

# Livermore Amador Valley Transit Authority

1362 Rutan Drive, Suite 100  
Livermore, CA 94551  
(925) 455-7555 Fax (925) 443-1375  
[www.wheelsbus.com](http://www.wheelsbus.com)



**Comprehensive Annual  
Financial Report  
Year Ended June 30, 2010**

**LIVERMORE/AMADOR VALLEY  
TRANSIT AUTHORITY,  
LIVERMORE, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**

**PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT**

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# 1 Introduction Section



LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2010

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LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

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November 1, 2010

**The Board of Directors  
Livermore Amador Valley Transit Authority**

We are pleased to present the Comprehensive Annual Financial Report of the Livermore Amador Valley Transit Authority (the Authority) for the fiscal year July 1, 2009 through June 30, 2010.

This report has been prepared by the Administrative Services Department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). General accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors. Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the Authority.

In accordance with the above-mentioned guidelines, the accompanying report consists of four sections:

1. The *Introductory Section* contains this letter of transmittal, a discussion of the Authority's operations, accomplishments and future goals and projects, a list of principal officials and the Authority's organization chart.
2. The *Financial Section* begins with the Independent Auditors' Reports and Financial Statements. The notes, an integral part of the Financial Statements, are intended to further enhance an understanding of the Authority's current financial status.
3. The *Statistical Section* provides information that is useful for understanding the Authority's financial condition and depicting the past 10 years of history and financial and operational trends of the Authority.
4. The *Compliance Section* includes the Auditors' reports required under the federal Single Audit Act, State Transportation Development Act, and Measure B, and it provides assurance of the Authority's compliance with those laws and related regulations

## **BACKGROUND INFORMATION**

### ***History***

In 1985, the County of Alameda joined with the Cities of Livermore, Pleasanton and Dublin to execute a Joint Powers Agreement (JPA), pursuant to Government Code 6500 et. seq., creating the Livermore Amador Valley Transit Authority. Under the JPA, the Authority's charter was to provide public transit service in the Livermore Amador Valley without the imposition of any new local taxes.

The existing Wheels system is an outgrowth of the transit services previously operated in Livermore (City of Livermore-RIDEO) and Pleasanton/Dublin. The services in the three cities were consolidated under the Authority in 1987.

The Authority has come a long way over the years. In early 1990 the fixed route fleet was upgraded with the delivery of 34 new Gillig buses. That year almost 680,000 passengers were transported at a rate of 10.3 people per hour. Today, the Authority's fixed route fleet has 59 buses. The fleet includes the vehicles for local fixed route service and in 2009/2010 the Authority transported over 1.87 million passengers.

### ***The Authority***

The Authority's reporting entity includes only the Authority; it is legally separate and financially independent as defined in the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity." No other entity exists for which the Authority exercises oversight responsibility or has a special financing arrangement.

The Authority operates under the name Wheels and serves residents located in the Cities of Livermore, Dublin and Pleasanton, and some unincorporated areas (Tri-Valley Area). The mission of the Livermore Amador Valley Transit Authority is to provide equal access to a variety of safe, customer oriented, reliable, and affordable public transportation choices, increasing the mobility and improving the quality of life of those who live or work in and visit the Tri-Valley area.

As a Joint Powers Authority, a seven-member Board of Directors governs the agency. Two elected officials are appointed from each city's City Council, and the County Board of Supervisors appoints one member. Directors meet once a month to determine overall policy for the Authority. Monthly committee meetings provide oversight in four areas: administration and budget; marketing; operations, planning and scheduling; and legislation. Additional input to the Board comes from a seven-member Wheels Accessibility Advisory Committee representing the interests of the elderly and disabled.

The Executive Director oversees the general operations of the transit system in accordance with the policy direction prescribed by the Board of Directors. During the 2010 fiscal year, a Director of Administrative Services, Director of Marketing and Communications, Planning Director, Finance Analyst, Transit Planner, AVL Scheduling and Transit Applications Analyst, Paratransit Planning Coordinator, Community Outreach Coordinator, Travel Trainer, an Administrative Assistant, an Accounting Assistant, a Grants Analyst, and three Customer Service Representatives supported the Executive Director.

Since its formation, the Authority has contracted with private companies for the day-to-day operation of its services. Fixed route and paratransit services, as well as vehicle maintenance, are provided under contract with MV Transportation, Inc.

The Authority's Strategic Plan outlines the Goals, Objectives and Performance Standards and establishes a strategic process to implement and monitor the programs and policies of the Authority. The Strategic Plan also provides the basis for the operating budget and ten-year capital improvement program.

### *Services*

The Livermore Amador Valley Transit Authority provides local public transit services to the cities of Dublin, Livermore, and Pleasanton and to the adjacent unincorporated areas of Alameda County. The service area covers approximately 40 square miles and has 202,568 residents. The service area is divided into two sub-areas: Pleasanton/Dublin and Livermore. Three miles of lightly developed industrial and agricultural land separate these two sub-areas.

The Authority provides the following transportation services: Fixed Route (Wheels) Service and Demand Responsive Paratransit Service (Dial-A-Ride) to senior and disabled persons.

The Wheels Fixed Route system consists of the following services:

Wheels	Local and sub-regional fixed route system.
Shuttles	Local shuttles serving the ACE Rail and BART stations.

Wheels fixed route service runs 365 days per year. On an average weekday, the Authority's fixed route fleet carries an average of 6,073 passengers. Fixed route ridership had been increasing over the years since a FY2001 drop; flattening out in FY2009. For FY2010, at 1,740,297 passengers, it is a 20.7% decrease from FY2009. Passengers per hour, a measure of system efficiency, actually increased from 15.8 in FY2009 to 17.1 in the current year.

The Authority's fixed route service is supplemented by Dial-A-Ride paratransit service, which transported 61,619 mobility-impaired patrons in FY2010 on 18 specially equipped lift-vans. While the number of passengers decreased from last year, historically over the last ten years paratransit ridership has increased over 100%.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROLS**

The Authority is accounted for as a single enterprise fund using the accrual method of accounting. In developing and evaluating the accounting system, emphasis is placed on the adequacy of internal accounting controls.

### *Internal Accounting Controls*

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition; and
2. The reliability of financial records used in preparing financial statements and accounting for assets.

The concept of reasonable assurance recognizes that:

1. The cost of control should not exceed the benefits likely to be derived; and
2. The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### ***Cash Management***

The Authority investment objectives are to minimize market risks while maintaining a competitive yield on its portfolio. The Authority's practice is to limit its investments to the State of California Local Agency Investment Fund (LAIF).

All cash deposits are either insured by the Federal Depository Insurance Corporation or collateralized by U.S. Government Securities. The depositories are required by State law to maintain a collateral pool of securities with market value in excess of 110% of the amount of the deposit.

### ***Budgetary Controls***

Although not legally required to do so, the Authority adopts an annual operating and capital budget. The Board of Directors has unlimited authority to approve or amend the adopted budget. The budget is based on Authority goals and objectives adopted annually by the Board of Directors as part of the budget process as well as the Strategic Plan originally adopted December 2005, and reviewed annually. The balanced budget, with adequate reserves to cover excess expenses over revenues, is adopted by resolution in June.

Budgetary control is maintained at the department level for each operating department and at the project level for each capital project. The Executive Director must authorize overruns within a department. Any overruns of the Authority as a whole require a budget revision and must be authorized by the Board of Directors.

### ***Risk Management***

On May 1, 2000, the Authority became a member of the California Transit Insurance Pool (CalTIP), a joint powers authority that provides annual general liability and physical damage coverage up to \$10,000,000 in the aggregate. The authority has a \$25,000 deductible for general liability claims and has a \$5,000 deductible for physical damage claims on vehicles valued over \$50,000 or operated by the Operations contractor, and \$500 on staff vehicles with a value of less than \$50,000. As a member of CalTIP the Authority has a seat on the governing board. The Board of Directors consists of representatives from all the member organizations.

In addition to the coverage provided through CalTIP, the Authority has commercial insurance coverage for property damage, boiler and machinery loss, and workers' compensation. Below is a summary of the Authority's current insurance program and related coverage.



<u>Insurance</u>	<u>Liability Limit</u>
Property	\$350,000,000
Inland Marine (valuable papers)	No-sublimit for Valuable Papers
Boiler and Machinery	\$25,000,000 per occurrence
Underground Storage Tank	\$1,000,000 Occurrence/\$1,000,000 Aggregate

The Authority's deductible amounts are \$10,000 or less.

### ***Independent Audit***

State law requires that independent auditors, selected by the Board of Directors, audit the financial statements of the Authority. The fiscal year ended June 30, 2010 audit was conducted by Maze & Associates and their report is included in the Financial Section. Maze & Associates has also audited the Authority's compliance with the Transportation Development Act, a state law governing the expenditure of Local Transportation Funds; and State Transit Assistance, the Single Audit Act and regulations, the law, rules and regulations governing expenditures of federal awards; Measure B, and Prop 1B Security and PTMISEA funds. The Auditors' reports on compliance are presented in the Compliance Section of this report. In all cases the Auditor's reports are "unqualified" meaning there were no compliance exceptions.

## **FISCAL YEAR IN REVIEW**

LAVTA entered FY2010 having just implemented a 25% reduction in service hours coupled with a fare increase. These measures were necessary to respond to significant losses in revenues resulting from the recession.

Transportation Development Act (TDA) monies, which are sales tax based, declined 10% in Alameda County during FY2009 and County forecasters estimated that during FY2010 they would fall another 10%, for a two-year cumulative total around 20%. MTC required LAVTA to build its FY2010 Budget around this forecast. Halfway through FY2010, county forecasters revised their projections down another 7% based on actual revenues received during the first half of the year.

State Transit Assistance (STA) monies, which are fuel tax based but allocated at the discretion of Sacramento, were uncertain throughout FY2009, but action in the Capitol clearly defined the near-term future --- zero. The State's budget completely diverted all transit funding to cover other parts of the general fund, and transit assistance was eliminated through FY2013.

Against this backdrop, LAVTA's FY10 Budget was balanced through the following measures: (1) fares were increased, (2) services were reduced, (3) Stimulus money was used to bolster operations, (4) reserves were used, and (5) LAVTA employees voluntarily accepted a pay freeze and cut discretionary spending.

In the FY2010 Budget Message, it was noted that the Budget was balanced because of one-time revenue sources that would not be available in FY2011. Therefore it would be important to build reserves during FY2010 to help weather the economic crisis in FY2011-2013, presuming that the economy would rebound and STA would be restored by 2014. It would also be critical to avoid overspending unless absolutely necessary. During the year, staff found a couple of instances where we recommended limited increases in service to address concerns from our customers. But with

these small exceptions, staff and the Board avoided unbudgeted and unnecessary spending throughout the year.

In addition, staff aggressively pursued grant funding in order to increase reserves. When the FY2010 Budget was adopted, it was estimated that LAVTA would have \$1.6 million in reserves at the end of FY2010, or a 33% decrease compared to estimated FY09. At the Board's request, staff reports on a quarterly basis the budget status. The quarterly reports have shown increasing reserve levels, rising to \$2.3 million (Q0), to \$3.3 million (Q1), to \$3.4 million (Q2), and to \$2.8 million (Q3). The reserve estimates increased early in the year because of our success at obtaining grants and from carefully managing expenditures. However, the drop in Q3 reflects mid-year TDA rescissions made by the County and MTC, and the financial reconciliation of the paratransit budget overrun that occurred in FY08.

