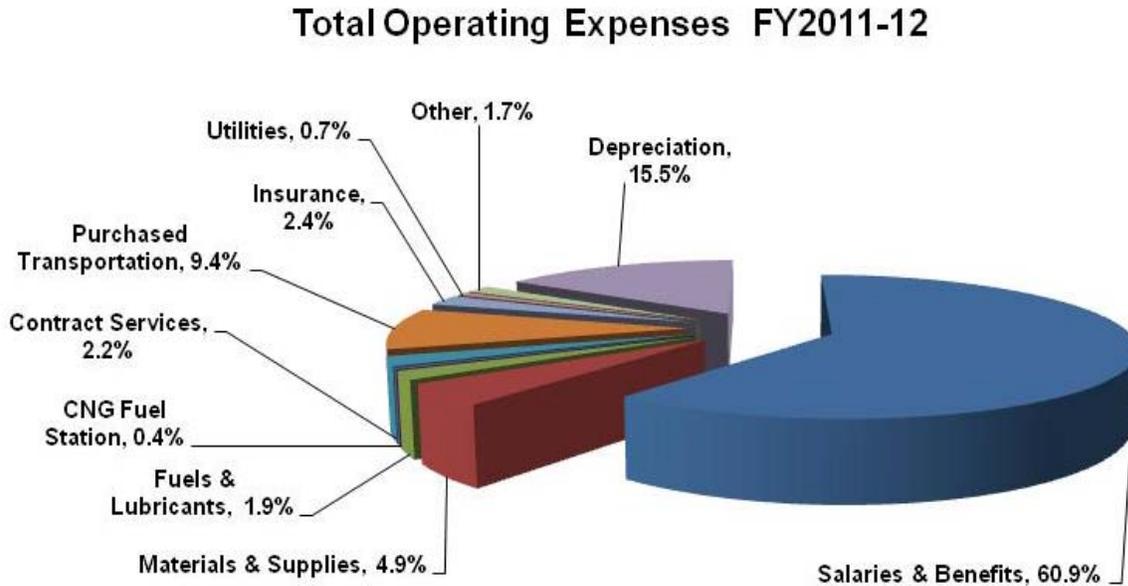
Total operating expenses before depreciation were 8.3% higher than the previous year. The following chart shows operating expense trends over a ten-year period.

GCT Operating Expense - from 2003 to 2012



Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

The following chart shows major cost categories and the percentage of operating expenses for the year ended June 30, 2012:



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 2011-2012, GCT added \$466,684 in capital additions. This includes \$175,884 for two (2) new bus hoists, \$156,704 for various facility improvements, including bathroom remodels and an HVAC system replacement, \$65,648 to purchase and install modular offices, \$39,401 to create a bus travel training video, \$21,388 for a network copier/printer, and \$7,659 for upgrades to the on-board video/audio systems.

Capital asset acquisitions are capitalized at cost. Acquisitions are typically funded using primarily federal grants with matching local funds. The majority of this year's capital additions were funded with federal ARRA funds, which do not require local match. GCT also receives state grants from the Proposition 1B Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) and Safety and Security programs, neither of which require matching funds. With numerous capital projects currently underway, GCT closed the year with \$188,913 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.

Gold Coast Transit
Management's Discussion and Analysis
For the Years Ended June 30, 2012 and 2011

While it appears the region may now be emerging from a period of weak economic conditions and uncertain state transit funding, GCT's financial condition continues to be relatively strong. GCT has 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. The agency's fixed route bus fleet consists of 54 vehicles that are 100% powered by compressed natural gas (CNG), a clean, domestically produced, plentiful and currently inexpensive fuel. Eighty percent (80%) of the fleet is still in the first half of its 12-year expected life. GCT has federal ARRA funding as well as California Proposition 1B funding to support several important capital projects scheduled for completion in FY 2012-2013.

GCT's focus on the future is highlighted by its efforts to acquire a site and construct a new and larger Operations, Maintenance and Administration facility. GCT currently operates out of a thirty-year old facility designed for smaller buses and one-half the number of vehicles in its current fleet. In October 2011 GCT was awarded a \$15 million federal grant, which will provide the cornerstone funding for this project. Including other awarded and anticipated grants, GCT has identified almost \$25 million in project funding and is actively seeking to acquire an appropriate site.

In another example of focusing on the future, GCT has initiated discussions with its member agencies regarding evolving GCT from its current legal entity as a joint powers authority to that of a legislatively-created transit district. Establishing GCT as a district would support future growth by providing the agency more permanence and financial stability.

The implementation by the Ventura County Transportation Commission (VCTC) of the Regional Transit Plan developed in response to SB 716 will be the third major initiative undertaken by GCT in the coming year. The VCTC will consider transferring responsibility for a number of countywide programs, such as management of VISTA service, coordination of NextBus and GoVentura smartcard systems to GCT. These actions would significantly expand the mission and scope of services provided by GCT to the residents of Ventura County.

