

CITY OF PLEASANTON

**COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND**

**FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012**

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

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Program's basic 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 controls relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to error or fraud.

Auditors' 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 of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Program as of June 30, 2013 and 2012, and the respective 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 Matter

Individual Fund Financial Statements

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, 2013 and 2012, and changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, 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* in considering the City's internal control over financial reporting and compliance of the Program.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
December 31, 2013

FINANCIAL STATEMENTS

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

**STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 7,082	\$ -
Accounts receivable	42,885	64,756
Total current assets	<u>49,967</u>	<u>64,756</u>
Noncurrent assets:		
Capital assets, net of depreciation	90,787	146,402
Total noncurrent assets	<u>90,787</u>	<u>146,402</u>
Total assets	<u>140,754</u>	<u>211,158</u>
LIABILITIES		
Current liabilities:		
Accounts payable	219	346
Payroll payable	6,149	7,042
Deferred revenue	808	982
Due to other funds - City of Pleasanton	42,791	56,386
Total current liabilities	<u>49,967</u>	<u>64,756</u>
NET POSITION		
Net investment in capital assets	90,787	146,402
Total net position	<u>\$ 90,787</u>	<u>\$ 146,402</u>

See accompanying Notes to the 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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES:		
Fare box revenue	\$ 32,728	\$ 36,393
Total operating revenues	<u>32,728</u>	<u>36,393</u>
OPERATING EXPENSES:		
Personnel services:		
Salaries	227,801	363,226
Fringe benefits	285,603	181,585
Transportation	62,611	60,332
Repairs and maintenance	4,293	4,095
Materials, supplies and services	7,859	7,597
Depreciation	55,615	64,067
Total operating expenses	<u>643,782</u>	<u>680,902</u>
Operating loss	<u>(611,054)</u>	<u>(644,509)</u>
NONOPERATING REVENUES:		
Program contributions - City of Pleasanton	368,283	330,416
Metropolitan Transportation Commission grant	53,470	51,445
Measure B Paratransit Gap grant	41,871	112,127
Measure B Paratransit pass-through funds	91,815	86,454
Total nonoperating revenues	<u>555,439</u>	<u>580,442</u>
Change in net position	<u>(55,615)</u>	<u>(64,067)</u>
NET POSITION:		
Beginning of year	146,402	210,469
End of year	<u>\$ 90,787</u>	<u>\$ 146,402</u>

See accompanying Notes to the 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, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 54,425	\$ 50,523
Payments to employees	(514,297)	(556,716)
Payments to suppliers and vendors	(88,485)	(74,249)
Net cash used in operating activities	(548,357)	(580,442)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
City of Pleasanton program contribution receipts	368,283	330,416
Metropolitan Transportation Commission grant received	53,470	51,445
Measure B Paratransit Gap grant received	41,871	112,127
Measure B Paratransit pass-through funds received	91,815	86,454
Net cash provided by noncapital financing activities	555,439	580,442
Net increase (decrease) in cash and cash equivalents	7,082	-
CASH AND CASH EQUIVALENTS:		
Beginning of year	-	-
End of year	\$ 7,082	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (611,054)	\$ (644,509)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	55,615	64,067
Decrease (increase) in accounts receivables	21,871	13,209
Increase (decrease) in accounts payable	(127)	(111)
Increase (decrease) in payroll payable	(893)	(11,905)
Increase (decrease) in due to other funds	(13,595)	(2,114)
Increase (decrease) in deferred revenue	(174)	921
Net cash used in operating activities	\$ (548,357)	\$ (580,442)

See accompanying Notes to the Financial Statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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 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, and fare box 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 Disabled Transportation Program Fund (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 accordance 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.

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 administrating the services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of the Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB Pronouncements. This statement was implemented as of July 1, 2012, with no significant impact to the financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and resulting net position. This statement was implemented as of July 1, 2012.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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, 2013, the Program had \$7,082 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 accordance 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
DISABLED TRANSPORTATION PROGRAM FUND**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

2. CAPITAL ASSETS

A summary of the Program’s capital assets at June 30, 2013 and 2012 is as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, being depreciated:				
Vehicles	\$ 483,651	\$ -	\$ -	\$ 483,651
Equipment	33,223	-	-	33,223
Total capital assets, being depreciated	<u>516,874</u>	<u>-</u>	<u>-</u>	<u>516,874</u>
Less accumulated depreciation for:				
Vehicles	(346,385)	(48,970)		(395,355)
Equipment	<u>(24,087)</u>	<u>(6,645)</u>	<u>-</u>	<u>(30,732)</u>
Total accumulated depreciation	<u>(370,472)</u>	<u>(55,615)</u>	<u>-</u>	<u>(426,087)</u>
Total capital assets, being depreciated	<u><u>\$ 146,402</u></u>	<u><u>\$(55,615)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 90,787</u></u>
	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
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	<u>(17,443)</u>	<u>(6,644)</u>	<u>-</u>	<u>(24,087)</u>
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><u>\$ 210,469</u></u>	<u><u>\$(64,067)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 146,402</u></u>

**CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

3. ALLOCATION STATUS

	<u>2013</u>	<u>2012</u>
Metropolitan Transportation Commission allocations received	<u>\$ 53,470</u>	<u>\$ 51,445</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.



**INDEPENDENT AUDITORS' 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, 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, the financial statements of the Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund (the Program), of the City of Pleasanton (City), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 31, 2013. Our report also included an emphasis of a matter stating that the financial statements present only the Program and do not purport to, and do not, present fairly the financial position of the City of Pleasanton, California as of June 30, 2013, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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) of the Program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 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*.

Purpose of this Report

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

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California
December 31, 2013



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

To the Honorable Mayor and Members of the City Council
of the City of Pleasanton
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 a direct and material effect to the Program for the year ended June 30, 2013.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the Program for the year ended June 30, 2013. 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.

Vavrinek, Trine, Day & Co., LLP.
Pleasanton, California
December 31, 2013