

CITY OF PLEASANTON, CALIFORNIA
COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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CITY OF PLEASANTON

COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Net Position	3
Statements of Revenues, Expenses, and Changes in Net Position	4
Statements of Cash Flows	5
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11
Independent Auditor's Report on Compliance with Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund Requirements	13

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements of the Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund (the Program), of the City of Pleasanton, California (City), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing such an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2018 and 2017, and the changes in financial position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund and are not intended to present fairly the financial position and results of operations of the City of Pleasanton, in conformity with generally accepted accounting principles in the United States of America.

The emphasis of this matter does not constitute a modification to our opinion.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the City'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* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 13, 2018

**CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
STATEMENTS OF NET POSITION
June 30, 2018 and 2017**

	2018	2017
ASSETS		
Current assets:		
Cash and investments	\$ 318,303	\$ 288,581
Intergovernmental receivable	48,713	67,573
Interest receivable	917	1,012
Total current assets	367,933	357,166
Noncurrent assets:		
Capital assets, depreciable, net	65,060	1,539
Total noncurrent assets	65,060	1,539
Total Assets	432,993	358,705
LIABILITIES		
Accounts payable	39,036	11,800
Payroll payable	14,587	15,473
Due to other funds - City of Pleasanton	18,201	16,329
Unearned revenue	9,835	7,870
Total Liabilities	81,659	51,472
NET POSITION		
Net investment in capital assets	65,060	1,539
Restricted for Measure BB funded activities	286,274	305,694
Total Net Position	\$ 351,334	\$ 307,233

See accompanying Notes to the Basic Financial Statements.

CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Fare box revenue	\$ 22,665	\$ 23,199
Miscellaneous revenue	4,927	2,030
	Total Operating Revenues	25,229
OPERATING EXPENSES		
Personnel services	534,186	505,878
Transportation	84,664	81,571
Repairs and maintenance	10,164	4,679
Materials, supplies, and services	88,572	41,520
Depreciation	6,657	13,381
	Total Operating Expenses	647,029
	Operating Loss	(621,800)
	(696,651)	(621,800)
NON-OPERATING REVENUES		
Program contributions - City of Pleasanton	358,977	339,725
Metropolitan Transportation Commission grant	72,092	67,921
Measure B Paratransit Gap grant	-	39,255
Measure B Paratransit pass-through funds	115,336	105,681
Measure BB Paratransit pass-through funds	192,056	175,778
Interest income	2,291	1,515
	Total Non-operating Revenues	729,875
	44,101	108,075
CHANGES IN NET POSITION		
NET POSITION		
Beginning of year	307,233	199,158
End of year	\$ 351,334	\$ 307,233

See accompanying Notes to the Basic Financial Statements.

CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 29,557	\$ 26,905
Payments to employees	(535,072)	(501,651)
Payments to suppliers and vendors	(154,292)	(128,404)
Net cash provided (used) by operating activities	(659,807)	(603,150)
Cash flow from Capital and Related Activities		
Capital assets (acquisition)	(70,178)	-
Net cash provided (used) by capital and related activities	(70,178)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
City of Pleasanton program contribution receipts	358,977	339,725
Metropolitan Transportation Commission grant received	96,144	75,282
Measure B Paratransit Gap grant received	-	37,619
Measure B Paratransit pass-through funds received	113,464	105,313
Measure BB Paratransit pass-through funds received	188,736	174,812
Interest income	2,386	759
Net cash provided (used) by noncapital financing activities	759,707	733,510
Net increase (decrease) in cash and cash equivalents	29,722	130,360
CASH AND CASH EQUIVALENTS:		
Beginning of year	288,581	158,221
End of year	\$ 318,303	\$ 288,581
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES:		
Operating loss	\$ (696,651)	\$ (621,800)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	6,657	13,381
Change in operating assets and liabilities:		
Accounts receivable		-
Accounts payable	27,236	11,725
Payroll payable	(886)	4,227
Due to City	1,872	(12,359)
Unearned revenue	1,965	1,676
Net cash provided (used) by operating activities	\$ (659,807)	\$ (603,150)

See accompanying Notes to the Basic Financial Statements.