Just as for every California transit agency that depends on State funding, GCT has been through some highly uncertain times over the past five years. Local Transportation Fund revenues continue to recover from historic lows, but remain substantially lower than pre-recession levels. The State Transit Assistance (STA) program has now recovered from having been eliminated in FY 2009-10 and subsequently resurrected after a court decision in transit's favor. The Federal government recently implemented a new two-year transit funding bill, MAP-21, which stabilizes core transit funding for the next two years but restructures certain discretionary funding programs in a way which does not necessarily benefit smaller transit agencies such as GCT.

The demand for transit services in Ventura County can be expected to increase as the economy improves, more people go back to work and the resulting demand for gasoline drives fuel prices higher. It can be anticipated that citizens will demand more and better public transit. Meeting this demand will require financial commitment from the region in supporting the completion of GCT's projected new facility, the scheduled replacement and gradual expansion of the CNG fixed route and paratransit fleets, and in providing additional funding sources for expansion and improvement of transit services.

Requests for Information

This financial report is designed to provide GCT's members, 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, 2012 and 2011

<i>Assets</i>	2012	2011
Current assets:		
Cash and cash equivalents (note 2)	\$ 5,591,015	2,335,083
Accrued interest receivable	2,471	978
Accounts receivable – federal funding	332,059	2,514,290
Accounts receivable – other	112,332	183,263
Materials and supplies inventory	556,828	589,012
Prepaid expenditures	52,093	55,061
Total current assets	<u>6,646,798</u>	<u>5,677,687</u>
Restricted assets – current:		
Cash and cash equivalents (note 2)	4,017,067	3,234,541
Accrued interest receivable	4,512	4,550
Total restricted assets – current	<u>4,021,579</u>	<u>3,239,091</u>
Total current assets	10,668,377	8,916,778
Non-current assets:		
Capital assets, net (note 3)	<u>16,107,810</u>	<u>18,641,472</u>
Total assets	<u>\$ 26,776,187</u>	<u>27,558,250</u>
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,106,401	909,932
Accrued salaries and wages	223,571	396,711
Compensated absences (note 4)	560,315	546,676
Deferred revenue	14,066	6,530
Deferred revenue – CA Prop. 1B (note 5)	1,787,398	976,893
Deferred local transportation funding (note 6)	3,046,957	2,217,627
Total current liabilities	<u>6,738,708</u>	<u>5,054,369</u>
Non-current liabilities:		
Post-employment benefits payable (note 7)	<u>83,470</u>	<u>-</u>
Total liabilities	<u>6,822,178</u>	<u>5,054,369</u>
Net assets: (note 9)		
Net investment in capital assets	16,107,810	18,641,472
Restricted for capital acquisitions (note 8)	2,234,181	2,262,198
Unrestricted (note 10)	<u>1,612,018</u>	<u>1,600,211</u>
Total net assets	<u>19,954,009</u>	<u>22,503,881</u>
Total liabilities and net assets	<u>\$ 26,776,187</u>	<u>27,558,250</u>

See accompanying notes to the basic financial statements

Gold Coast Transit
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenues:		
Passenger fares:		
Fixed route	\$ 3,059,740	2,798,811
Paratransit	243,823	242,858
Total operating revenues	3,303,563	3,041,669
Operating expenses:		
Vehicle operation	9,096,617	8,166,482
Vehicle maintenance	2,600,226	2,499,641
Planning and marketing	834,674	759,871
Operations and administration	1,835,611	1,710,938
Paratransit	2,037,193	2,004,310
Total operating expenses	16,404,321	15,141,242
Operating loss before depreciation	(13,100,758)	(12,099,573)
Depreciation:		
Capital assets – operations	2,444,149	2,482,054
Capital assets – paratransit operations	572,685	572,684
Total depreciation	3,016,834	3,054,738
Operating loss	(16,117,592)	(15,154,311)
Non-operating revenues(expenses):		
Local transportation funding	8,595,776	7,349,169
Federal funding – operating grants	3,502,074	3,620,661
Federal funding – matching grants	540,000	562,000
State funding – operating grants	220,821	188,221
Interest earnings	14,540	13,901
Advertising revenue	215,007	157,466
Other, net	12,540	208,155
Total non-operating revenues, net	13,100,758	12,099,573
Loss before capital contributions	(3,016,834)	(3,054,738)
Capital contributions:		
Federal capital grants	436,775	246,516
State capital grants	15,539	1,021
Local capital grants	14,648	22,758
Total capital contributions	466,962	270,295
Change in net assets	(2,549,872)	(2,784,443)
Net assets – beginning of period	22,503,881	25,288,324
Net assets – end of period	\$ 19,954,009	22,503,881

