

CITY OF PLEASANTON

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

**FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011**

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

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

VALUE THE DIFFERENCE

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 years ended June 30, 2012 and 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 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. 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 audits provide 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, 2012 and 2011, 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, 2012 and 2011, and the respective changes in its financial position 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 our report dated December 21, 2012, 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 21, 2012

FINANCIAL STATEMENTS

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

**STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Accounts receivable	\$ 64,756	\$ 77,965
Total current assets	<u>64,756</u>	<u>77,965</u>
Noncurrent assets:		
Capital assets, net of depreciation	146,402	210,469
Total noncurrent assets	<u>146,402</u>	<u>210,469</u>
Total assets	<u>211,158</u>	<u>288,434</u>
LIABILITIES		
Current liabilities:		
Accounts payable	346	457
Payroll payable	7,042	18,947
Deferred revenue	982	61
Due to other funds	56,386	58,500
Total current liabilities	<u>64,756</u>	<u>77,965</u>
NET ASSETS		
Invested in capital assets, net of related debt	146,402	210,469
Total net assets	<u>\$ 146,402</u>	<u>\$ 210,469</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Fare box revenue	\$ 36,393	\$ 40,278
Total operating revenues	<u>36,393</u>	<u>40,278</u>
OPERATING EXPENSES:		
Personnel services:		
Salaries	363,226	355,644
Fringe benefits	181,585	170,762
Transportation	60,332	57,427
Repairs and maintenance	4,095	3,671
Materials, supplies and services	7,597	6,915
Depreciation	64,067	67,101
Total operating expenses	<u>680,902</u>	<u>661,520</u>
Operating loss	<u>(644,509)</u>	<u>(621,242)</u>
NONOPERATING REVENUES:		
Program contributions - City of Pleasanton	330,416	320,734
Metropolitan Transportation Commission grant	51,445	43,552
Measure B Paratransit Gap grant	112,127	108,911
Measure B Paratransit pass-through funds	86,454	80,944
Total nonoperating revenues	<u>580,442</u>	<u>554,141</u>
Change in net assets	<u>(64,067)</u>	<u>(67,101)</u>
NET ASSETS:		
Beginning of year	210,469	277,570
End of year	<u>\$ 146,402</u>	<u>\$ 210,469</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipt from customers	\$ 50,523	\$ 2,620
Payments to employees	(556,716)	(527,665)
Payments to suppliers and vendors	(74,249)	(29,096)
Net cash used in operating activities	<u>(580,442)</u>	<u>(554,141)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
City of Pleasanton program contribution receipts	330,416	320,734
Metropolitan Transportation Commission grant received	51,445	43,552
Measure B Paratransit Gap grant received	112,127	108,911
Measure B Paratransit pass-through funds received	86,454	80,944
Net cash provided by noncapital financing activities	<u>580,442</u>	<u>554,141</u>
Net increase (decrease) in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS:		
Beginning of year	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (644,509)	\$ (621,242)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	64,067	67,101
Decrease (increase) in accounts receivables	13,209	(37,148)
Increase (decrease) in accounts payable	(111)	338
Increase (decrease) in payroll payable	(11,905)	(1,259)
Increase (decrease) in due to other funds	(2,114)	38,579
Increase (decrease) in deferred revenue	921	(510)
Net cash used in operating activities	<u>\$ (580,442)</u>	<u>\$ (554,141)</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, 2012 AND 2011**

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 City 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 City 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, 2012 AND 2011**

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, 2012, the Program did not have any cash and investments 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	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
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HANDICAPPED TRANSPORTATION PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

2. CAPITAL ASSETS

A summary of the Program's capital assets at June 30, 2012 and 2011 is as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Capital assets, being depreciated:				
Vehicles	\$ 535,809	\$ -	\$ (52,158)	\$ 483,651
Equipment	33,223	-	-	33,223
Total capital assets, being depreciated	<u>569,032</u>	<u>-</u>	<u>(52,158)</u>	<u>516,874</u>
Less accumulated depreciation for:				
Vehicles	(341,120)	(57,423)	52,158	(346,385)
Equipment	(17,443)	(6,644)	-	(24,087)
Total accumulated depreciation	<u>(358,563)</u>	<u>(64,067)</u>	<u>52,158</u>	<u>(370,472)</u>
Total capital assets, being depreciated	<u>\$ 210,469</u>	<u>\$ (64,067)</u>	<u>\$ -</u>	<u>\$ 146,402</u>
	Balance July 1, 2010	Additions	Retirements	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>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>(358,563)</u>
Total capital assets, being depreciated	<u>\$ 277,570</u>	<u>\$ (67,101)</u>	<u>\$ -</u>	<u>\$ 210,469</u>

**CITY OF PLEASANTON
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

3. ALLOCATION STATUS

	<u>2012</u>	<u>2011</u>
Metropolitan Transportation Commission allocations received	<u>\$ 51,445</u>	<u>\$ 43,552</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.



**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 years ended June 30, 2012 and 2011, and have issued our report thereon dated December 21, 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

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 21, 2012



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 21, 2012