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CITY OF PLEASANTON

**COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Years Ended June 30, 2018 and 2017

1. DESCRIPTION OF PROGRAM

The City of Pleasanton (City) has developed a program to provide transportation services to residents who are 70 years of age or older or to residents 18 – 69 years of age who meet the Americans with Disabilities Act (ADA) eligibility. The program is funded in part by a grant under the Transportation Development Act, Article 4.5, Measure B funds, Measure BB funds, and fare box revenue. The City subsidizes the program for all costs not recoverable under the grant agreement, Measure B funds, Measure BB funds, or fare box revenue.

The Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund (Program) is reported as a single enterprise fund within the City's basic financial statements. These 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 accordance with generally accepted accounting principles in the United States (GAAP).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

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 non-operating revenue and expenses.

B. Cash and Equivalents

Cash amounts are pooled with 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, 2018 and 2017, the Program had \$318,303 and \$288,581, respectively, pooled with the City.

C. 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.

CITY OF PLEASANTON

**COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Years Ended June 30, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	8 years
Equipment	5-20 years

E. Unearned Revenue

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

F. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

G. Estimates

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

CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

3. CAPITAL ASSETS

A summary of the Program's capital assets at June 30, 2018 and 2017 is as follows:

	Balance, July 1, 2017	Additions	Balance, June 30, 2018
Depreciable assets:			
Vehicles	\$ 483,651	\$ 70,178	\$ 553,829
Equipment	33,223	-	33,223
Total depreciable assets	<u>516,874</u>	<u>-</u>	<u>587,052</u>
Less accumulated depreciation			
Vehicles	(482,111)	(6,657)	(488,768)
Equipment	<u>(33,224)</u>	<u>-</u>	<u>(33,224)</u>
Total accumulated depreciation	<u>(515,335)</u>	<u>(6,657)</u>	<u>(521,992)</u>
Total depreciable assets, net	<u>\$ 1,539</u>	<u>\$ (6,657)</u>	<u>\$ 65,060</u>

	Balance, July 1, 2016	Additions	Balance, June 30, 2017
Depreciable assets:			
Vehicles	\$ 483,651	\$ -	\$ 483,651
Equipment	33,223	-	33,223
Total depreciable assets	<u>516,874</u>	<u>-</u>	<u>516,874</u>
Less accumulated depreciation			
Vehicles	(468,730)	(13,381)	(482,111)
Equipment	<u>(33,224)</u>	<u>-</u>	<u>(33,224)</u>
Total accumulated depreciation	<u>(501,954)</u>	<u>(13,381)</u>	<u>(515,335)</u>
Total depreciable assets, net	<u>\$ 14,920</u>	<u>\$ (13,381)</u>	<u>\$ 1,539</u>

4. ALLOCATION STATUS

	2018	2017
Metropolitan Transportation Commission allocations received	\$ 72,092	\$ 67,921

CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

5. 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.

**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 Honorable Members of the City Council
City of Pleasanton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Pleasanton, California (City), as of and for the year ended June 30, 2018, and have issued our report thereon dated December 13, 2018. Our report included an emphasis of a matter paragraph disclosing the implementation of a new accounting principle.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated December 13, 2018 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze & Associates

Pleasant Hill, California
December 13, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND DISABLED TRANSPORTATION
PROGRAM FUND REQUIREMENTS**

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

We have audited the Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund's (the Program) compliance with the 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 that could have direct and material effect to the program for the year ended June 30, 2018.

Management Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to the Program.

Auditors' Responsibility

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 Auditing Standards*, issued by the Comptroller General of the United States; 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 compliance requirements referred to above that could have a direct and material effect on the Program occurred. 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 on compliance. However, our audit does not provide a legal determination on the City's compliance with those requirements.

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and the results of that testing based on the Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
December 13, 2018