See accompanying notes to the basic financial statements

Gold Coast Transit
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from passenger fares – fixed route	\$ 3,130,671	2,760,860
Receipts from passenger fares – paratransit	243,823	242,858
Payments to employees for salaries and wages	(7,737,267)	(6,816,787)
Payments to vendors for services	<u>(7,693,423)</u>	<u>(7,367,774)</u>
Net cash used in operating activities	<u>(12,056,196)</u>	<u>(11,180,843)</u>
Cash flows from non-capital financing activities:		
Proceeds from local transportation funding	9,425,106	7,863,912
Proceeds from federal funding – operating grants	5,824,140	1,566,308
Proceeds from federal funding – matching grants	540,000	562,000
Proceeds from state funding – operating grants	220,821	188,221
Other non-operating revenue, net	<u>227,547</u>	<u>365,621</u>
Net cash provided by non-capital financing activities	<u>16,237,614</u>	<u>10,546,062</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(483,172)	(222,834)
Proceeds from federal capital grants	296,940	96,581
Proceeds from state capital grants	15,539	1,021
Proceeds from local capital grants	<u>14,648</u>	<u>22,758</u>
Net cash used in capital and related financing activities	<u>(156,045)</u>	<u>(102,474)</u>
Cash flows from investing activities:		
Interest earnings on cash and cash equivalents	<u>13,085</u>	<u>18,184</u>
Net cash provided by investing activities	<u>13,085</u>	<u>18,184</u>
Net increase(decrease) in cash and cash equivalents	4,038,458	(719,071)
Cash and cash equivalents, beginning of year	<u>5,569,624</u>	<u>6,288,695</u>
Cash and cash equivalents, end of year	<u>\$ 9,608,082</u>	<u>5,569,624</u>
Reconciliation of cash and cash equivalents to statement of net assets:		
Cash and cash equivalents	\$ 5,591,015	2,335,083
Restricted assets – cash and cash equivalents	<u>4,017,067</u>	<u>3,234,541</u>
Total cash and cash equivalents	<u>\$ 9,608,082</u>	<u>5,569,624</u>

Continued on next page

See accompanying notes to the basic financial statements

Gold Coast Transit
Statement of Cash Flows, continued
For the Fiscal Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating loss	\$ (16,117,592)	(15,154,311)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,016,834	3,054,738
Change in assets – (increase)decrease:		
Accounts receivable – other	70,931	(37,951)
Materials and supplies inventory	32,184	(52,135)
Prepaid expenditures	2,968	(2,556)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	196,469	21,334
Accrued salaries and wages	(173,140)	31,697
Compensated absences	13,639	(13,752)
Deferred revenue	7,536	(4,800)
Deferred revenue – grant funding	810,505	976,893
Post-employment benefits payable	83,470	-
Total adjustments	<u>4,061,396</u>	<u>3,973,468</u>
Net cash used in operating activities	<u>\$ (12,056,196)</u>	<u>(11,180,843)</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(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 take 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, 2012 and 2011

(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, 2012 and 2011

(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, expenses and changes in net assets. Capital grants are reported as federal capital grants in the capital contribution section of the statement of revenues, expenses 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, 2012 and 2011

(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:

	2012	2011
Cash and cash equivalents	\$ 5,591,015	2,335,083
Restricted assets - cash and cash equivalents	4,017,067	3,234,541
Total	\$ 9,608,082	5,569,624

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

	2012	2011
Cash on hand	\$ 13,988	30,380
Deposits held with financial institutions	4,589,274	2,458,686
Deposits held with California Local Agency Investment Fund (LAIF)	2,781,595	823,931
Deposits held with the Ventura County Investment Pool Fund (VCPIF)	2,223,225	2,256,627
Total	\$ 9,608,082	5,569,624

As of June 30, GCT's authorized deposits had the following maturities:

	2012	2011
Deposits held with California Local Agency Investment Fund (LAIF)	268 days	237 days
Deposits held with the Ventura County Investment Pool Fund (VCPIF)	337 days	353 days

Authorized Deposits and Investments

GCT's investment policy only authorizes investments in the local government investment pools administered by the Ventura County Treasurer (VCIPF) 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, 2012 and 2011

(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, 2012 and 2011, 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 29% and 23% for 2012, respectively, and 15% and 40% for 2011, 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, 2012 and 2011

(3) Capital Assets

Changes in capital assets for 2012 were as follows:

	Balance 2011	Additions	Deletions/ Transfers	Balance 2012
Non-depreciable assets:				
Land	\$ 300,298	-	-	300,298
Construction-in-process	172,423	483,172	(466,682)	188,913
Total non-depreciable assets	<u>472,721</u>	<u>483,172</u>	<u>(466,682)</u>	<u>489,211</u>
Depreciable assets:				
Revenue vehicles – fixed route	21,534,994	7,659	-	21,542,653
Facilities	6,370,402	222,351	(35,732)	6,557,021
Equipment and furniture	1,850,126	197,271	(40,724)	2,006,673
Intangible assets	-	39,401	-	39,401
Paratransit revenue vehicles	2,220,253	-	-	2,220,253
Paratransit equipment	166,576	-	-	166,576
Total depreciable assets	<u>32,142,351</u>	<u>466,682</u>	<u>(76,456)</u>	<u>32,532,577</u>
Accumulated depreciation				
Revenue vehicles – fixed route	(7,298,270)	(1,795,024)	-	(9,093,294)
Facilities	(3,823,294)	(493,414)	35,732	(4,280,976)
Equipment and furniture	(1,454,619)	(151,333)	40,724	(1,565,228)
Intangible assets	-	(4,378)	-	(4,378)
Paratransit revenue vehicles	(1,314,461)	(506,685)	-	(1,821,146)
Paratransit equipment	(82,956)	(66,000)	-	(148,956)
Total depreciation	<u>(13,973,600)</u>	<u>(3,016,834)</u>	<u>76,456</u>	<u>(16,913,978)</u>
Total depreciable assets	<u>18,168,751</u>	<u>(2,550,152)</u>	<u>-</u>	<u>15,618,599</u>
Total capital assets, net	<u>\$ 18,641,472</u>			<u>16,107,810</u>

