

**CITY OF PLEASANTON**

**COMMUNITY TRANSIT SERVICES,  
SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**FOR THE YEARS ENDED  
JUNE 30, 2011 AND 2010**

**CITY OF PLEASANTON**  
**COMMUNITY TRANSIT SERVICES,**  
**SENIOR CITIZEN, AND**  
**HANDICAPPED TRANSPORTATION PROGRAM**

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**INDEPENDENT AUDITOR’S REPORT**

To the Honorable Mayor and Members of the City Council  
of the City of Pleasanton  
Pleasanton, California

We have audited the accompanying basic financial statements of the Community Transit Services, Senior Citizen, and Handicapped Transportation Program (Program), a fund of the City of Pleasanton, California (City), as of and for the year ended June 30, 2011. These financial statements are the responsibility of the City’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Program as of June 30, 2010 were audited by other auditors whose report dated December 27, 2010 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements of the Program are intended to present the financial position, and changes in financial position of only that portion of the City of Pleasanton, California, that is attributable to the Program. They do not purport to, and do not present fairly the financial position of the City as of June 30, 2011 and 2010, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2011, and the respective changes in its financial position and cash flows for the year 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 our report dated December 23, 2011, on our consideration of the City’s internal control over financial reporting of the Program and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Vavrinek, Trine, Day & Co., LLP.*

Pleasanton, California  
December 23, 2011

## **FINANCIAL STATEMENTS**

**CITY OF PLEASANTON  
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**STATEMENTS OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current assets:		
Accounts receivable	\$ 77,965	\$ 40,817
<b>Total current assets</b>	<u>77,965</u>	<u>40,817</u>
Noncurrent assets:		
Capital assets, net of depreciation	210,469	277,570
<b>Total noncurrent assets</b>	<u>210,469</u>	<u>277,570</u>
<b>Total assets</b>	<u>288,434</u>	<u>318,387</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	457	119
Payroll payable	18,947	20,206
Deferred revenue	61	571
Due to other funds	58,500	19,921
<b>Total current liabilities</b>	<u>77,965</u>	<u>40,817</u>
<b>NET ASSETS</b>		
Invested in capital assets	210,469	277,570
<b>Total net assets</b>	<u>\$ 210,469</u>	<u>\$ 277,570</u>

See accompanying Notes to the Financial Statements.

**CITY OF PLEASANTON  
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUES:</b>		
Fare box revenue	\$ 40,278	\$ 40,306
<b>Total operating revenues</b>	<u>40,278</u>	<u>40,306</u>
<b>OPERATING EXPENSES:</b>		
Personnel services:		
Salaries	355,644	395,214
Fringe benefits	170,762	170,179
Transportation	57,427	36,576
Materials, supplies and services	10,586	18,382
Depreciation	67,101	66,919
<b>Total operating expenses</b>	<u>661,520</u>	<u>687,270</u>
<b>Operating loss</b>	<u>(621,242)</u>	<u>(646,964)</u>
<b>NONOPERATING REVENUES:</b>		
Program contributions - City of Pleasanton	320,734	392,165
Metropolitan Transportation Commission grant	43,552	40,743
Intergovernmental miscellaneous	108,911	172,494
Measure B funds	80,944	72,541
<b>Total nonoperating revenues</b>	<u>554,141</u>	<u>677,943</u>
<b>Change in net assets</b>	<u>(67,101)</u>	<u>30,979</u>
<b>NET ASSETS:</b>		
Beginning of year	277,570	246,591
End of year	<u>\$ 210,469</u>	<u>\$ 277,570</u>

See accompanying Notes to the Financial Statements.

**CITY OF PLEASANTON  
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipt from customers	\$ 2,620	\$ 46,859
Payments to employees	(527,665)	(561,844)
Payments to suppliers and vendors	(29,096)	(64,376)
<b>Net cash used in operating activities</b>	<u>(554,141)</u>	<u>(579,361)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital asset acquisition	-	(98,582)
<b>Net cash used by capital and related financing activities</b>	<u>-</u>	<u>(98,582)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
City of Pleasanton contribution receipts	320,734	392,165
Metropolitan Transportation Commission grant received	43,552	40,743
Intergovernmental miscellaneous	108,911	172,494
Measure B funds received	80,944	72,541
<b>Net cash provided by noncapital financing activities</b>	<u>554,141</u>	<u>677,943</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	-	-
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (621,242)	\$ (646,964)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	67,101	66,919
Decrease (increase) in accounts receivables	(37,148)	6,854
Increase (decrease) in accounts payable	338	(117)
Increase (decrease) in payroll payable	(1,259)	3,549
Increase (decrease) in due to other funds	38,579	(9,301)
Increase (decrease) in deferred revenue	(510)	(301)
<b>Net cash used in operating activities</b>	<u>\$ (554,141)</u>	<u>\$ (579,361)</u>

See accompanying Notes to the Financial Statements.

**CITY OF PLEASANTON  
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. General***

The City of Pleasanton (City) has developed a program to provide transportation services to residents who are over 59 years of age or handicapped. The program is funded in part by a grant under the Transportation Development Act, Article 4.5, Measure B funds, and farebox revenue. The City subsidizes the program for all costs not recoverable under the grant agreement, Measure B funds, or fare box revenue.