### *Fiscal Year 2010 Accomplishments*

While the previous section summarizes FY2010 financial situation, this section describes the work accomplished. In addition to the normal on-going workload of the agency, LAVTA staff was extraordinarily busy this year in procurement activities and construction work associated with the Stimulus projects and the Rapid. Highlights of the year's accomplishments include:

- Rapid Implementation, including negotiating construction management contracts, completing the design, conducting bid processes for 4 contracts, commencing construction, and negotiating encroachment agreements with 3 cities.
- ARRA (Stimulus) Implementation, including conducting procurements for 15 projects. Completed projects include airport pavement repair; security improvement project; lighting/energy conservation project; copier replacement; bus parts washer replacement; computer replacement; computer network upgrade; HVAC replacement, bus wash replacement, roof replacement; out-building fire code compliance retrofit; fuel management system installation; Boardroom PA installation; and Transit Center exterior repair/paint and interior remodel.
- Marketing projects including finalized Rapid logo and bus wrap design; Rapid groundbreaking ceremony, developing marketing materials to prepare for Rapid launch, installation of Paths to Picasso project, conducting outreach meetings promoting the Rapid and publishing the Wheels bus book.
- Paratransit projects including graduating the first Ambassador class; completion of the ACTIA-funded para-taxi program and presenting the para-taxi program results to CalACT conference; donating surplus vehicles to Alameda County and School of Imagination
- Audits included completing and closing the the FTA Financial Management Oversight review and the FTA Triennial Audit; completing the FY09 Financial Audit (CAFR); conducting the CalTIP System Safety Audit follow-up; and beginning the TDA Compliance Audit
- Financial management included changes that reduced administrative costs and generated revenue through bus leases and grants.
- Service changes geared toward increasing efficiency and completed route analysis to prepare for FY2011 service changes and Rapid launch.
- Policy legislation including the adoption of FY2010 Legislative program and Mini-SRTP 2010 – 2019

- Accomplished major Personnel recruitments (including Planning Director, Grants Analyst, and Travel Trainer).

## **FUTURE OUTLOOK**

Fiscal Year 2011 is anticipated to be a year of milestones for LAVTA. The first half of the year will see the completion of construction of the Rapid BRT project and the testing of the new buses and signal priority system on the roads of the Tri-Valley. In the second half of FY2011, the Rapid service will be launched, bringing an exciting new service to the community! As the new service is introduced, some existing routes will become redundant affording the opportunity to “re-engineer” the transit network. The result will be a net increase in service hours delivered by LAVTA after a year and a half of severe cutbacks.

In June 2011, LAVTA will celebrate its Silver Anniversary commemorating 25 years of service to the Tri-Valley! The JPA was formed in 1985 and began its first routes in June 1986.

While LAVTA celebrates these milestones, this will occur against the backdrop of a very slow recovery from the depths of the recession. Compounding this economic uncertainty are several other Federal and State issues with profound implications for LAVTA’s future revenues. However uncertain the longer term future may be, the outlook for FY2011 can be summarized as follows: LAVTA will slightly increase the service hours delivered, doing so with a FY2011 Budget slightly lower than the FY2010 Budget. Further, there are no fare increases or significant negative service reductions anticipated for the year ahead.

### ***Fiscal Year 2011 Goals***

Fiscal Year 2011 marks the sixth year of Wheels operations guided through the use of the Wheels Strategic Plan. The Strategic Plan establishes an overall vision and mission for Wheels, and contains a series of goals and strategies to guide the future development of Wheels’ services, programs, and organization. To begin the budget process for FY2011, the LAVTA Board of Directors reviewed and adopted the strategies below as the highest priorities for the Board:

- A1: Provide routes and services to meet current and future demand for timely and reliable transit service subject to fiscal restraints.
- A4: Improve connectivity with regional transit systems.
- B1: Continue to build the Wheels brand image, identity and value for customers.
- B4: Increase ridership to fully attain community benefits achieved through optimum utilization of our transit system.
- C1: Integrate transit into local economic development plans.
- C3: Partner with employers in the use of transit to meet transportation demand management requirements.
- D1: Advocate for local, regional, state, and federal policies that support Wheels’ goals.
- E3: Establish performance based metrics with action plans for improvement.
- F1: Develop budget in accordance with the Strategic Plan, integrating fiscal review processes into all decisions.

## ECONOMIC CONDITION AND OUTLOOK

The Livermore Amador Valley is located on the eastern edge of Alameda County, the seventh largest county in California. The cities of Livermore, Dublin and Pleasanton are among the fastest growing cities in the county. The Tri-Valley population is expected to grow by 28% between 2006 and 2035. Employment growth is even more rapid than population growth, with continued concentration in office parks in the edge cities of the Bay Area (including the Tri-Valley). Between 2006 and 2035 employment in the Wheels service area is forecast to grow by 49%. The senior population is another area of astronomical growth; between 2006 and 2035 the senior population will grow 161%! On the other hand, the number of low-income households (defined as households with less than \$42,700 annual income in 2007 dollars) will only decrease by 11% during the forecast period.<sup>1</sup>

The Tri-Valley cities have among the lowest unemployment rates in the county. Statistics for August 2010 show that unemployment rates in Tri-Valley cities are: Dublin 7.1%, Livermore 7.7%, and Pleasanton 6.0%, compared to the county-wide figure of 11.7%.<sup>2</sup>

Even with the recent decline in the economy the Tri-Valley area is forecast to grow in population and employment. The challenge for the Authority will be to plan service that appeals to a market that is not the traditional transit-dependent population. Current transit use in the Tri-Valley, based on 2000 census data, shows the following public transit usage for work trips: Dublin 5.4%, Livermore 3.3%, and Pleasanton 4.9%. Much of this public transit usage was on BART, which has a station in the Tri-Valley area, and the ACE train, a commuter train between San Joaquin County and the Santa Clara Valley. Bus usage by city was a small percent of total transit ridership: Dublin 0.8%, Livermore 1.5%, and Pleasanton 0.6%.<sup>3</sup>

## AWARDS AND ACKNOWLEDGEMENTS

### *Awards*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Livermore Amador Valley Transit Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the fourteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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<sup>1</sup> Source: Travel Forecasts Data Summary, Transportation 2035 Plan for the San Francisco Bay Area, December 2008

<sup>2</sup> Source: Employment Development Department, Monthly Labor Force Data for Cities and Census Designated Places (CDP), August 2010 - Preliminary

<sup>3</sup> Source: MTC/ABAG Bay Area Census 2000, Transportation, Comparison Tables



*Acknowledgments*

The preparation of this report required the dedicated efforts of the Authority's staff. We also gratefully recognize Maze & Associates for their timely audit and expertise on the preparation of this Comprehensive Annual Financial Report. Finally, we would like to thank the Board of Directors for its commitment and support in the development of a strong financial system.

Executive Director

Director of Administrative Services



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Paul Matsuoka



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Beverly Adamo

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**

**PRINCIPAL OFFICIALS**

**June 30, 2010**

**Board of Directors**

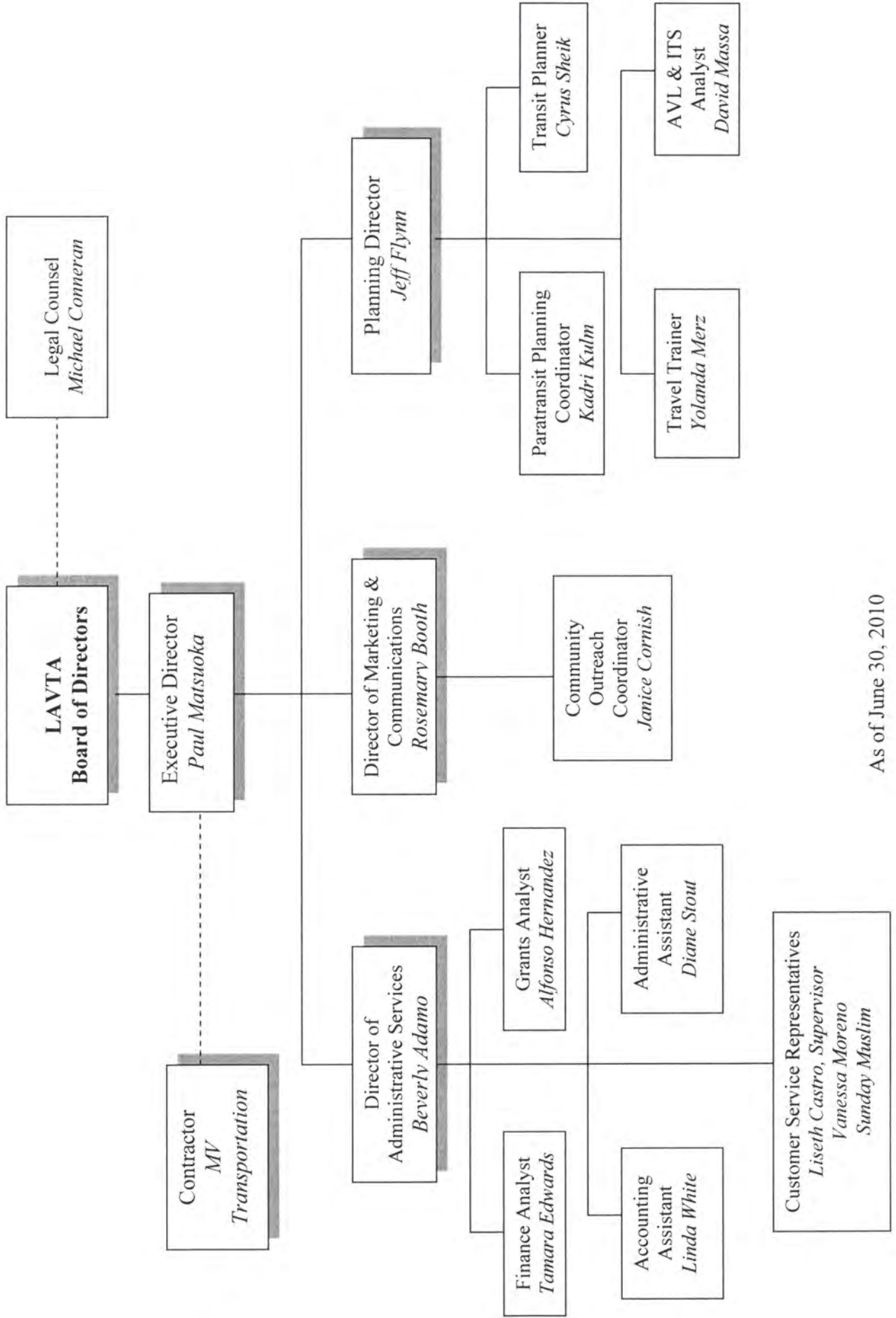
Chair .....	Jerry Thorne, Vice Mayor, City of Pleasanton
Vice Chair.....	Scott Haggerty, Supervisor, Alameda County
Member.....	Cindy McGovern, Councilmember, City of Pleasanton
Member .....	Tim Sbranti, Mayor, City of Dublin
Member .....	Kasie Hildenbrand, Vice Mayor, City of Dublin
Member .....	Marshall Kamena, Mayor, City of Livermore
Member .....	Marj Leider, Councilmember, City of Livermore

**Staff**

Executive Director .....	Paul Matsuoka
Director of Administrative Services .....	Beverly Adamo
Director of Marketing & Communications....	Rosemary Booth
Planning Director.....	Jeff Flynn
Transit Planner .....	Cyrus Sheik
Finance Analyst .....	Tamara Edwards
AVL and Transit Applications Analyst .....	David Massa
Paratransit Planning Coordinator .....	Kadri Kulm
Grants Analyst.....	Alfonso Hernandez
Travel Trainer .....	Yolanda Merz
Accounting Assistant.....	Linda White
Administrative Assistant .....	Diane Stout
Community Outreach Coordinator .....	Janice Cornish
Customer Service Supervisor .....	Liseth Castro
Customer Service Representative .....	Sunday Honeycutt
Customer Service Representative .....	Vanessa Moreno

# LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

Organizational Chart



As of June 30, 2010

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Livermore/Amador Valley  
Transit Authority, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# 2

## Financial Section





## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of Directors of  
Livermore/Amador Valley Transit Authority  
Livermore, California

We have audited the basic financial statements of the Livermore/Amador Valley Transit Authority (Authority) as of and for the year ended June 30, 2010 in the table of contents. 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 prior year summarized information has been derived from the Authority's fiscal 2009 financial statements; in our report dated September 25, 2009 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in the *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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 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 financial position of the Authority at June 30, 2010 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As described in Note 11, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Management's Discussion and Analysis is supplementary information required by the Government Accounting Standards Board, but is not part of the financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2010 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 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 considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Mage + Associates*

October 2, 2010

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

The Livermore/Amador Valley Transit Authority is required to prepare financial statements in accordance with Government Accounting Standards Board Statement Number 34 (GASB 34) beginning with the fiscal year ended June 30, 2004. GASB 34 required changes to the traditional financial statements and disclosures, and required the preparation of a Management Discussion and Analysis (M,D&A)– a narrative overview and analysis of the financial activities of the Authority for each fiscal year. This M,D&A is for the fiscal year ended June 30, 2010.

