

**PLEASANTON  
JOINT POWERS FINANCING AUTHORITY**

**PLEASANTON, CALIFORNIA**

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

**PLEASANTON  
JOINT POWERS FINANCING AUTHORITY  
JUNE 30, 2011**

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

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Pleasanton Joint Powers Financing Authority  
Pleasanton, California

We have audited the accompanying basic financial statements of the Pleasanton Joint Powers Financing Authority (Authority), a component unit 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 Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of June 30, 2010 were audited by other auditors whose report dated January 13, 2011 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Authority as of June 30, 2011 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 Authority's internal control over financial reporting 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.

Accounting principles generally accepted in the United States of America require that the management's discussion as listed in the table of contents, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The statement of changes in fiduciary net assets is presented for purposes of additional analysis and is not a required part of the financial statements. The statement of changes in fiduciary net assets is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California  
December 23, 2011

# PLEASANTON JOINT POWERS FINANCING AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

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This section of the Pleasanton Joint Powers Financing Authority (Authority) Financial Report presents a narrative overview and analysis of the Authority's financial activities for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which follow this section.

### Financial Highlights

- On April 30, 2003, the City issued Certificates of Participation in the amount of \$28,425,000. The proceeds were used to provide funds for the acquisition and construction of the Callippe Golf Course and to refinance the City's obligations relating to certain 1991 Certificates of Participation of the City, the proceeds of which originally were used to fund the construction and acquisition of the Senior Center. The certificates bear an interest rate range from 3.0% to 4.75% and are payable semiannually on April 1 and October 1. Principal payments are payable annually on each October 1 through 2032. These certificates are obligated to be repaid from the City's general fund or any other source of funds legally available, and are not a liability of the Authority.
- On June 29, 2004, the Authority issued \$76,485,000 of Series 2004A and 2004B Reassessment Revenue Refunding Bonds (the 2004 Bonds). The proceeds were used to refinance the Authority's 1993 Series A Reassessment Revenue Bonds and 1993 Series B Subordinate Reassessment Revenue Bonds (the 1993 Bonds), to fund a Reserve Fund for the 2004 Bonds, and to pay certain costs of issuing the 2004 Bonds. The 1993 Bonds refunded \$220,000,000 of assessment district bonds (originally fifteen separate bond issues) that were sold during the 1980s to fund improvements needed to construct most of the City's business parks. These improvements included streets, utilities, freeway interchanges, water reservoirs, Fire Station No. 2 and the Fire Training Tower. The annual reassessments paid on the Local Obligations were the source of net revenues for the payment of the annual debt service on the 2004 Bonds. The 2004 Bonds had a final maturity of September 2, 2011.

To minimize the final reassessment levied on the property owners while remaining in compliance with the Bond covenants, the Authority chose to defease the 2004 Bonds two months in advance of the maturity date. A defeasance escrow, in the amount of \$6,693,100, was funded on June 29, 2011, from reassessments collected via the tax roll from the 400 private property owners in the assessment districts. The defeasance escrow provided for the principal and interest payments on the 2004 Bonds through the final maturity date of September 2, 2011. Additionally, the Authority declared any excess monies in the 2004 Bond funds as surplus monies to be used for capital improvements and facilities in the North Pleasanton/Downtown Capital Improvement Area, and canceled the Local Obligations and any remaining Reassessments outstanding in the fifteen assessment districts.

- On December 8, 2004, the City issued Refunding Lease Certificates of Participation in the amount of \$4,040,000. The proceeds were used to refinance in part the City's obligations relating to certain Refunding Lease Revenue Bonds, 1994 Series B of the Authority, to fund a Reserve Fund for the Certificates, and to pay certain costs of issuing the Certificates. The original certificate proceeds were used in 1988 to finance the construction and acquisition of fire station improvements, the Fire Training Center and the Pleasanton City Hall at 123 Main Street. The certificates bear an interest rate range from 2.1% to 3.4% and are payable semiannually on March 1 and September 1. Principal payments are payable annually on each September 1 through 2014. These certificates are obligated to be repaid from the City's general fund or any source of funds legally available, and are not a liability of the Authority.

# **PLEASANTON JOINT POWERS FINANCING AUTHORITY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011**

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### **Basic Financial Statements**

The basic financial statements include the Authority's Agency Fund. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The basic financial statements herein represent only the Authority. The accounts of the Authority are organized on the basis of funds. The Authority has an Agency Fund.

The Authority's Agency Fund is used to account for assets held by the Authority in a trustee or custodial capacity as an agent for the City. The Authority's Agency Fund accounts for assets held for the Series 2004A and 2004B Reassessment Revenue Bonds which are special obligations payable solely from and secured by specific revenue sources described in the bond documents. Neither the faith nor credit, the taxing power of the Authority, City, State of California or any political subdivision is pledged for payment of these bonds. The Authority is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

### **Comparative Analysis**

The Authority did not have any assets or liabilities at June 30, 2011.

### **Long-term Debt**

There was no outstanding debt of the Authority at June 30, 2011 or at June 30, 2010.

