

**City of Pleasanton
Community Transit
Services, Senior Citizen,
and Handicapped
Transportation Program**

Pleasanton, California

*Financial Statements and
Independent Auditors' Reports*

For the years ended June 30, 2009 and 2008

**City of Pleasanton Community Transit Services,
Senior Citizen, and Handicapped Transportation Program
For the years ended June 30, 2009 and 2008**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying 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 years ended June 30, 2009 and 2008, as listed in the table of contents. 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.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 also 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 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 present only the Program and are not intended to, and do not, present fairly the financial position of the City as of June 30, 2009 and 2008, and the changes in financial position thereof for the years then ended in conformity with generally accepted accounting principles in the United States.

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, 2009 and 2008, and the respective changes in its financial position and cash flows for the years then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report as of and for the year ended June 30, 2009, dated December 18, 2009, on our consideration of the City's internal control over financial reporting of the Program and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing on 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 should be read in conjunction with this report in considering the results of our audits.

Caporicci & Larson

Oakland, California
December 18, 2009

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FINANCIAL STATEMENTS

**City of Pleasanton Community Transit Services,
Senior Citizen, and Handicapped Transportation Program
Statements of Net Assets
June 30, 2009 and 2008**

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 2,160
Accounts receivable	47,671	-
Total current assets	47,671	2,160
Noncurrent assets:		
Capital Assets, net of depreciation	245,908	130
Total noncurrent assets	245,908	130
Total Assets	293,579	2,290
LIABILITIES		
Current liabilities:		
Accounts payable	236	-
Payroll payable	16,657	-
Deferred revenue	872	1,608
Due to other funds	29,223	-
Total current liabilities	46,988	1,608
NET ASSETS		
Invested in capital assets	245,908	130
Unrestricted	683	552
Total net assets	\$ 246,591	\$ 682

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, 2009 and 2008**

	2009	2008
OPERATING REVENUES:		
Fare box revenue	\$ 42,289	\$ 43,130
Total operating revenues	42,289	43,130
OPERATING EXPENSES:		
Personnel services:		
Salaries	391,792	324,056
Fringe benefits	177,317	178,000
Transportation	57,451	42,349
Materials, supplies and services:		
Telephone	-	25
Miscellaneous	7,954	5,092
Depreciation	57,741	7,581
Total operating expenses	692,255	557,103
Operating income (loss)	(649,966)	(513,973)
NONOPERATING REVENUES:		
Program contributions - City of Pleasanton	398,981	361,904
Metropolitan Transportation Commission grant	48,679	54,878
Intergovernmental Miscellaneous	66,754	-
Measure B funds	77,813	89,609
Capital contributions	295,776	-
Total nonoperating revenues	888,003	506,391
Changes in net assets	238,037	(7,582)
NET ASSETS:		
Beginning of year, as restated (Note 5)	8,554	8,264
End of year	\$ 246,591	\$ 682

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, 2009 and 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipt from customers	\$ 42,289	\$ 43,130
Payments to employees	(552,452)	(502,056)
Payments to suppliers and vendors	(84,354)	(47,870)
Net cash provided by (used in) operating activities	(594,517)	(506,796)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Disposal of capital assets	130	-
Net cash provided (used) by capital and related financing activities	130	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
City of Pleasanton contribution receipts	398,981	361,904
Metropolitan Transportation Commission grant received	48,679	54,878
Intergovernmental Miscellaneous	66,754	-
Measure B funds received	77,813	89,609
Net cash provided by (used in) noncapital financing activities	592,227	506,391
Net increase (decrease) in cash and cash equivalents	(2,160)	(405)
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,160	2,565
End of year	\$ -	\$ 2,160
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating income (loss)	\$ (649,966)	\$ (513,973)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	57,741	7,581
Decrease (increase) in accounts receivables	(47,671)	-
Increase (decrease) in accounts payable	236	-
Increase (decrease) in payroll payable	16,657	-
Increase (decrease) in due to other funds	29,223	-
Increase (decrease) in deferred revenue	(737)	(404)
Net cash provided by (used in) operating activities	\$ (594,517)	\$ (506,796)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital assets contributed by developers	\$ 295,776	\$ -
Net noncash capital and related financing activities	\$ 295,776	\$ -

See accompanying Notes to the Financial Statements.