GASB 34 requires the format of Authority-wide financial statements, which are contained in the Financial Section of the accompanying report. These Authority-wide statements include a Statement of Net Assets and a Statement of Revenues, Expenses and Changes in Net Assets. The Statement of Net Assets presents information on all of the Authority's assets and liabilities with the difference of the assets minus the liabilities being the Authority's net assets. The Statement of Revenues, Expenses and Changes in Net Assets summarizes how the Authority's net assets have changed over the fiscal year.

Page references are to the attached fiscal year ended June 30, 2010 basic financial statements.

### Background and Overview of the Presentation of the Financial Statements

The Authority's basic financial statements are comprised of four parts:

1. The Independent Auditor's Report
  2. The Management Discussion and Analysis
  3. The Basic Financial Statements
  4. The Notes to the Financial Statements
- 
1. *The Independent Auditor's Report.* This is an annual report prepared by the auditor to accompany the financial statements.
  2. *Management Discussion and Analysis (MD&A).* This report accompanies the GASB34 compliant financial statements. The MD&A must include:
    - A brief explanation of the presentation that makes up the basic financial statements and the relationship of one statement to another.
    - Condensed financial information, allowing comparison of current and prior fiscal periods.



- Analysis of the Authority's overall financial position (Statement of Net Assets), and results of operations (Statement of Revenues, Expenses and Changes in Net Assets).
- Analysis of balances and transactions of major individual funds.
- Significant capital asset and long-term debt activity.
- Any facts, decisions, or conditions known at the close of audit fieldwork that is expected to have a significant effect on the financial position or results of operations.

3. *Basic Financial Statements.* The basic Authority-wide financial statements are prepared under a set of rules referred to by their regulatory identifier, GASB 34. The Authority-wide financial statements are designed to provide a broader overview of the Authority's financial position, using an accounting basis similar to the model used in prior years.

The Statement of Net Assets summarizes the Authority's assets and liabilities, with the difference of the two reported as net assets (rather than equity). The Statement of Net Assets is designed to provide information about the financial position of the Authority as a whole, including all of its capital assets and long-term liabilities, on a full accrual basis of accounting, similar to the accounting model used by private sector firms. Over time, increases or decreases in net assets could serve as an indication of whether the overall financial position of the Authority is stable.

The following table summarizes the net assets of governmental activities as of June 30, 2010 and June 30, 2009:

Table 1  
Statement of Net Assets

	Year Ending 6/30/2010	Year Ending 6/30/2009
<b>ASSETS</b>		
Cash and investments	\$2,393,862	\$ 827,430
Receivables	3,266,684	1,772,692
Capital assets (depreciated)	<u>35,902,235</u>	<u>27,270,015</u>
Total assets	<u>41,562,781</u>	<u>29,870,137</u>
<b>LIABILITIES</b>		
Accounts/Claims payable	2,553,169	1,645,695
Due to LTF	<u>3,107,377</u>	<u>954,427</u>
Total liabilities	<u>5,660,546</u>	<u>2,600,122</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	<u>35,902,235</u>	<u>27,270,015</u>
Total restricted net assets	<u>35,902,235</u>	<u>27,270,015</u>

## **Assets**

Total assets amounted to \$41,562,781 consisting of \$5,660,546 in current assets such as cash and accounts receivable, and \$35,902,235 in capital assets primarily vehicles and facilities including furnishings and equipment. Notes 2 and 4 further describe Cash and Investments and Capital Assets. In the fiscal year ended June 30, 2010 the capital projects below were ongoing:

### *Maintenance and Operations Facility*

The Authority has purchased land and built the first phase (parking lot) and is currently designing a new facility to house maintenance and operations functions. This is expected to be a significant multi-year project.

### *BRT*

LAVTA intends to deploy a BRT project with service beginning in FY 2011. While this service did not begin operations during this fiscal year, there are capital projects that are required to enable successful implementation of the BRT system. The funds expended on this project this year were primarily for construction of stops along the route and installation of Transit Signal Priority (TSP).

### *Facility Rehab*

Through the receipt of funding from the American Recovery and Reinvestment Act (ARRA) the Authority was able complete rehab projects on the current administrations, maintenance and operations building. These projects included a new roof, a new HVAC system, a network upgrade, computer replacement, a new bus wash, upgrades to the maintenance storage building and the building at the transit center, a new fueling system, a PA system for the board room, upgrades to security and energy efficiency, and the purchase of a new parts washer and a new copier.

## **Liabilities**

Liabilities totaled \$5,660,546 consisting primarily of accounts payable and money due to the LTF. Local Transportation Funds are held at the county and are available to the Authority for future capital and operating needs. The legislated requirement that all Local Transportation Funds be held at the county on behalf of the Authority causes the Authority's financial position to look weaker than it would if those reserves were included in the agency's assets. At fiscal year end the agency had an estimated \$7,957,525 in reserves.

## **Net Assets**

Change of Net Assets was 8,632,220 due to additions to capital assets in excess of depreciation on existing capital assets.

The Statement of Revenues, Expenses and Change in Net Assets provides information about the Authority's revenues and expenses on the full accrual basis, with an emphasis on measuring the net revenues or expenses for each of the Authority's main activities. The Statement of Revenues, Expenses and Change in Net Assets explains in detail the change in net assets for a given year. The amounts in the Statement of Revenues, Expenses and Change in Net Assets represent two programs: fixed route and paratransit. The Basic Financial Statements divide all revenues and expenses by program. The analysis in this discussion applies to both programs.

The following table summarizes the Statement of Revenues, Expenses and Change in Net Assets, or the change in net assets of governmental activities, for the year ended June 30, 2010 and June 30, 2009:

Table 2  
Statement of Revenues, Expenses and Change in Net Assets

	Year Ending 6/30/2010	Year Ending 6/30/2009
<b>REVENUES</b>		
Program operating revenues:		
Fare and contract revenues	\$2,341,303	\$2,563,937
Advertising and ticket concessions	327,377	336,458
Non-operating revenues:		
Operating grants and contributions	9,992,884	11,569,296
Capital grants, net	12,380,540	2,764,498
Total revenues	<u>25,042,104</u>	<u>17,234,189</u>
<b>EXPENSES</b>		
Board of Directors	10,670	24,922
Executive Director	238,527	236,926
Administrative Services	1,382,776	1,573,255
Planning	489,442	490,632
Marketing	432,056	399,096
Operations	10,356,462	11,922,206
Depreciation	3,499,951	3,090,734
Total expenses	<u>16,409,884</u>	<u>17,737,771</u>
<b>CHANGE IN NET ASSETS</b>		
Net Assets, beginning	27,270,015	27,773,597
Net Assets, ending	<u>\$35,902,235</u>	<u>\$27,270,015</u>

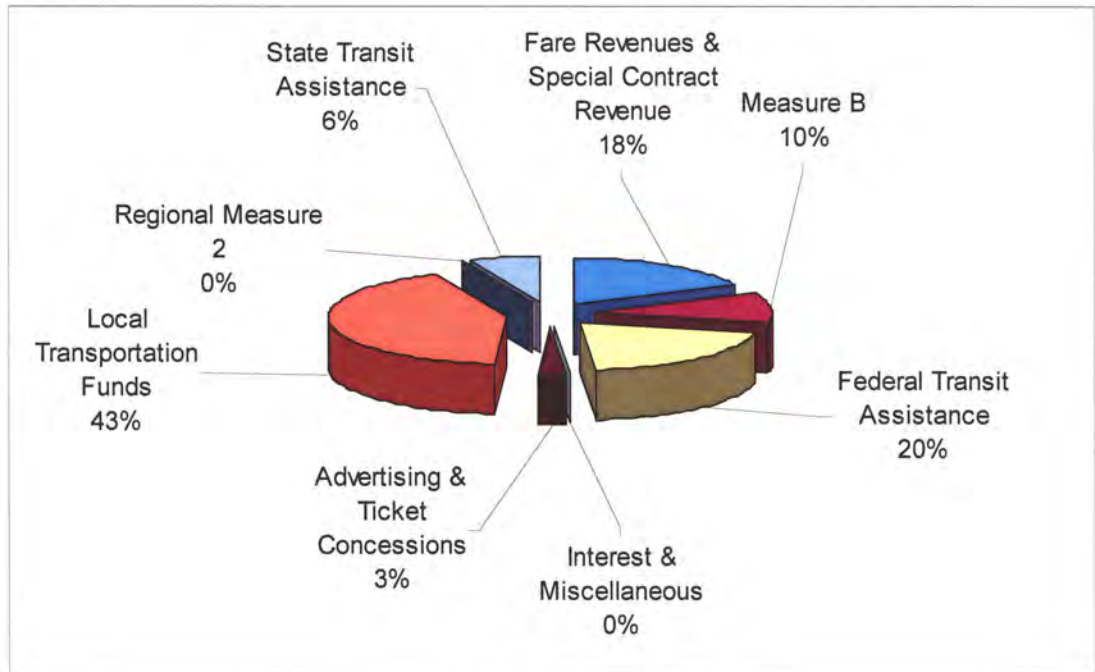
## Revenues

The Authority's primary source of operating revenue is Transportation Development Act (TDA) Article 4.0 and 4.5 funds. In FY10, TDA accounted for 43% of total operating revenue. The rest of the revenue is comprised of Federal Transit Assistance, Passenger Fares, State Transit Assistance, Measure B, Advertising and Ticket Concessions Interest.

Federal operating funds accounted for \$2,611,235 or 20% of the total; this is an increase over the prior year due to larger than usual preventative maintenance allocation and ADA allocations through ARRA funding.

Revenue generated from operations (farebox, contract, and advertising revenues) decreased from the prior year due to a decrease in ridership.

The statistical section of this report presents all the revenue sources by year for the previous ten years. Below are percentages by funding source for the fiscal year ending June 2010.



## Expenses

Total expenses including depreciation (which was \$3,499,951) were \$16,409,884 in the fiscal year ending June 30, 2010. Adjusting for depreciation this was a 11.85% decrease over the prior year. The major driver of the decrease in expenses was the service change that resulted in a decrease in the costs of the maintenance and operations contract.

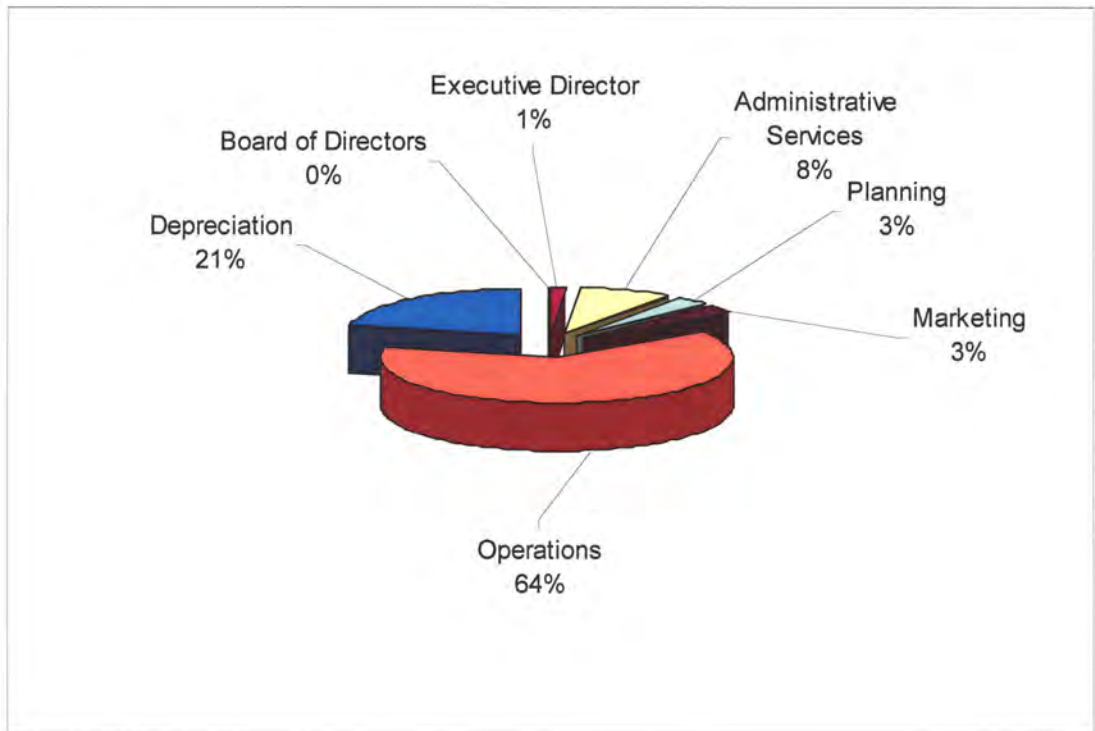
Expenses, excluding depreciation, are sorted by department. A brief description of each department's function is as follows:

- *Board of Directors* All the costs associated with the Board of Directors including their stipends and professional development expenses are charged to this department.
- *Executive Director* The Executive Director is responsible for the general supervision of the administration of the transit system. All costs associated with this position are accounted for in this cost center. The majority of the expenses charged to this department are the Executive Director's salary and benefits.
- *Administrative Services* Specific department responsibilities include: preparation of operating and capital budgets; financial reporting and analysis; oversight of all financial and compliance audits and preparation of the Comprehensive Annual Financial Report (CAFR); human resources management; procurement oversight; administration of federal, state, and local operating and capital grants; securing federal, state and local grants, monitoring of Authority's comprehensive insurance program; fixed asset management; facilities maintenance; fare and revenue collection; customer service, and general office administration. Significant costs charged to this department are salary and benefits for the eight accounting, grants, administrative and customer service positions, as well as utilities and facility maintenance expenses.
- *Planning* This department plans, organizes, directs, and implements the Authority's short and long-range planning programs. This department is also responsible for transit development functions including capital improvement programs, route planning and scheduling, collection and evaluation of operations data, oversight of information technology support, implementation and monitoring of ADA services. Primary costs in this department are for salary and benefits for five positions.
- *Marketing* The Marketing Department is responsible for planning, organizing, directing, and implementing the Authority's marketing and community outreach programs. In addition to salary and benefits for two employees all printing, advertising, and outside marketing services are charged to this department.
- *Operations* This department is responsible for operating and maintaining fixed route, and Dial-A-Ride paratransit service. These services are currently provided under contract by MV Transportation, Inc., a private transit services provider. In addition to the cost of purchased transportation, liability insurance, and fuel are significant costs attributed to this department.



- *Depreciation* is the final category of expenses. This is the current year depreciation on existing capital assets calculated on a straight-line basis.

A historical comparison of expenses by department is also included in the statistical section of this report. Below are the percentages by department for the fiscal year ending June 2010.



#### 4. *Notes to the Financial Statements*

The notes provide additional information that is important to a full understanding of the data provided in the Authority-wide, and the traditional fund-based, financial statements.

Finally, there were no facts, decisions, or conditions known at the close of fieldwork that are expected to have a significant effect on the financial position or results of operations.

#### Contacting Authority Management

These Basic Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this Report should be directed to the Authority, at Livermore Amador Valley Transit Authority, 1362 Rutan Court, Suite 100, Livermore, CA 94551.

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009

ASSETS	2010		Totals	2009 Totals
	Fixed Route Program	Paratransit Program		
<b>Current Assets</b>				
Cash and investments (Note 2)	\$2,393,862		\$2,393,862	\$827,430
Receivables:				
Accounts	417,950	\$61,174	479,124	668,077
Capital grants	2,620,309		2,620,309	946,100
Due from other fund (Note 3)	51,818		51,818	69,217
Prepaid expenses	111,891	3,542	115,433	89,298
Total current assets	<u>5,595,830</u>	<u>64,716</u>	<u>5,660,546</u>	<u>2,600,122</u>
<b>Capital Assets (Note 4):</b>				
Land and construction in progress	13,752,282		13,752,282	10,959,036
Depreciable assets	43,493,903	2,736,055	46,229,958	39,144,243
Subtotal capital assets	57,246,185	2,736,055	59,982,240	50,103,279
Less: accumulated depreciation	(22,392,323)	(1,687,682)	(24,080,005)	(22,833,264)
Capital assets, net	<u>34,853,862</u>	<u>1,048,373</u>	<u>35,902,235</u>	<u>27,270,015</u>
Total Assets	<u>40,449,692</u>	<u>1,113,089</u>	<u>41,562,781</u>	<u>29,870,137</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,622,081	12,898	1,634,979	1,007,804
Claims payable (Note 1E)	208,640		208,640	49,346
Due to other fund (Note 3)		51,818	51,818	69,217
Deferred Revenues (Notes 7 & 13)	657,732		657,732	519,328
Due to LTF Operating (Note 5)	3,107,377		3,107,377	954,427
Total Liabilities	<u>5,595,830</u>	<u>64,716</u>	<u>5,660,546</u>	<u>2,600,122</u>
<b>NET ASSETS</b>				
Invested in capital assets (Note 8)	<u>34,853,862</u>	<u>1,048,373</u>	<u>35,902,235</u>	<u>27,270,015</u>
Total Restricted Net Assets	<u>\$34,853,862</u>	<u>\$1,048,373</u>	<u>\$35,902,235</u>	<u>\$27,270,015</u>

See accompanying notes to basic financial statements

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	2010		Totals	2009 Totals
	Fixed Route Program	Paratransit Program		
<b>PROGRAM OPERATING REVENUES</b>				
Fares revenues	\$1,878,859	\$134,064	\$2,012,923	\$2,209,718
Special contract revenue	239,944	88,436	328,380	354,219
Advertising & Ticket concessions	327,377		327,377	336,458
<b>Total program operating revenues</b>	<b>2,446,180</b>	<b>222,500</b>	<b>2,668,680</b>	<b>2,900,395</b>
<b>PROGRAM OPERATING EXPENSES</b>				
Board of Directors	9,630	1,040	10,670	24,922
General Manager	238,527		238,527	236,926
Administrative services	1,353,953	28,823	1,382,776	1,573,255
Planning	295,198	194,244	489,442	490,632
Marketing	432,056		432,056	399,096
Operations	8,813,941	1,542,521	10,356,462	11,922,206
Depreciation	3,189,088	310,863	3,499,951	3,090,734
<b>Total program operating expenses</b>	<b>14,332,393</b>	<b>2,077,491</b>	<b>16,409,884</b>	<b>17,737,771</b>
<b>PROGRAM OPERATING LOSS</b>	<b>(11,886,213)</b>	<b>(1,854,991)</b>	<b>(13,741,204)</b>	<b>(14,837,376)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and miscellaneous	29,314		29,314	18,683
Local Transportation Funds 4.0	4,705,845	695,488	5,401,333	6,665,345
Local Transportation Funds 4.5		74,880	74,880	89,467
State Transit Assistance	817,396		817,396	1,901,482
FTA operating assistance	1,993,716	617,519	2,611,235	2,038,314
Local sales tax/Measure B funds:				
Allocations	621,907	116,885	738,792	792,481
Special Allocations	528,947	39,356	568,303	139,370
Bridge tolls				101,500
Loss on disposal of equipment	(248,369)		(248,369)	(177,346)
<b>Net non-operating revenues, before capital contributions (grants)</b>	<b>8,448,756</b>	<b>1,544,128</b>	<b>9,992,884</b>	<b>11,569,296</b>
Capital contributions (grants):				
FTA capital assistance	10,009,505		10,009,505	698,618
Local Transportation Funds 4.0	2,030,479		2,030,479	522,895
Local sales tax/Measure B funds				109,200
State Bond Fund - Prop 1B (Note 7B)	265,557		265,557	812,646
Bridge tolls	74,999		74,999	621,139
<b>Total capital contributions (grants)</b>	<b>12,380,540</b>		<b>12,380,540</b>	<b>2,764,498</b>
<b>Net non-operating revenues and contributions</b>	<b>20,829,296</b>	<b>1,544,128</b>	<b>22,373,424</b>	<b>14,333,794</b>
<b>Change in net assets</b>	<b>8,943,083</b>	<b>(310,863)</b>	<b>8,632,220</b>	<b>(503,582)</b>
<b>NET ASSETS,</b>				
Beginning of Year	25,910,779	1,359,236	27,270,015	27,773,597
End of Year	<u>\$34,853,862</u>	<u>\$1,048,373</u>	<u>\$35,902,235</u>	<u>\$27,270,015</u>

See accompanying notes to basic financial statements



LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009

	2010			2009 Totals
	Fixed Route Program	Paratransit Program	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$2,639,513	\$218,120	\$2,857,633	\$2,797,572
Payments to vendors	(9,288,504)	(1,583,652)	(10,872,156)	(12,802,366)
Payments to and on behalf of employees	(1,449,136)	(163,054)	(1,612,190)	(1,749,359)
Net cash provided by operating activities	<u>(8,098,127)</u>	<u>(1,528,586)</u>	<u>(9,626,713)</u>	<u>(11,754,153)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	<u>29,314</u>		<u>29,314</u>	<u>18,683</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Local Transportation Funds 4.0	7,813,222	695,488	8,508,710	7,619,772
Repayment of prior year Due to LTF	(954,427)		(954,427)	(317,073)
Local Transportation Funds 4.5		74,880	74,880	89,467
State Transit Assistance	817,396		817,396	1,901,482
FTA operating assistance	1,993,716	617,519	2,611,235	2,038,314
Local sales tax/Measure B funds	1,150,854	156,241	1,307,095	931,851
Bridge tolls				101,500
Interfund payments		(17,399)	(17,399)	(216,830)
Interfund receipts	<u>17,399</u>		<u>17,399</u>	<u>216,830</u>
Net cash by noncapital and financing activities	<u>10,838,160</u>	<u>1,526,729</u>	<u>12,364,889</u>	<u>12,365,313</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(11,907,389)		(11,907,389)	(3,558,974)
Capital grants received:				
FTA capital assistance	7,879,681		7,879,681	1,414,829
Local Transportation Funds 4.0	2,484,237	1,857	2,486,094	391,555
Local sales tax/Measure B funds				109,200
Bridge Tolls	74,999		74,999	625,222
State Bond Fund - Prop 1B	265,557		265,557	38,226
STIP				466,602
Net cash by capital and related financing activities	<u>(1,202,915)</u>	<u>1,857</u>	<u>(1,201,058)</u>	<u>(513,340)</u>
NET CASH FLOWS	1,566,432		1,566,432	116,503
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>827,430</u>		<u>827,430</u>	<u>710,927</u>
CASH AND INVESTMENTS AT END OF YEAR	<u><u>\$2,393,862</u></u>		<u><u>\$2,393,862</u></u>	<u><u>\$827,430</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating loss	(\$11,886,213)	(\$1,854,991)	(\$13,741,204)	(\$14,837,376)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	3,189,088	310,863	3,499,951	3,090,734
Increase (decrease) in:				
Accounts receivable	193,333	(4,380)	188,953	(102,823)
Prepaid expenses	(34,828)	8,693	(26,135)	174,011
Accounts payable	142,795	11,229	154,024	(126,288)
Deferred revenues	138,404		138,404	40,779
Claims payable	<u>159,294</u>		<u>159,294</u>	<u>6,810</u>
Net cash provided by operating activities	<u><u>(\$8,098,127)</u></u>	<u><u>(\$1,528,586)</u></u>	<u><u>(\$9,626,713)</u></u>	<u><u>(\$11,754,153)</u></u>

See accompanying notes to basic financial statements

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

Livermore/Amador Valley Transit Authority (Authority), which was established in 1985, is a Joint Powers Agency formed by the County of Alameda, and the Cities of Dublin, Livermore and Pleasanton to provide transportation services within the Cities' limits and portions of the unincorporated County. The Authority is doing business under the name of "Wheels" and operates two transportation programs:

**Fixed Route Program** - The Authority operates buses, which follow fixed routes and times throughout the Authority's service area and are available to anyone able to pay the fare.

**Paratransit Program** - The Authority operates a "dial-a-ride" program for disabled persons pursuant to requirements of the Americans With Disability Act (ADA).

None of these operations generate sufficient fares, special contract, advertising and ticket concessions revenues to cover the operating expenses. Expenses incurred in excess of these revenues, interest and other revenues are reimbursed with grant funds. The programs are subsidized by the Metropolitan Transportation Commission, which is the regional coordinating agency for State of California Transportation Development Act grants and the United States Department of Transportation with Federal Transit Administration Grants.

Capital and planning grants are reimbursement based. Operating grants are advanced quarterly and/or monthly based on reserves; any grant funds received in excess of operating expenses, net of other revenues, must be returned to the grantor.