The Community Transit Services, Senior Citizen, and Handicapped Transportation Program (Program) is a single enterprise fund within the City's basic financial statements. The financial statements are not intended to present fairly the financial position of the City and the changes in its financial position and cash flows thereof in conformity with generally accepted accounting principles in the United States (GAAP).

***B. Basis of Accounting***

The financial activities of the Program are accounted for in a separate enterprise fund. Enterprise funds account for activities where the costs of providing services, including capital costs (such as depreciation or debt service), are recovered with fees and charges, rather than with taxes or similar revenues. Enterprise funds use the accrual basis of accounting and recognize revenues when earned and expenses when incurred.

The Program has elected under GASB Statement No, 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Program has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Program's principal ongoing operations. The principal operating revenue of the Program is revenue received for transportation services. Operating expenses for the Program include the cost of administering the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**CITY OF PLEASANTON  
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***C. Cash and Cash Equivalents***

Cash amounts are pooled with the cash and investments of the City. The pooled funds are invested in accordance with the City's investment policy established pursuant to State law. For purposes of the statement of cash flows of the Program, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account. As of June 30, 2011, the Program did not have any cash and investment pooled with the City.

***D. Vehicles and Equipment***

Vehicles and equipment purchases are capitalized at historical cost. Depreciation is provided on such equipment using the straight-line method over estimated lives as follows:

Vehicles	6-8 years
Equipment	5-20 years

***E. Deferred Revenue***

Deferred revenue consists of unredeemed bus ride vouchers. Revenue is recognized at the time services are provided.

***F. Statement of Cash Flows***

For purposes of the statement of cash flows, the Program considers all cash deposited in the City's investment pool to be cash and cash equivalents.

***G. Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF PLEASANTON  
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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**2. CAPITAL ASSETS**

A summary of the Program's capital assets at June 30, 2011 and 2010 is as follows:

	Balance July 1, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Capital assets, being depreciated:					
Vehicles	\$ 535,809	\$ -	\$ -	\$ -	\$ 535,809
Equipment	33,223	-	-	-	33,223
Total capital assets, being depreciated	<u>569,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,032</u>
Less accumulated depreciation for:					
Vehicles	(280,664)	(60,456)	-	-	(341,120)
Equipment	(10,798)	(6,645)	-	-	(17,443)
Total accumulated depreciation	<u>(291,462)</u>	<u>(67,101)</u>	<u>-</u>	<u>-</u>	<u>(358,563)</u>
<b>Total capital assets, being depreciated</b>	<b><u>\$ 277,570</u></b>	<b><u>\$ (67,101)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 210,469</u></b>
	Balance July 1, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Capital assets, being depreciated:					
Vehicles	\$ 437,228	\$ 98,581	\$ -	\$ -	\$ 535,809
Equipment	33,223	-	-	-	33,223
Total capital assets, being depreciated	<u>470,451</u>	<u>98,581</u>	<u>-</u>	<u>-</u>	<u>569,032</u>
Less accumulated depreciation for:					
Vehicles	(220,390)	(60,274)	-	-	(280,664)
Equipment	(4,153)	(6,645)	-	-	(10,798)
Total accumulated depreciation	<u>(224,543)</u>	<u>(66,919)</u>	<u>-</u>	<u>-</u>	<u>(291,462)</u>
<b>Total capital assets, being depreciated</b>	<b><u>\$ 245,908</u></b>	<b><u>\$ 31,662</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 277,570</u></b>

**CITY OF PLEASANTON  
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND  
HANDICAPPED TRANSPORTATION PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

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**3. ALLOCATION STATUS**

	<u>2011</u>	<u>2010</u>
Metropolitan Transportation Commission allocations received	<u>\$ 43,552</u>	<u>\$ 40,743</u>

**4. CONTINGENT LIABILITIES**

Grants have been received by the City for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement for expenses disallowed under the terms of the grant. The amount, if any, of expenses that may be disallowed under the terms of the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

**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**

To the Honorable Mayor and Members of City Council  
of the City of Pleasanton  
Pleasanton, California

We have audited the basic financial statements of the Community Transit Services, Senior Citizen, and Handicapped Transportation Program (Program), a fund of the City of Pleasanton (City), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over financial reporting of the Program 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 the City's internal control over financial reporting of the Program. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting of the Program.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 the Program'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 Mayor, City Council, management, and the Metropolitan Transportation Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Varrinek, Trine, Day & Co. LLP.

Pleasanton, California  
December 23, 2011



**INDEPENDENT AUDITOR'S COMPLIANCE REPORT**

To the Honorable Mayor and Members of the City Council  
of the City of Pleasanton  
Pleasanton, California

We have audited the compliance of the Community Transit Services, Senior Citizen, and Handicapped Transportation Program (Program) with the types of compliance requirements described in Section 6667 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the Program is the responsibility of the City's management. Our responsibility is to express an opinion on the City'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 Audit Standards issued by the Comptroller General of the United States; the Section 6667 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Those standards 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 the Program. An audit includes examining, on a test basis, evidence about the City'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 of the City's compliance with those requirements.

In our opinion, the Program funds allocated to and received by the City pursuant to the Act were expended in conformance with the applicable statutes, rules and regulations of the Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission.

This report is intended solely for the information and use of the Mayor, City Council, management, and the Metropolitan Transportation Commission, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vavrinek, Trine, Day & Co., LLP.*

Pleasanton, California  
December 23, 2011