### **Request for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance of the City of Pleasanton, P.O. Box 520, Pleasanton, California, 94566.

## **BASIC FINANCIAL STATEMENTS**

**FIDUCIARY FUND FINANCIAL STATEMENTS**



**PLEASANTON JOINT POWERS FINANCING AUTHORITY**

**COMPARATIVE STATEMENTS OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2011 AND 2010**

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	Agency Funds	
	2011	2010
<b>ASSETS</b>		
Restricted cash and investments	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Due to Bondholders	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

# PLEASANTON JOINT POWERS FINANCING AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Pleasanton Joint Powers Financing Authority of the City of Pleasanton, California, (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

#### A. *Description of the Reporting Entity*

The Authority is a nonprofit corporation organized under the laws of the State of California. The Authority was established by ordinance, pursuant to the City of Pleasanton (City) Charter and Constitution of the State of California as a public body, corporate and politic, acting to facilitate serving the public purposes of the City. The ordinance was adopted on June 29, 1993, and became effective July 1, 1993. The governing body of the Authority is comprised of the consenting members of the City Council.

The Authority is a blended component unit of the City. Accordingly, the financial operations of the Authority have also been included in the basic financial statements of the City.

#### B. *Basis of Accounting and Measurement Focus*

All activities of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities.

Fund types used by the Authority are described below:

*Fiduciary Fund Type* – An Agency Fund is used to account for the assets held for the 2004 Series A and B Reassessment Revenue Bonds by the Authority in a trustee or custodial capacity as an agent for the City.

The Authority's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds are accounted for using the accrual basis of accounting.

#### C. *Cash and Investments*

The Authority's cash and investment balances are held by a trustee or fiscal agent pledged for the payment of long term debt.

# PLEASANTON JOINT POWERS FINANCING AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

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### 2. CASH AND INVESTMENTS

#### Authorized Investments

All of the Authority's cash and investment balances are held by a trustee or fiscal agent pledged for the payment of long-term debt. All investments of the Authority are maintained by a trustee or fiscal agent pursuant to the terms of the trustee agreement.

The following is a summary of pooled cash and investments, including restricted cash and investments at June 30, 2011 with comparative totals from June 30, 2010:

	Fiduciary Funds Statement of Net Assets	Total	
		June 30, 2011	June 30, 2010
Restricted Cash and Investments:			
Held by fiscal agents	\$ -	\$ -	\$ -
Total restricted cash and investments	\$ -	\$ -	\$ -

### 3. LONG-TERM DEBT

#### Debt with No Authority's Commitment

##### Reassessment Revenue Refunding Bonds Series A and B - 2004

On June 29, 2004, the Authority issued \$76,485,000 of Series 2004A and 2004B Reassessment Revenue Refunding Bonds (the 2004 Bonds). The proceeds were used to refinance the Authority's 1993 Series A Reassessment Revenue Bonds and 1993 Series B Subordinate Reassessment Revenue Bonds (the 1993 Bonds), to fund a Reserve Fund for the Bonds, and to pay certain costs of issuing the Bonds. The 1993 Bonds refunded \$220,000,000 of assessment district bonds (originally fifteen separate bond issues) that were sold during the 1980s to fund improvements needed to construct most of the City's business parks. These improvements included streets, utilities, freeway interchanges, water reservoirs, Fire Station No. 2 and the Fire Training Tower. The 2004 Bonds are not a general debt liability of the Authority or the City, and are solely payable from the annual reassessments paid on the Local Obligations. The 2004 Bonds had a final maturity of September 2, 2011.

A defeasance escrow for the 2004 Bonds, in the amount of \$6,693,100, was funded on June 29, 2011, from reassessments collected via the tax roll from the 400 private property owners in the assessment districts. The defeasance escrow, deposited in an irrevocable trust with U.S. Bank as the escrow agent, provided for the principal and interest payments on the 2004 Bonds through the final maturity date of September 2, 2011. The defeasance resulted in no economic gain or loss. As of June 30, 2011, the 2004 Bonds were considered defeased for financial reporting purposes, and \$6,530,000 of principal remained outstanding on the defeased 2004 Bonds.

**SUPPLEMENTARY INFORMATION**

**PLESANTON JOINT POWERS FINANCING AUTHORITY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

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Agency Funds	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Assets:				
Restricted cash and investments	\$ -	\$ 17,561,372	\$(17,561,372)	\$ -
Total assets	<u>\$ -</u>	<u>\$ 17,561,372</u>	<u>\$(17,561,372)</u>	<u>\$ -</u>
Liabilities:				
Due to Bondholders	\$ -	\$ 17,561,372	\$(17,561,372)	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 17,561,372</u>	<u>\$(17,561,372)</u>	<u>\$ -</u>



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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**

To the Board of Directors  
of the Pleasanton Joint Powers Financing Authority  
Pleasanton, California

We have audited the basic financial statements of the Pleasanton Joint Powers Financing Authority (Authority), a component unit of the City of Pleasanton, California (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 Authority 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 Authority'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 the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

*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 Authority'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 management, the Board of Directors of the Authority, and others within the entity, 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