The following is a summary of significant accounting policies of the Authority, which conform with generally accepted accounting principles applicable to governments in the United States of America.

**B. Fund Accounting**

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts, which comprise its assets, liabilities, net assets, revenues and expenses.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized. The Authority is accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when they are incurred. The Authority follows Financial Accounting Standards Board Statements issued before November 30, 1989, which do not conflict with Governmental Accounting Boards Statements.

*Non-exchange transactions*, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**D. Basis of Presentation**

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The Authority reports the following major proprietary (enterprise) funds:

**Fixed Route Program** - The Authority operates buses, which follow fixed routes and times throughout the Authority's service area and are available to anyone able to pay the fare.

**Paratransit Program** - The Authority operates a "dial-a-ride" program for disabled persons pursuant to requirements of the Americans With Disability Act (ADA).

**E. Risk Management**

The Authority requires its operations contractor to provide general liability coverage and workers compensation coverage for its employees. The Authority also provides unemployment benefits to terminated employees in accordance with state law. The Authority has a commercial insurance policy for workers compensation coverage of its employees. The Authority has no deductible for this coverage.

On May 1, 2000, the Authority became a member of the California Transit Insurance Pool (CALTIP), a joint powers authority that provides annual general liability and physical damage coverage up to \$10,000,000 in the aggregate. The Authority has a \$25,000 deductible for general liability claims, a \$5,000 deductible for physical damage claims on vehicles valued over \$50,000 and a \$2,500 deductible for physical damage claims on vehicles with a value less than \$50,000.

CALTIP is governed by a board consisting of representatives from member municipalities. The board controls the operations of CALTIP, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The Authority's premiums are based upon the following factors: claims history, total payroll, the Authority's exposure, the results of an on-site underwriting inspection, total insurable values, and employee classification ratings. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating which generally occurs in the third year after the completion of the program year.

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Claims payable activity is presented below. The outstanding balance is expected to be paid within the next fiscal year.

	2010-2009	2009-2008
Balance, July 1	\$49,346	\$42,536
Net change in liability for claims and claims paid but not reported	222,571	66,382
Claims paid	(63,277)	(59,572)
Balance, June 30	\$208,640	\$49,346

Settlements have not exceeded insurance coverage in the past three years.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2010 consist of the following:

Local Agency Investment Fund	\$1,863,036
Cash in bank	530,086
Cash on hand	740
Total Cash and Investments	\$2,393,862

**A. *Investments Authorized by the Authority's Investment Policy***

The Authority's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF). The Authority's investment policy does not contain any specific provisions intended to limit the Authority's exposure to interest rate risk, credit risk, and concentration of credit risk.

**B. *Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal on demand, an is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2010 these investments matured in an average of 203 days.

The Authority adjusts the carrying value of its investments to reflect their fair market value at each fiscal year end, and it includes the effects of these adjustments in interest income for that fiscal year.

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**C. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**D. Concentration of Credit Risk**

The investment policy of the Authority contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code.

**NOTE 3 - INTERFUND TRANSACTIONS**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2010, the Fixed Route Program Fund was owed a total of \$51,818 by the Paratransit Program Fund.

**NOTE 4 - CAPITAL ASSETS**

Capital assets are recorded at cost and depreciated over their estimated useful lives. The Authority's policy is to capitalize all assets when costs exceed \$5,000. The purpose of depreciation is to spread the cost of capital assets over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

Depreciation of capital assets in service is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful lives as follows: Facilities - 30 years, Vehicles - 2-12 years, and Equipment - 5-10 years.



**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Capital assets comprised the following at June 30, 2010:

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Fixed Route:</b>					
Capital assets not being depreciated:					
Land	\$3,973,472				\$3,973,472
Construction in Progress	6,985,564	\$3,419,064		(\$625,818)	9,778,810
Total capital assets not being depreciated	<u>10,959,036</u>	<u>3,419,064</u>		<u>(625,818)</u>	<u>13,752,282</u>
Capital assets being depreciated:					
Vehicles	23,570,584	8,149,058	(\$2,133,686)	610,319	30,196,275
Facilities	7,870,590	609,272	(193,328)	8,347	8,294,881
Equipment	4,865,615	203,127	(73,147)	7,152	5,002,747
Total capital assets being depreciated	<u>36,306,789</u>	<u>8,961,457</u>	<u>(2,400,161)</u>	<u>625,818</u>	<u>43,493,903</u>
Less accumulated depreciation for:					
Vehicles	(14,040,032)	(2,349,279)	2,004,651		(14,384,660)
Facilities	(4,325,539)	(250,854)	85,632		(4,490,761)
Equipment	(2,989,475)	(588,955)	61,528		(3,516,902)
Total accumulated depreciation	<u>(21,355,046)</u>	<u>(3,189,088)</u>	<u>2,151,811</u>		<u>(22,392,323)</u>
Total depreciable assets	<u>14,951,743</u>	<u>5,772,369</u>	<u>(248,350)</u>	<u>625,818</u>	<u>21,101,580</u>
Capital assets, net	<u>\$25,910,779</u>	<u>\$9,191,433</u>	<u>(\$248,350)</u>		<u>\$34,853,862</u>
<b>Paratransit</b>					
Capital assets being depreciated:					
Facilities	\$40,452				\$40,452
Equipment	120,141				120,141
Vehicles	2,676,861		(\$101,399)		2,575,462
Total capital assets being depreciated	<u>2,837,454</u>		<u>(101,399)</u>		<u>2,736,055</u>
Less accumulated depreciation for:					
Facilities	(6,224)	(\$3,112)			(9,336)
Equipment	(35,901)	(22,400)			(58,301)
Vehicles	(1,436,093)	(285,351)	101,399		(1,620,045)
Total accumulated depreciation	<u>(1,478,218)</u>	<u>(310,863)</u>	<u>101,399</u>		<u>(1,687,682)</u>
Total depreciable assets	<u>1,359,236</u>	<u>(310,863)</u>			<u>1,048,373</u>
Capital assets, net	<u>\$1,359,236</u>	<u>(\$310,863)</u>			<u>\$1,048,373</u>
<b>Total</b>					
Land and Construction in Progress	<u>\$10,959,036</u>	<u>\$3,419,064</u>		<u>(\$625,818)</u>	<u>\$13,752,282</u>
Depreciable Assets:					
Cost	39,144,243	8,961,457	(\$2,501,560)	625,818	46,229,958
Less accumulated depreciation for:	(22,833,264)	(3,499,951)	2,253,210		(24,080,005)
Net	<u>16,310,979</u>	<u>\$5,461,506</u>	<u>(\$248,350)</u>	<u>\$625,818</u>	<u>22,149,953</u>
All Capital Assets, net	<u>\$27,270,015</u>				<u>\$35,902,235</u>

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 5 – OPERATING GRANTS**

Under the State Transportation Development Act (the Act), the Metropolitan Transportation Commission (MTC) allocates funds from the County Local Transportation Fund (LTF) based on the Authority’s available balance determined at the beginning of each fiscal year and the amount that the Authority requests through an annual claim process. At June 30, 2010, the MTC had unallocated balances not yet granted to the Authority, which are available to fund the Authority’s future operating and capital needs. These funds are retained, in accordance with the California Administrative Code, in the LTF at the County of Alameda based on terms and conditions determined by MTC. A summary of these unallocated balances as of June 30, 2010 follows:

Source	Unallocated Balances
Transportation Development Act Funds	\$6,528,856
State Transit Assistance Funds:	
Revenue Based Funds	201,728
Population Based Funds	1,226,941
Total Unallocated Local Transportation Funds	\$7,957,525

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 5 – OPERATING GRANTS (Continued)**

The Authority's operating needs are determined as set forth below, by adjusting operating losses for certain items and adding back grant funding. MTC allocates State Transit Assistance, Article 4.0 and Article 4.5 funds to cover remaining net operating expenses. Under the Act, Article 4.0 funds may be used to cover Fixed Route Program and Paratransit Program expenses; Article 4.5 funds may only be used to cover Paratransit Program expenses. Unexpended grant funds at June 30, 2010 are calculated as follows:

Fiscal 2010 unexpended funds:	<u>Fixed Route Program</u>	<u>Paratransit Program</u>	<u>Total</u>
Operating loss	(\$11,886,213)	(\$1,854,991)	(\$13,741,204)
Add back:			
Depreciation	3,189,088	310,863	3,499,951
Interest and miscellaneous	<u>29,314</u>	<u>                    </u>	<u>29,314</u>
Net operating expenses reimbursable by grants	<u>(8,667,811)</u>	<u>(1,544,128)</u>	<u>(10,211,939)</u>
Grants:			
County Measure B Grants	1,150,854	156,241	1,307,095
Federal Transportation Administration Operating Assistance	<u>1,993,716</u>	<u>617,519</u>	<u>2,611,235</u>
Net Operating Expenses reimbursable by LTF and STA funds	(5,523,241)	(770,368)	(6,293,609)
State Transit Assistance Receipts	817,396		817,396
LTF Receipts:			
Article 4.0	6,858,795	695,488	7,554,283
Article 4.5	<u>                    </u>	<u>74,880</u>	<u>74,880</u>
Due to LTF from fiscal 2010 unexpended funds	2,152,950		2,152,950
Due to LTF from fiscal 2009 unexpended funds	<u>954,427</u>	<u>                    </u>	<u>954,427</u>
Due to LTF	<u>\$3,107,377</u>	<u>                    </u>	<u>\$3,107,377</u>



**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 6 - PARATRANSIT OPERATING GRANT LIMITATIONS**

**A. General**

In addition to the calculations discussed in Note 5, two additional calculations for the Paratransit Program are required by MTC to determine eligibility and the amount, if any, that should be paid back to the County. The two calculations consist of a local match requirement of 10% and an eligibility requirement, as set forth below.

**B. Local Match Requirement**

Transit agencies are normally required to generate local revenues in excess of ten percent of operating expenses excluding depreciation. However the Transportation Development Act exempts LAVTA from this requirement.

**C. Maximum Article 4.5 and Measure B Eligibility**

Alameda County Measure B funds and Article 4.5 funds are limited to a maximum eligibility amount, which is calculated as follows:

	2010	2009
Operating expenses excluding depreciation	\$1,766,628	\$1,882,773
Less:		
Actual passenger fare revenues	(134,064)	(160,283)
Special contract revenue	(88,436)	(84,771)
Interest income		(2,514)
Taxi study expenses	(39,356)	(56,458)
Article 4.0 LTF revenues	(695,488)	(1,037,076)
Maximum eligibility	\$809,284	\$541,671

The amount, if any, due to Alameda County is computed as follows:

Maximum eligibility	\$809,284	\$541,671
Less:		
Article 4.5 LTF revenues	(74,880)	(89,467)
State Transit Assistance		(31,091)
FTA operating assistance	(617,519)	(295,734)
Local sales tax/Measure B funds	(116,885)	(125,379)
Deficit (surplus) of Measure B revenue over maximum eligibility	\$0	\$0

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2010**

**NOTE 6 - PARATRANSIT OPERATING GRANT LIMITATIONS (Continued)**

**D. Article 4.5 and STA funds to be Returned**

The amount due to LTF is the difference between maximum eligibility and the total of TDA Article 4.5 revenues, if the total is greater than maximum eligibility.

	2010	2009
Maximum eligibility computed above	\$809,284	\$541,671
Total TDA Article 4.5 revenues	\$74,880	\$89,467
Amount, if any, to be returned to LTF	\$0	\$0
Amount, if any, to be returned to Alameda County	\$0	\$0

State Transit Assistance received by the Authority amounted to \$817,396 during fiscal year 2009-2010, which was expended for operating expenses of the Fixed Route Program.

**NOTE 7 - CAPITAL GRANTS**

**A. Summary**

The Authority's capital transactions and unexpended grant funds at June 30, 2010 are calculated as follows:

	Fixed Route Program	Paratransit Program	Total
Capital costs:			
Capital asset additions	(\$12,380,540)		(\$12,380,540)
Funding sources:			
FTA Capital Assistance	\$10,009,505		\$10,009,505
Local Transportation Fund 4.0	2,030,479		2,030,479
State Bond Fund - Prop 1B	265,557		265,557
Bridge Tolls	74,999		74,999
Total Funding Sources	\$12,380,540		\$12,380,540

*Deferred Proceeds:* As of June 30, 2010, the Authority held proceeds from the sale of buses and insurance reimbursement proceeds received to reimburse the Authority for fire damage to a bus. These proceeds are to be used for future capital asset acquisition as instructed by the Federal Transit Administration. These funds have been deferred to reflect the commitment to fund the future asset acquisitions or in their absence the return of funds to the federal government.