During fiscal year 2012, GCT added \$466,682 in depreciable capital asset additions. This included \$175,884 for the new bus hoists, \$143,016 for the restroom remodel in the administrative building, \$65,648 for the Planning Department modular office building, \$39,401 for the training video and \$42,733 for various other equipment purchases.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(3) Capital Assets, continued

Changes in capital assets for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2011</u>
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	(75,691)	1,850,126
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>(124,069)</u>	<u>32,142,351</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)	75,691	(1,454,619)
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>124,069</u>	<u>(13,973,600)</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.

(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.

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

	<u>Balance 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2012</u>	<u>Due Within One Year</u>
\$	<u>546,676</u>	<u>872,576</u>	<u>(858,937)</u>	<u>560,315</u>	<u>560,315</u>
	<u>Balance 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2011</u>	<u>Due Within One Year</u>
\$	<u>560,428</u>	<u>787,980</u>	<u>(801,732)</u>	<u>546,676</u>	<u>546,676</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(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 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2012</u>
\$	976,893	824,289	(13,784)	1,787,398
<hr/>				
	<u>Balance 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2011</u>
\$	-	976,893	-	976,893
<hr/>				

(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 Authorized</u>	<u>Year Received</u>	<u>Deferred LTF Amount</u>	<u>Year to be Recognized</u>
\$	8,731,300	2010-2011	1,382,132	2012-2013
	9,425,105	2011-2012	1,664,825	2013-2014
			<u>\$ 3,046,957</u>	

(7) Post Employment Benefits Payable

During the fiscal year ended June 30, 2012, GCT implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The reporting requirements for these benefit programs as they pertain to GCT are set forth below.

Plan Description – Eligibility

GCT pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by GCT.

Membership in the OPEB plan consisted of the following members as of June 30:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Active plan members	166	140	138
Retirees and beneficiaries receiving benefits	6	6	5
Separated plan members entitled to but not yet receiving benefits	55	49	47
Total plan membership	<u>227</u>	<u>195</u>	<u>190</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(7) Post Employment Benefits Payable, continued

Plan Description – Benefits

GCT offers post employment medical benefits to retired employees who satisfy the eligibility rules (5-years of service). Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through GCT’s CalPERS medical program. The contribution requirements of Plan members and GCT are established and may be amended by the Board of Directors.

Funding Policy

GCT is required to identify the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 1.1% of the annual covered payroll.

GCT will pay 100% of the cost of the post-employment benefit plan, which has been capped at the minimal administrative amount per month and adjusted and indexed pursuant to California Governmental Code Section 22892. GCT funds the plan on a pay-as-you-go basis and maintains reserves (by recording a liability) for the difference between the annual pay-as-you-go amount and the actuarially determined ARC cost.

Annual Cost

For the year ended June 30, 2012, GCT’s ARC cost is \$87,363. GCT’s net OPEB payable obligation amounted to \$83,470 for the year ended June 30, 2012. GCT contributed \$3,893 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2012.

The balance at June 30, consists of the following:	2012	2011	2010
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 87,363	-	-
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Total annual OPEB expense	<u>87,363</u>	<u>-</u>	<u>-</u>
Change in net OPEB payable obligation:			
Age adjusted contributions made	(3,893)	-	-
Total change in net OPEB payable obligation	<u>83,470</u>	<u>-</u>	<u>-</u>
OPEB payable – beginning of year	-	-	-
OPEB payable – end of year	<u>\$ 83,470</u>	<u>-</u>	<u>-</u>

The GCT’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2012	\$ 87,363	3,893	4.46%	\$ 83,470
2011	*	-	0.00%	-
2010	*	-	0.00%	-

* The information for this year is unavailable.
GASB No. 45 was implemented in fiscal year 2012.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(7) Post Employment Benefits Payable, continued

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2011	\$ -	1,197,250	1,197,250	0.00%	\$ 7,737,267	15.47%

The most recent valuation (dated July 1, 2011) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$1,197,250. There are no plan assets because GCT funds on a pay-as-you-go basis. No trend information is reported because the year ended June 30, 2012, is the first year that GCT implemented GASB 45. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2012 was \$7,737,267. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 15.47%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2011
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increase	3.00%
Inflation - discount rate	3.00%
Individual salary growth	District annual COLA