**City of Pleasanton Community Transit Services,
Senior Citizen, and Handicapped Transportation Program**
Notes to the Financial Statements
For the years ended June 30, 2009 and 2008

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 farebox 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 Authority 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, Continued
For the years ended June 30, 2009 and 2008

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. Refer to the City's basic financial statements for disclosures of cash and investments and related custodial credit risk categorization.

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	3 - 10 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.

H. Reclassifications

Certain amounts presented for the prior year may have been reclassified in order to be consistent with the current year's presentation.

**City of Pleasanton Community Transit Services,
Senior Citizen, and Handicapped Transportation Program**
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

2. VEHICLE AND EQUIPMENT

A summary of the Program's capital assets at June 30, 2009 and 2008 are as follows:

	Balance <u>July 1, 2008</u>	Additions	Retirements	Transfer	Balance <u>June 30, 2009</u>
Capital assets, being depreciated:					
Vehicles	\$ 52,159	\$ -	\$ -	\$ 385,069	\$ 437,228
Equipment	<u>21,989</u>	<u>-</u>	<u>(21,989)</u>	<u>33,223</u>	<u>33,223</u>
Total capital assets, being depreciated	<u>74,148</u>	<u>-</u>	<u>(21,989)</u>	<u>418,292</u>	<u>470,451</u>
Less accumulated depreciation for:					
Vehicles	(44,286)	(53,588)	-	(122,516)	(220,390)
Equipment	<u>(21,865)</u>	<u>(4,153)</u>	<u>21,865</u>	<u>-</u>	<u>(4,153)</u>
Total accumulated depreciation	<u>(66,151)</u>	<u>(57,741)</u>	<u>21,865</u>	<u>(122,516)</u>	<u>(224,543)</u>
Total capital assets, being depreciated, as restated	<u>\$ 7,997</u>	<u>\$ (57,741)</u>	<u>\$ (124)</u>	<u>\$ 295,776</u>	<u>\$ 245,908</u>

	Balance <u>July 1, 2007</u>	Additions	Balance <u>June 30, 2008</u>
Capital assets, being depreciated:			
Vehicles	\$ 131,943	\$ -	\$ 131,943
Equipment	<u>30,972</u>	<u>-</u>	<u>30,972</u>
Total capital assets, being depreciated	<u>162,915</u>	<u>-</u>	<u>162,915</u>
Less accumulated depreciation for:			
Vehicles	(124,491)	-	(124,491)
Equipment	<u>(30,713)</u>	<u>(7,581)</u>	<u>(38,294)</u>
Total accumulated depreciation	<u>(155,204)</u>	<u>(7,581)</u>	<u>(162,785)</u>
Total capital assets, being depreciated, net	<u>\$ 7,711</u>	<u>\$ (7,581)</u>	<u>\$ 130</u>

3. ALLOCATION STATUS

	<u>2009</u>	<u>2008</u>
Metropolitan Transportation Commission allocations received	<u>\$ 48,679</u>	<u>\$ 54,878</u>

**City of Pleasanton Community Transit Services,
Senior Citizen, and Handicapped Transportation Program**
Notes to the Financial Statements, Continued
For the years ended June 30, 2009 and 2008

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.

5. PRIOR PERIOD ADJUSTMENTS

During fiscal year 2009, the City recorded prior period adjustments for reclassifying capital assets from Governmental activities to the Transit Fund.

	Fund Balance as Previously Reported	Capital Assets Reclassified	Fund Balance as Restated
	<u> </u>	<u> </u>	<u> </u>
Transit Fund	\$ 682	\$ 7,872	\$ 8,554
Total	<u>\$ 682</u>	<u>\$ 7,872</u>	<u>\$ 8,554</u>

INDEPENDENT AUDITORS' 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 TDA 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; 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 TDA 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 TDA 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 for the information of the Mayor, City Council Members, management, and the Metropolitan Transportation Commission. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

Oakland, California
December 18, 2009