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 7 - CAPITAL GRANTS (Continued)**

**B. Prop 1B (PTMISEA) Projects**

During fiscal year 2008, the Authority had established two PTMISEA Projects which are the Bus Stop Improvements and the Route 10 Bus Rapid Transit Project. The Bus Stop Improvements Project is to improve bus stops within a quarter mile of low or very low income housing or at important life support destinations such as medical facilities, public services transportation hubs employment sites and shopping center. The Route 10 Bus Rapid Transit Project is to assist the new Route 10 line to optimize the mobility of all residents within the Cities of Livermore and Dublin to the I-580 and I-680 corridors.

A summary of the Authority's outstanding Proposition 1B revenue and expenditures for the year ended June 30, 2010 are as follows:

Project Name	Grant Amount	Interest Earned		Expended in Fiscal		Deferred Revenue
		Prior Years	2009-10	2008-09	2009-10	
<b>PTMISEA PROGRAMS:</b>						
Bus Stop Improvements	\$100,000	\$1,860	\$5	\$96,050	\$5,815	
Route 10 Bus Rapid Transit Project						
FY 2007-08 Allocations	696,915	16,942		713,857		
FY 2009-10 Allocations	392,593		1,735		259,742	\$134,586
<b>OTHER PROGRAMS:</b>						
Security	26,768	502	161	2,739		24,692
<b>Total</b>	<b>\$1,216,276</b>	<b>\$19,304</b>	<b>\$1,901</b>	<b>\$812,646</b>	<b>\$265,557</b>	<b>\$159,278</b>

**NOTE 8 – NET ASSETS**

Net Assets is the excess of all the Authority's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions and apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets*, net of related debt describes the portion of Net Assets which is represented by the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 9 - PENSION PLAN**

Substantially all of the Authority's employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer cost sharing pool, defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefit provisions under the Plan are established by State statute and Authority resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the Authority must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2010, are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	1.426% - 2.418%
Required employee contribution rates	7%
Required employer contribution rates	11.070%

The Authority's personnel policy requires it to pay employee contributions as well as its own.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Authority's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The Authority uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2010, 2009 and 2008 amounted to \$166,985, \$169,376 and \$186,782, respectively.

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 9 - PENSION PLAN (Continued)**

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation rate at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by new State law, effective July 1, 2005, the Authority's Miscellaneous Plan was terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the District true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The Authority satisfied its Miscellaneous Plan's unfunded liability by agreeing to contribute to the Side Fund through an addition to its normal contribution rates. The Authority paid off the unfunded liability of \$210,884 on June 6, 2008 and there is no outstanding liability as of June 30, 2010.

CALPERS latest available actuarial value (which differs from market value) and funding progress for the State-wide pool are set forth below at their actuarial valuation date of June 30, 2008.

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2006	2,754,396,608	2,492,226,176	262,170,432	90.5%	699,897,835	37.5%
2007	2,611,746,790	2,391,434,447	220,312,343	91.6%	665,522,859	33.1%
2008	2,780,280,768	2,547,323,278	232,957,490	91.6%	688,606,681	33.8%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**NOTE 10 – DEFERRED COMPENSATION PLAN**

The Authority employees may defer a portion of their compensation under an Authority sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Authority's property and are not subject to Authority control, they have been excluded from these financial statements.

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 11 – RETIREE MEDICAL BENEFITS**

*A. Summary*

The Authority provides postretirement health care benefits to full time employees who retire directly from the Authority after attaining the age of 50 with 5 years of service. As of June 30, 2010 there were 6 participants receiving these health care benefits.

During fiscal year 2010, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior year's financial statements. Required disclosures are presented below.

In anticipation of implementing the provisions of GASB Statement No. 45, as of June 30, 2010, the Authority joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans. This trust is not considered a component unit of the Authority and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

In order to qualify for postemployment medical benefits, an employee must retire from the Authority and maintain enrollment in one of Authority's eligible health plans. The Authority pays 100% of the medical premium for each employee or retiree and his or her family members (including survivors, if covered at the time of the employees death) up to a maximum of the premium for the highest cost HMO.

*B. Funding Policy and Actuarial Assumptions*

The Authority's policy, according to Resolution 17-2010, is to fund the Annual Required Contribution (ARC) of these benefits by accumulating assets with CERBT discussed above pursuant to the Authority's annual budget approved by Board. The annual required contribution (ARC) was determined as part of a July 1, 2009 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment rate of return, (b) 3.25% projected annual salary increase, and (c) health care cost trend rates ranging from 4% to 9% for medical benefits. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least tri-ennially as results are compared to past expectations and new estimates are made about the future. The Authority's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis.



**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 11 – RETIREE MEDICAL BENEFITS (Continued)**

**C. Funding Progress and Funded Status**

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2010, the Authority calculated and recorded the Net OPEB Obligation, representing the difference between the ARC, amortization and contributions, as presented below:

Annual required contribution	\$126,907
Annual OPEB cost	126,907
Contributions made:	
Authority's portion of current year premiums paid	44,090
Contributions to the trust	77,034
Total contributions	121,124
Contributions more than the ARC	(5,783)
(Decrease) increase in net OPEB obligations	(5,783)
Net OPEB Obligation June 30, 2009	_____
<b>Net OPEB Obligation June 30, 2010</b>	<b>(5,783)</b>

The Plan's annual require contributions and actual contributions for the year ended June 30, 2010 are set forth below:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2010	\$126,907	\$121,124	95%	(\$5,783)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2009 actuarial study is presented below:

Valuation Date	Value of Assets	Actuarial Accrued Liability	Overfunded (Underfunded) Accrued Liability	Funded Ratio	Covered Payroll	(Underfunded) Actuarial Liability as Percentage of Covered Payroll
7/1/2009	\$0	\$921,629	(\$921,629)	0%	\$877,589	-105%

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 12 - CONTINGENT LIABILITIES**

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority's legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of the Authority.

The Authority participates in Federal and State grant programs. These programs have been audited by the Authority's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1986 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

**NOTE 13 - MAJOR CONTRACTOR**

The Authority has an agreement dated July 1, 2007 inclusive with a Contractor, (MV Transportation Inc.) which requires MV Transportation Inc. to operate and maintain the fixed route and paratransit programs. The contract terms end on June 30, 2010 with an option to extend for up to four additional one-year terms. MV Transportation Inc. is paid monthly based on a fixed fee plus a fee calculated at a mileage rate multiplied by the number of total vehicle miles. Expenses incurred under this contract amounted to \$8,772,348 for the fiscal year ended June 30, 2010.

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
SCHEDULE OF OPERATING REVENUES AND EXPENSES BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2010  
WITH COMPARATIVE TOTALS FOR THE YEAR OF JUNE 30, 2009

	Fixed Route	Paratransit	Totals	
			2010	2009
<b>REVENUES</b>				
Fares	\$1,878,859	\$134,064	\$2,012,923	\$2,209,718
Special contract revenue	239,944	88,436	328,380	354,219
Advertising	327,377		327,377	336,458
Interest and miscellaneous	29,314		29,314	18,683
Local Transportation Funds 4.0	4,705,845	695,488	5,401,333	6,665,345
Local Transportation Funds 4.5		74,880	74,880	89,467
State Transit Assistance	817,396		817,396	1,901,482
FTA operating assistance	1,993,716	617,519	2,611,235	2,038,314
Local sales tax/Measure B funds - allocations	621,907	116,885	738,792	792,481
Local sales tax/Measure B funds - Taxi study	528,947	39,356	568,303	139,370
Bridge tolls				101,500
<b>Total Revenues</b>	<b>\$11,143,305</b>	<b>\$1,766,628</b>	<b>\$12,909,933</b>	<b>\$14,647,037</b>
<b>EXPENSES</b>				
Labor	881,361	101,127	\$982,488	\$1,010,704
Fringe benefits	567,775	61,927	629,702	738,655
Services	223,030	19,594	242,624	276,768
Purchased transportation	7,399,414	1,282,712	8,682,126	9,885,458
Fuel, parts, supplies and other operation costs	1,578,254	215,301	1,793,555	2,227,451
Insurance	374,555	85,967	460,522	462,001
Administration and legal	118,916		118,916	46,000
Depreciation	3,189,088	310,863	3,499,951	3,090,734
<b>Total Expenses</b>	<b>\$14,332,393</b>	<b>\$2,077,491</b>	<b>\$16,409,884</b>	<b>\$17,737,771</b>

# 3

## Statistical Section



## STATISTICAL SECTION

This part of the Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the Authority's financial performance and well being have changed over time:

1. Changes in Net Assets & Net Assets by Component
2. Operating Revenues by Source
3. Operating Expenses by Function

### ***Revenue Capacity & Demographic and Economic Information***

***Revenue Capacity*** -These schedules contain information to help the reader assess the Authority's most significant local revenue source, fare box revenues.

***Demographic and Economic Information*** - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Since the Authority analyzes its primary "own source" revenues using demographic data from its ridership, data for the above two sections have been combined for the reader.

1. Fixed Route Service Operating Data
2. Fixed Route Operating Statistics
3. Fixed Route Safety Statistics
4. Paratransit Services-Operating Data
5. Paratransit Operating Statistics
6. Percent of On-time Departures
7. Demographic and Economic Statistics
8. Principal Employers

### ***Debt Capacity***

The Authority has not issued any long term debt since its formation.

### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs:

1. Full-Time Equivalent Authority Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Authority implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

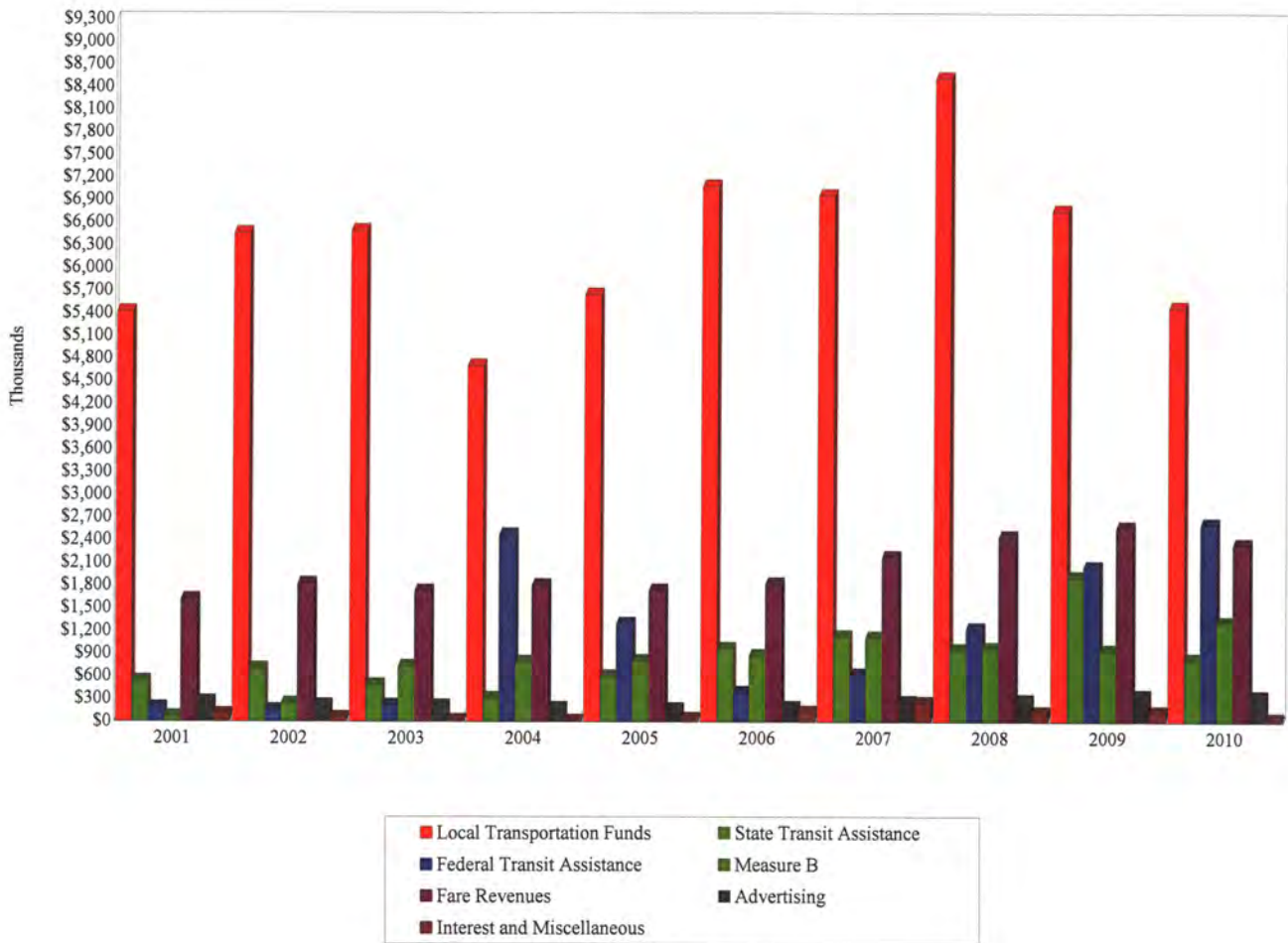
**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**  
**Financial Trends**  
**Changes in Net Assets and Statement of Net Assets**  
**Last Seven Fiscal Years**

	Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
<b>Operating Revenues:</b>							
Fare Revenue & Special Contract Revenue	\$1,798,519	\$1,730,775	\$1,818,670	\$2,171,707	\$2,439,990	\$2,563,937	\$2,341,303
Advertising & Ticket Concessions	176,550	165,748	185,066	255,715	272,348	336,458	327,377
<b>Total Operating Revenues</b>	<b>1,975,069</b>	<b>1,896,523</b>	<b>2,003,736</b>	<b>2,427,422</b>	<b>2,712,338</b>	<b>2,900,395</b>	<b>2,668,680</b>
<b>Operating Expenses:</b>							
Board of Directors	63,044	65,585	14,166	16,604	15,526	24,922	10,670
General Manager	142,161	176,409	190,979	204,540	203,844	236,926	238,527
Administrative Services	767,569	660,188	702,453	816,202	1,280,040	1,573,255	1,382,776
Planning	305,121	272,449	127,899	522,690	453,048	490,632	489,442
Marketing	199,362	279,531	350,464	424,933	462,340	399,096	432,056
Operations	8,757,895	8,800,844	10,032,115	10,483,366	12,052,937	11,922,206	10,356,462
Depreciation	1,486,657	2,408,131	2,852,254	2,992,874	3,173,773	3,090,734	3,499,951
<b>Total Operating Expenses</b>	<b>11,721,809</b>	<b>12,663,137</b>	<b>14,270,330</b>	<b>15,461,209</b>	<b>17,641,508</b>	<b>17,737,771</b>	<b>16,409,884</b>
<b>Operating loss</b>	<b>(9,746,740)</b>	<b>(10,766,614)</b>	<b>(12,266,594)</b>	<b>(13,033,787)</b>	<b>(14,929,170)</b>	<b>(14,837,376)</b>	<b>(13,741,204)</b>
<b>Nonoperating Revenues (Expenses):</b>							
Local Transportation Funds	4,702,542	5,642,370	7,083,016	6,962,330	8,516,655	6,754,812	5,476,213
State Transit Assistance	302,314	595,400	961,000	1,118,182	942,300	1,901,482	817,396
Federal Transit Assistance	2,468,142	1,289,211	381,354	614,146	1,220,064	2,038,314	2,611,235
Measure B	783,987	796,358	866,334	1,102,162	961,815	931,851	1,307,095
Bridge tolls			58,000	100,000	101,500	101,500	
Interest and Miscellaneous	3,097	35,143	64,636	144,093	13,063	18,683	29,314
Loss on disposal of capital assets	(380,523)	(156,330)	(12,950)	(90,178)	(91,593)	(177,346)	(248,369)
<b>Total Nonoperating Revenues</b>	<b>7,879,559</b>	<b>8,202,152</b>	<b>9,401,390</b>	<b>9,950,735</b>	<b>11,663,804</b>	<b>11,569,296</b>	<b>9,992,884</b>
<b>Add Capital contributions (grants)</b>							
STP/CMAQ Grant	10,872,374	30,883					
FTA Capital Assistance	791,050		1,075,862	2,988,881	2,732,848	698,618	10,009,505
Local Transportation Funds 4.0	683,445	424,798	241,507	1,552,536	1,071,421	522,895	2,030,479
AVL State	2,367,115	22,872					
Bridge Tolls		7,050	183,897	702,124		621,139	74,999
Local Sales / Measure B						109,200	
State Bond Fund - Prop 1B						812,646	265,557
STIP			66,252		1,500,000		
City of Livermore Park and Ride Facility	(742,644)						
<b>Total Capital Contributions</b>	<b>13,971,340</b>	<b>485,603</b>	<b>1,567,518</b>	<b>5,243,541</b>	<b>5,304,269</b>	<b>2,764,498</b>	<b>12,380,540</b>
<b>Change in net assets</b>	<b>12,104,159</b>	<b>(2,078,859)</b>	<b>(1,297,686)</b>	<b>2,160,489</b>	<b>2,038,903</b>	<b>(503,582)</b>	<b>8,632,220</b>
<b>Net assets - beginning of period</b>	<b>14,846,591</b>	<b>26,950,750</b>	<b>24,871,891</b>	<b>23,574,205</b>	<b>25,734,694</b>	<b>27,773,597</b>	<b>27,270,015</b>
<b>Net assets - end of period</b>	<b>\$26,950,750</b>	<b>\$24,871,891</b>	<b>\$23,574,205</b>	<b>\$25,734,694</b>	<b>\$27,773,597</b>	<b>\$27,270,015</b>	<b>\$35,902,235</b>
<b>Statement of Net Assets</b>							
Invested in capital assets, net of related debt service	\$26,950,750	\$24,871,891	\$23,574,205	\$25,734,694	\$27,773,597	\$27,270,015	\$35,902,235

Source: LAVTA's basic financial statements.



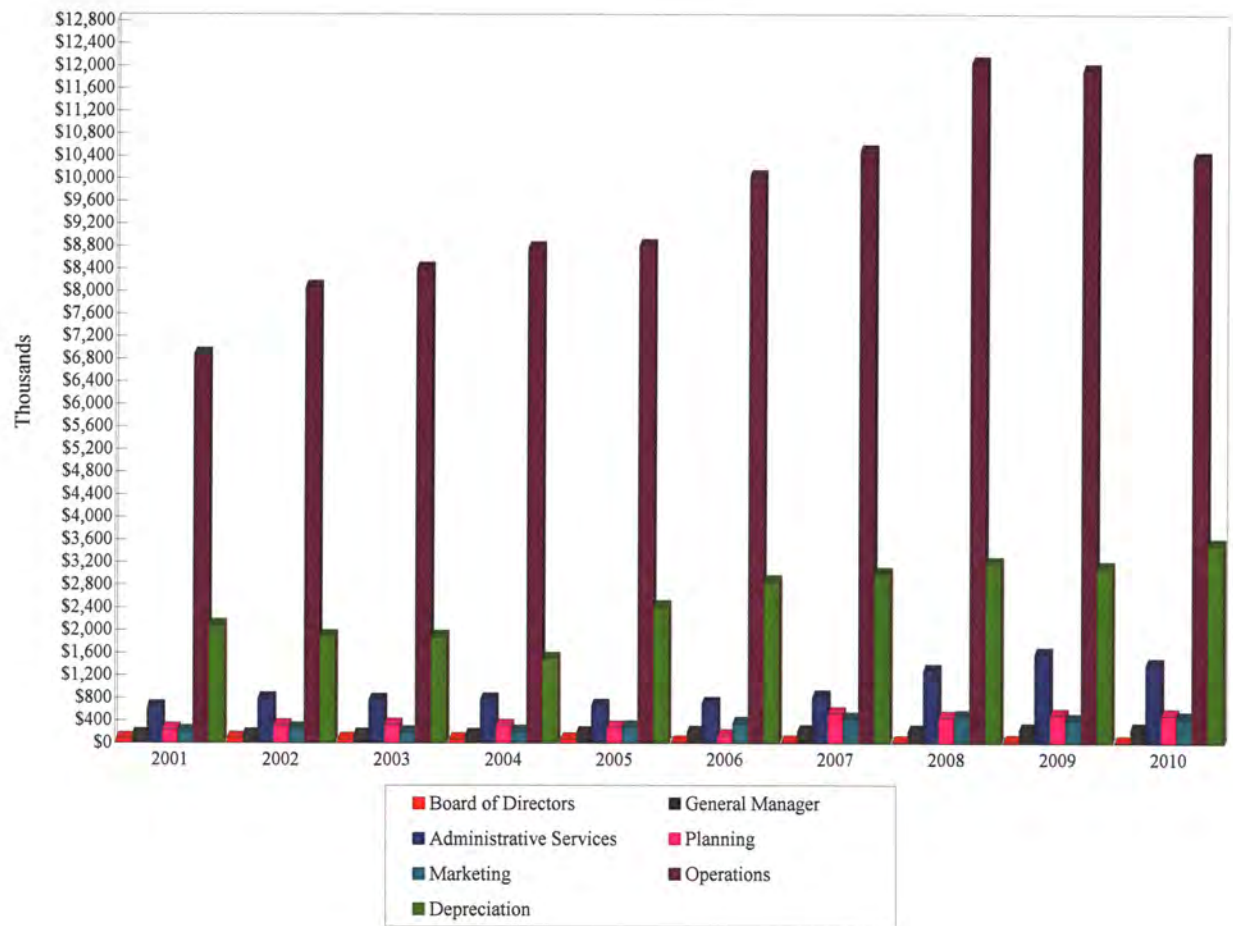
**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
OPERATING REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**



Fiscal Year	Local Transportation Funds	State Transit Assistance	Federal Transit Assistance	Measure B	Fare Revenues & Special Contract Revenue	Advertising & Ticket Concessions	Interest and Miscellaneous	Total
2001	\$5,417,019	\$530,901	\$179,229	\$57,812	\$1,610,507	\$262,131	\$94,876	\$8,152,475
2002	6,455,527	693,519	145,686	232,608	1,818,765	214,730	48,603	9,609,438
2003	6,490,560	479,960	210,902	724,659	1,722,791	208,553	13,977	9,851,402
2004	4,702,542	302,314	2,468,142	783,987	1,798,519	176,550	3,097	10,235,151
2005	5,642,370	595,400	1,289,211	796,358	1,730,775	165,748	35,143	10,255,005
2006	7,083,016	961,000	381,354	866,334	1,818,670	185,066	122,636	11,418,076
2007	6,962,330	1,118,182	614,146	1,102,162	2,171,707	255,715	244,093	12,468,335
2008	8,516,655	942,300	1,220,064	961,815	2,439,990	272,348	114,563	14,467,735
2009	6,754,812	1,901,482	2,038,314	931,851	2,563,937	336,458	120,183	14,647,037
2010	5,476,213	817,396	2,611,235	1,307,095	2,341,303	327,377	29,314	12,909,933