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(8) 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, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Balance – beginning of period	\$ 2,262,198	2,292,862
Additions: Local transportation funding	14,648	22,758
Deletions: Capital acquisitions	(48,088)	(54,443)
Allocated interest earnings	5,423	1,021
Balance – end of period	<u>\$ 2,234,181</u>	<u>2,262,198</u>

(9) Net Asset Rollforward

The following is a summary of changes in net assets for the year ended June 30, 2012, as follows:

	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>	<u>Net Assets Total</u>
Beginning of period	\$ 18,641,472	2,262,198	1,600,211	22,503,881
Net loss before capital contributions	-	-	(3,016,834)	(3,016,834)
Depreciation expense	(3,016,834)	-	3,016,834	-
Federal capital grants	436,775	-	-	436,775
State capital grants	15,539	-	-	15,539
Local capital contributions	-	14,648	-	14,648
Interest earned on CA Prop. 1B funds	-	5,423	(5,423)	-
Capital asset acquisition matching	30,858	(48,088)	17,230	-
Change in net assets	<u>(2,533,662)</u>	<u>(28,017)</u>	<u>11,807</u>	<u>(2,549,872)</u>
End of period	<u>\$ 16,107,810</u>	<u>2,234,181</u>	<u>1,612,018</u>	<u>19,954,009</u>

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>
Beginning of period	\$ 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 contributions	246,516	-	-	246,516
State capital grants	1,021	-	-	1,021
Local capital contributions	-	22,758	-	22,758
Interest earned on CA Prop. 1B funds	-	1,021	(1,021)	-
Capital asset acquisition matching	(24,703)	(54,443)	79,146	-
Change in net assets	<u>(2,831,904)</u>	<u>(30,664)</u>	<u>78,125</u>	<u>(2,784,443)</u>
End of period	<u>\$ 18,641,472</u>	<u>2,262,198</u>	<u>1,600,211</u>	<u>22,503,881</u>

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(10) Unrestricted Net Assets

Unrestricted net assets:	<u>2012</u>	<u>2011</u>
Non-spendable net assets:		
Materials and supplies inventory	\$ 556,828	589,012
Prepaid expenditures	<u>52,093</u>	<u>55,061</u>
Total non-spendable net assets	<u>608,921</u>	<u>644,073</u>
Spendable net assets are designated as follows:		
Undesignated net assets reserve	<u>1,003,097</u>	<u>956,138</u>
Total spendable net assets	<u>1,003,097</u>	<u>956,138</u>
Total unrestricted net assets	<u>1,612,018</u>	<u>1,600,211</u>
Total net assets	<u>\$ 1,612,018</u>	<u>1,600,211</u>

(11) 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, 2012 and 2011 were \$838,315 and \$836,463, respectively; The Hartford at June 30, 2012 and 2011 was \$704,093 and \$682,915, respectively, and ICMA Retirement Corp at June 30, 2012 and 2011 was \$849,219 and \$778,642, 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.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(12) 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 8.0% of their annual covered salary. GCT makes these contributions required of GCT employees on their behalf and for their account. (As of November 2, 2011, all newly hired employees are responsible to pay one half or 4.0% of the 8.0% employee portion) 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 2012, 2011 and 2010 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 2012, 2011 and 2010, 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>
2010	\$ 816,525	100%	-	12.489%
2011	816,069	100%	-	12.445%
2012	1,016,850	100%	-	14.289%

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard address how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to GCT's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after June 15, 2012. The impact of the implementation of this Statement to GCT's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 62

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to GCT's financial statements has not been assessed at this time.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 65

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to GCT’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 66

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to GCT’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to GCT’s financial statements has not been assessed at this time.

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(14) 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>2012</u>	<u>2011</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).

(15) 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>
2013	10,631
2014	10,950
2015	11,279
2016	11,617

Gold Coast Transit
Notes to the Basic Financial Statements, continued
June 30, 2012 and 2011

(15) 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, 2012 and 2011, GCT met this requirement with fares to operating costs ratio of combined service of 21.45 % and 21.13%, respectively, as calculated below.

	2012	2011
Total passenger fare revenue	\$ 3,303,563	3,041,669
Local support – advertising revenue	215,007	157,466
Total local support	3,518,570	3,199,135
Operating expenses before depreciation	\$ 16,404,321	15,141,242
Operating fare revenue ratio	21.45%	21.13%

Statistical Section

Gold Coast Transit
Financial Ratios
June 30, 2012, 2011 and 2010

Current Ratio:

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

2012	<u>Current Assets</u>	<u>\$10,668,377</u>	
	Current Liabilities	\$ 6,738,708	1.58:1
2011	<u>Current Assets</u>	<u>\$ 8,916,778</u>	
	Current Liabilities	\$ 5,054,369	1.76:1
2010	<u>Current Assets</u>	<u>\$ 7,343,202</u>	
	Current Liabilities	\$ 3,528,254	2.08:1

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.

2012	Cash and Cash Equivalents plus	\$ 9,608,082	
	<u>Receivables within 30 days</u>	<u>\$ 451,374</u>	
	Current Liabilities	\$ 6,738,708	1.49:1
2011	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
2010	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

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.

2012	<u>Total Liabilities</u>	<u>\$ 6,822,178</u>	25.5%
	Total Assets	\$26,776,187	
2012	<u>Total Liabilities</u>	<u>\$ 5,054,369</u>	18.3%
	Total Assets	\$27,558,250	
2011	<u>Total Liabilities</u>	<u>\$ 3,528,254</u>	12.2%
	Total Assets	\$28,816,578	

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Gold Coast Transit
Operating Revenues and Expenses – Ten Year Comparison
Fiscal Years 2003 to 2012

	<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>	<u>FY 2012</u>
Passenger Fares	\$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	\$3,303,563
Operating Expenses	\$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	\$16,404,321
Depreciation Expense	\$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	\$3,016,834
Operating Loss	(\$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)	(\$16,117,592)
<i>Nonoperating Revenues</i>										
Local Transportation Funds	\$5,846,330	\$5,867,203	\$6,825,349	\$6,648,885	\$6,603,987	\$7,314,731	\$7,618,873	\$7,869,282	\$7,349,169	\$8,595,776
State Funds	\$62,000	\$49,500	\$45,748	\$59,643	\$180,151	\$80,270	\$245,741	\$66,989	\$188,221	\$220,821
Federal Funds	\$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	\$4,042,074
Interest Income	\$10,700	\$7,622	\$10,352	\$20,960	\$90,513	\$119,413	\$52,444	\$16,874	\$13,901	\$14,540
Other Income	\$2,823	\$6,203	\$173	\$4,804	\$8,127	\$105,805	\$138,766	\$152,152	\$365,621	\$227,547
Total, Nonoperating	\$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	\$13,100,758
Net Income (Loss)	(\$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)	(\$3,016,835)

Operating Expenses - Actual Dollars Compared to Constant Dollars (over Ten Year Period)

	<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>	<u>FY 2012</u>
Actual Dollars	\$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	\$16,404,321
Constant Dollars (2003)	\$10,657,371	\$11,291,662	\$11,905,103	\$11,725,888	\$11,278,438	\$11,436,580	\$12,636,513	\$12,831,350	\$12,141,513	\$12,948,311
CPI Percent Change	0.0%	4.0%	3.6%	5.2%	2.9%	5.4%	-2.2%	0.9%	2.9%	1.6%
Index Number (1982=100)	186.3	193.7	200.7	211.1	217.3	229.0	223.9	225.9	232.3	236.0
Cumulative Percent	0.0%	4.0%	7.7%	13.3%	16.6%	22.9%	20.2%	21.2%	24.7%	26.7%

Gold Coast Transit
Passenger Cost By Mode – Ten Year Comparison
Fiscal Years 2003 to 2012

	<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>	<u>FY 2012</u>
Bus - Fixed Route										
Total Passengers	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	3,476,408
Passenger Fare Rev.	\$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	\$2,689,740
Local Govt. Fare Rev.						\$250,000	\$335,000	\$400,000	\$217,000	\$370,000
Total Operating Cost	\$8,551,749	\$9,699,066	\$10,987,915	\$11,589,399	\$11,471,558	\$12,287,553	\$12,719,127	\$13,395,100	\$13,136,932	\$14,367,128
Excluded increase items		\$84,095	\$67,823							
Revenue per passenger	\$0.60	\$0.75	\$0.72	\$0.742	\$0.768	\$0.767	\$0.759	\$0.748	\$0.770	\$0.774
Cost per passenger	\$2.49	\$2.88	\$3.49	\$3.44	\$3.34	\$3.51	\$3.56	\$3.89	\$3.92	\$4.13
Farebox Recovery %	24.0%	26.4%	20.8%	21.6%	23.0%	21.8%	21.3%	19.2%	19.7%	18.7%
Adjusted Farebox Recovery %						23.9%	23.9%	22.2%	21.3%	21.3%
Subsidy per passenger	\$1.89	\$2.12	\$2.77	\$2.70	\$2.57	\$2.75	\$2.81	\$3.14	\$3.15	\$3.36
Subsidy %	76.0%	73.9%	79.3%	78.4%	77.0%	78.2%	78.7%	80.8%	80.3%	81.3%
Bus - Paratransit										
Total Passengers	96,986	108,024	88,563	77,982	76,054	79,686	82,655	77,985	76,730	68,618
Passenger Fare Rev.	\$78,104	\$135,519	\$184,070	\$157,100	\$156,854	\$162,457	\$161,476	\$161,839	\$164,858	\$168,823
Local Govt. Fare Rev.									\$164,858	\$75,000
Total Operating Cost	\$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	\$2,037,193
Excluded increase items		\$0	\$0							
Revenue per passenger	\$0.81	\$1.25	\$2.08	\$2.01	\$2.06	\$2.04	\$1.95	\$2.08	\$2.15	\$2.46
Cost per passenger	\$20.30	\$18.89	\$20.75	\$21.77	\$22.12	\$22.24	\$29.86	\$27.72	\$26.12	\$29.69
Farebox Recovery %	4.0%	6.6%	10.0%	9.3%	9.3%	9.2%	6.5%	7.5%	8.2%	8.3%
Adjusted Farebox Recovery %									16.5%	12.0%
Subsidy per passenger	\$19.49	\$17.64	\$18.67	\$19.75	\$20.05	\$20.20	\$27.91	\$25.65	\$23.97	\$27.23
Subsidy %	96.0%	93.4%	90.0%	90.7%	90.7%	90.8%	93.5%	92.5%	91.8%	91.7%
All Mode - Total										
Total Passengers	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	3,545,026
Passenger Fare Rev.	\$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	\$2,858,563
Total Operating Cost	\$10,520,283	\$11,740,177	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,202	\$15,141,242	\$16,404,321
Excluded increase items		\$84,095	\$67,823							
Revenue per passenger	\$0.60	\$0.77	\$0.76	\$0.77	\$0.80	\$0.80	\$0.79	\$0.78	\$0.80	\$0.81
Cost per passenger	\$2.98	\$3.37	\$3.97	\$3.85	\$3.74	\$3.93	\$4.16	\$4.42	\$4.41	\$4.63
Farebox Recovery %	20.3%	22.9%	19.3%	20.0%	21.3%	20.2%	18.9%	17.6%	18.1%	17.4%
Adjusted Farebox Recovery %									20.1%	20.1%
Subsidy per passenger	\$2.37	\$2.61	\$3.20	\$3.08	\$2.95	\$3.14	\$3.37	\$3.64	\$3.61	\$3.82
Subsidy %	79.7%	77.2%	80.8%	80.0%	78.7%	79.8%	81.1%	82.4%	81.9%	82.6%

Gold Coast Transit
Service Cost By Mode – Ten Year Comparison
Fiscal Years 2003 to 2012

	<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>	<u>FY 2012</u>
Bus - Fixed Route										
Revenue Miles	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	1,752,942
Revenue Hours	127,372	130,982	129,200	138,854	137,872	140,057	148,477	154,956	145,228	168,491
Total Operating Cost	\$8,551,749	\$9,699,066	\$10,987,915	\$11,589,399	\$11,471,558	\$12,287,553	\$12,719,127	\$13,395,100	\$13,136,932	\$14,367,128
Cost per Revenue Mile	\$6.17	\$6.79	\$7.82	\$7.54	\$7.48	\$7.63	\$7.40	\$7.99	\$8.18	\$8.20
Cost per Revenue Hour	\$67.14	\$74.05	\$85.05	\$83.46	\$83.20	\$87.73	\$85.66	\$86.44	\$90.46	\$85.27
Bus - Paratransit										
Revenue Miles	517,113	559,329	536,215	519,447	528,276	528,336	537,060	502,026	501,280	462,927
Revenue Hours	34,680	41,810	35,189	31,230	34,924	35,636	39,218	32,993	32,717	29,524
Total Operating Cost	\$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	\$2,037,193
Cost per Revenue Mile	\$3.81	\$3.65	\$3.43	\$3.27	\$3.18	\$3.35	\$4.60	\$4.31	\$4.00	\$4.40
Cost per Revenue Hour	\$56.76	\$48.82	\$52.21	\$54.35	\$48.16	\$49.73	\$62.93	\$65.53	\$61.26	\$69.00
All Mode - Total										
Revenue Miles	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	2,215,869
Revenue Hours	162,052	172,792	164,389	170,084	172,796	175,693	187,695	187,949	177,944	198,015
Total Operating Cost	\$10,520,283	\$11,740,177	\$12,825,304	\$13,286,822	\$13,153,516	\$14,059,872	\$15,187,284	\$15,557,202	\$15,141,242	\$16,404,321
Cost per Revenue Mile	\$5.53	\$5.91	\$6.61	\$6.46	\$6.38	\$6.57	\$6.73	\$7.14	\$7.19	\$7.40
Cost per Revenue Hour	\$64.92	\$67.94	\$78.02	\$78.12	\$76.12	\$80.03	\$80.91	\$82.77	\$85.09	\$82.84

Gold Coast Transit
Ridership and Service – Ten Year Comparison
Fiscal Years 2003 to 2012

	<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>	<u>FY 2012</u>
Passengers										
Fixed Route	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	3,476,408
Paratransit	96,986	108,024	88,563	77,982	76,054	79,686	82,655	77,985	76,730	68,618
TOTAL	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	3,545,026
Revenue Miles										
Fixed Route	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	1,752,942
Paratransit	533,939	551,794	536,215	519,447	528,276	528,336	537,060	502,026	501,280	462,927
TOTAL	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	2,215,869
Revenue Hours										
Fixed Route	127,372	130,982	129,200	138,854	137,872	140,057	148,477	154,956	145,228	168,491
Paratransit	34,562	41,810	35,189	31,230	34,924	35,636	39,218	32,993	32,717	29,524
TOTAL	161,934	172,792	164,389	170,084	172,796	175,693	187,695	187,949	177,944	198,015
Passengers Per Mile										
Fixed Route	2.48	2.36	2.24	2.19	2.24	2.17	2.08	2.05	2.09	1.98
Paratransit	0.18	0.20	0.17	0.15	0.14	0.15	0.15	0.16	0.15	0.15
TOTAL	1.84	1.76	1.67	1.68	1.70	1.67	1.62	1.62	1.63	1.60
Passengers Per Hour										
Fixed Route	26.97	25.75	24.35	24.27	24.94	24.96	24.03	22.21	23.09	20.63
Paratransit	2.81	2.58	2.52	2.50	2.18	2.24	2.11	2.36	2.35	2.32
TOTAL	21.81	20.14	19.68	20.27	20.34	20.35	19.45	18.73	19.28	17.90
Bus - Fixed Route										
Cost per Boarding	\$2.49	\$2.88	\$3.49	\$3.44	\$3.34	\$3.51	\$3.56	\$3.89	\$3.92	\$4.13
Bus - Paratransit										
Cost per Boarding	\$20.30	\$18.89	\$20.75	\$21.77	\$22.12	\$22.24	\$29.86	\$27.72	\$26.12	\$29.69

Report on Compliance and Internal Controls



Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA
Christopher J. Brown, 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
WEB www.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, 2012 and 2011, and have issued our report thereon dated September 4, 2012. 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 & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPA's - An Accountancy Corporation
Cypress, California
September 4, 2012

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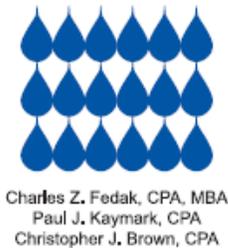
Single-Audit Section

Gold Coast Transit
Single-Audit Report
For the Fiscal Year Ended June 30, 2012

**Gold Coast Transit
Single Audit Report
For the Fiscal Year Ended June 30, 2012**

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An Accountancy Corporation

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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, 2012 and 2011, and have issued our report thereon dated September 4, 2012. 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 & Company CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPA's - An Accountancy Corporation
Cypress, California
September 4, 2012

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Charles Z. Fedak, CPA, MBA
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WEB www.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, 2012. 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, 2012.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

**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**

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.

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.

We did not identify any deficiencies in internal control over compliance that we consider to be a significant deficiency or 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, 2012 and 2011, and have issued our report thereon dated September 4, 2012, 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 & Company, CPAs - An Accountancy Corporation

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 4, 2012

Gold Coast Transit
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

<u>Federal Grantor/Program Title:</u>	<u>Federal CFDA Number</u>	<u>Amount Receivable June 30, 2011</u>	<u>Grant Expenditures</u>	<u>Grant Funds Received by June 30, 2012</u>	<u>Amount Receivable June 30, 2012</u>
U.S. Department of Transportation Federal Transportation Administration					
Major Program:					
Federal Transit – Formula Grants – Section 5307					
Operating, Planning and Capital Grants:	20.507				
Directly Awarded:					
CA-90-Y115		\$ 3,095	1,472	4,567	-
CA-90-Y190		-	9,425	9,425	-
CA-90-Y336		-	21,317	21,317	-
CA-90-Y418		23,816	84,570	108,386	-
CA-90-Y498		-	560,000	560,000	-
CA-90-Y601		-	15,625	15,625	-
CA-90-Y842		2,322,066	918,031	3,240,097	-
CA-90-Y965		-	1,638,069	1,607,267	30,802
CA-95-X112		50,413	307,000	287,166	70,247
CA-95-X159		-	257,738	140,201	117,537
CA-96-X006	ARRA	114,900	484,132	524,654	74,378
Total for CFDA No.	20.507	<u>2,514,290</u>	<u>4,297,379</u>	<u>6,518,705</u>	<u>292,964</u>
Other Programs:					
Directly Awarded:					
New Freedom Program – CA-57-X034	20.521	-	18,812	18,812	-
Federal Transit Cap. Inv. – CA-04-0139	20.500	-	27,429	26,658	771
Job Access Reverse Commute – CA-37-X139	20.516	-	135,229	96,905	38,324
Total Federal Assistance		<u>\$ 2,514,290</u>	<u>4,478,849</u>	<u>6,661,080</u>	<u>332,059</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	\$ 3,502,074
Federal funding – matching grants	540,000

Capital contributions:

Federal capital grants	<u>436,775</u>
Total federal awards	4,478,849

Add – Accounts receivable – federal funding – June 30, 2011

2,514,290

Less – Accounts receivable – federal funding – June 30, 2012

(332,059)

Federal receipts or revenues recognized per schedule

\$ 6,661,080

**Gold Coast Transit
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012**

<i>Section I—Summary of Auditor’s Results</i>	<i>Response</i>
<i>Basic Financial Statements</i>	
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
<i>Federal Awards</i>	
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.