Source: Livermore/Amador Valley Transit Authority Audit Reports

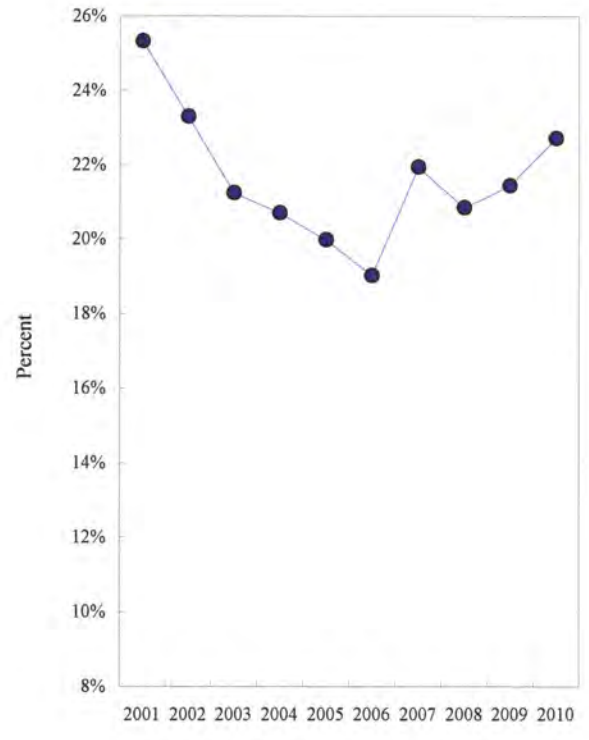
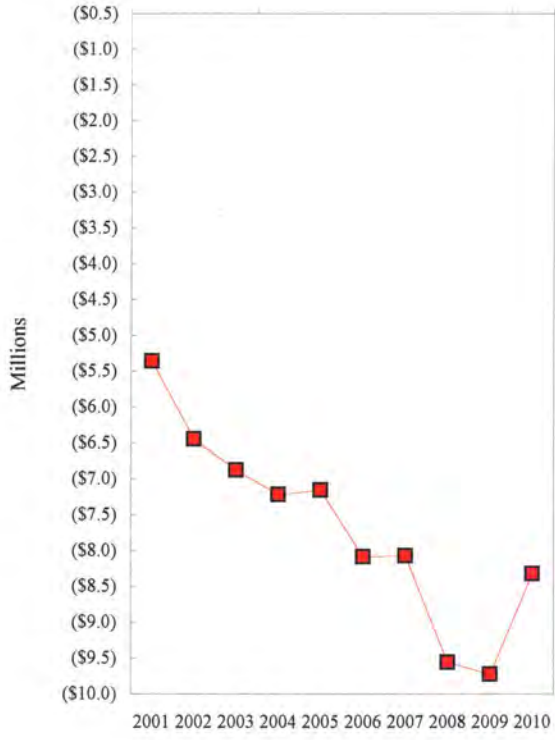
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
OPERATING EXPENSES BY FUNCTION  
LAST TEN FISCAL YEARS



Fiscal Year	Board of Directors	General Manager	Administrative Services	Planning	Marketing	Operations	Depreciation	Total
2001	\$71,032	\$141,997	\$629,398	\$238,820	\$194,859	\$6,876,369	\$2,073,196	\$10,225,671
2002	77,399	143,432	776,597	301,000	247,375	8,063,635	1,881,662	11,491,100
2003	62,300	141,539	756,146	317,398	181,472	8,392,547	1,871,252	11,722,654
2004	63,044	142,161	767,569	305,121	199,362	8,757,895	1,486,657	11,721,809
2005	65,585	176,409	660,188	272,449	279,531	8,800,844	2,408,131	12,663,137
2006	14,166	190,979	702,453	127,899	350,464	10,032,115	2,852,254	14,270,330
2007	16,604	204,540	816,202	522,690	424,933	10,483,366	2,992,874	15,461,209
2008	15,526	203,844	1,280,040	453,048	462,340	12,052,937	3,173,773	17,641,508
2009	24,922	236,926	1,573,255	490,632	399,096	11,922,206	3,090,734	17,737,771
2010	10,670	238,527	1,382,776	489,442	432,056	10,356,462	3,499,951	16,409,884

Source: Livermore/Amador Valley Transit Authority Audit Reports

**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
FIXED ROUTE SERVICE-OPERATING DATA  
LAST TEN FISCAL YEARS**



—■— Operating Losses

—●— Farebox Recovery Ratio

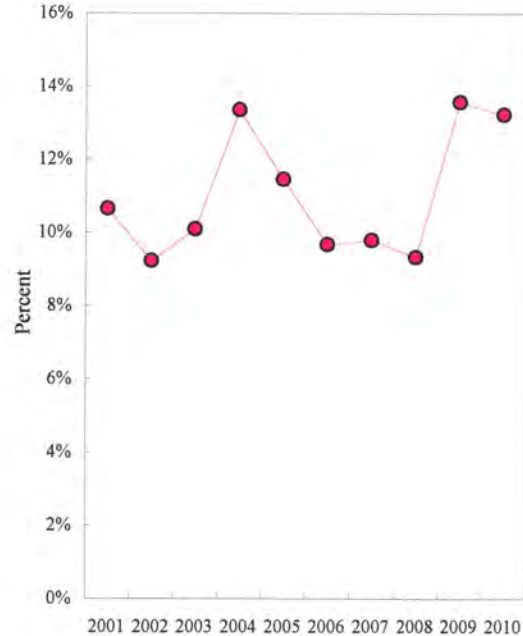
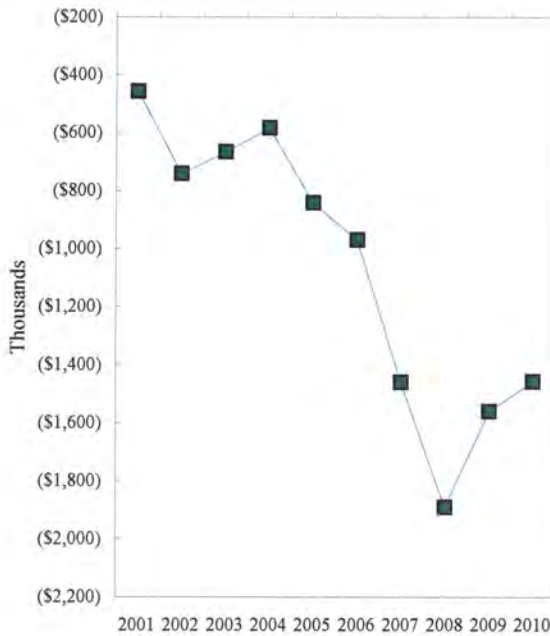
Fiscal Year	Operating Expenses Excluding Insurance and Depreciation	Fare & Auxiliary Transportation Revenues	Operating Loss Before Insurance and Depreciation	Farebox Recovery Ratio
2001	\$7,177,651	\$1,818,063	(\$5,359,588)	25.3%
2002	8,403,068	1,958,218	(6,444,850)	23.3%
2003	8,737,747	1,856,536	(6,881,211)	21.2%
2004	9,103,569	1,885,093	(7,218,476)	20.7%
2005	8,945,946	1,787,615	(7,158,331)	20.0%
2006	9,985,794	1,899,860	(8,085,934)	19.0%
2007	10,340,040	2,268,995	(8,071,045)	21.9%
2008	12,074,017	2,517,855	(9,556,162)	20.9%
2009	12,379,790	2,655,341	(9,724,449)	21.4%
2010	10,768,750	2,446,180	(8,322,570)	22.7%

Source: Livermore/Amador Valley Transit Authority Audit Reports

Note: Fare & Auxiliary Transportation Revenues includes Fare Revenues, Special Contract Revenues, Advertising and Ticket Concession Revenues.



LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
 PARATRANSIT SERVICES-OPERATING DATA  
 LAST TEN FISCAL YEARS



■ Operating Losses

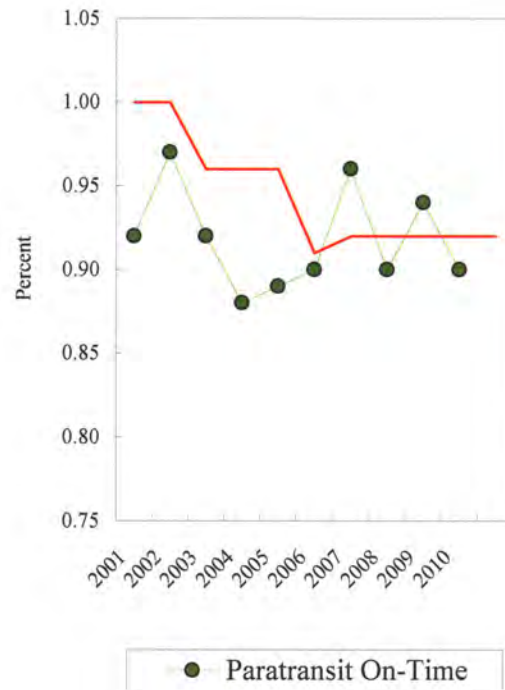
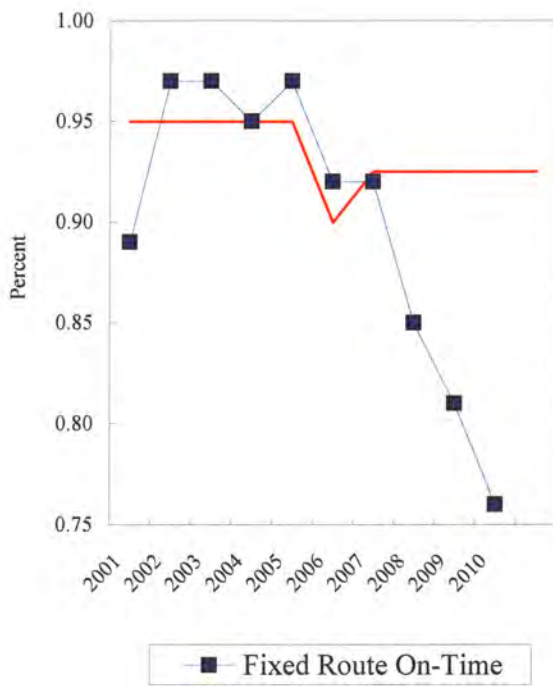
● Farebox Recovery Ratio

Fiscal Year	Operating Expenses Excluding Insurance and Depreciation	Fare & Auxiliary Transportation Revenues	Operating Loss Before Insurance and Depreciation	Farebox Recovery Ratio
2001	\$512,105	\$54,576	(\$457,529)	10.7%
2002	815,923	75,277	(740,646)	9.2%
2003	741,022	74,808	(666,214)	10.1%
2004	673,602	89,976	(583,626)	13.4%
2005	950,426	108,908	(841,518)	11.5%
2006	1,074,075	103,876	(970,199)	9.7%
2007	1,618,198	158,427	(1,459,771)	9.8%
2008	2,084,737	194,483	(1,890,254)	9.3%
2009	1,805,246	245,054	(1,560,192)	13.6%
2010	1,680,661	222,500	(1,458,161)	13.2%

Source: Livermore/Amador Valley Transit Authority

Note: Fare & Auxiliary Transportation Revenues includes Fare Revenues, Special Contract Revenues, Advertising and Ticket Concession Revenues

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
 PERCENT OF ON-TIME DEPARTURES  
 LAST TEN FISCAL YEARS

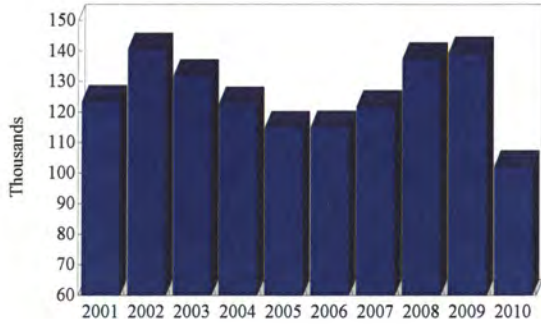


Fiscal Year	Fixed Route		Paratransit	
	On-Time Departure	Goal	On-Time Departure	Goal
2001	0.89	0.95	0.92	1.00
2002	0.97	0.95	0.97	1.00
2003	0.97	0.95	0.92	0.96
2004	0.95	0.95	0.88	0.96
2005	0.97	0.95	0.89	0.96
2006	0.92	0.90-0.95	0.90	0.91-0.93
2007	0.92	0.90-0.95	0.96	0.91-0.93
2008	0.85	0.90-0.95	0.90	0.91-0.93
2009	0.81	0.90-0.95	0.94	0.91-0.93
2010	0.76	0.87-0.83	0.90	0.91-0.93

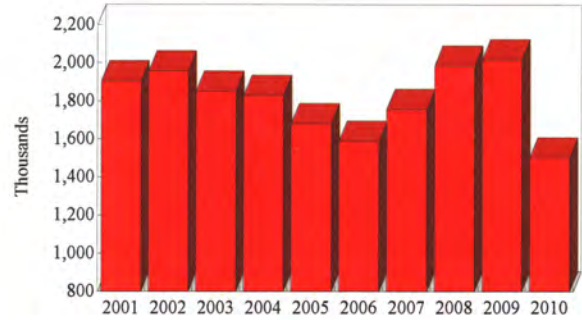
Source: Livermore/Amador Valley Transit Authority Short Range Transit Plans or Contractor Service Quality Standards Index

Note: Charts include all available data

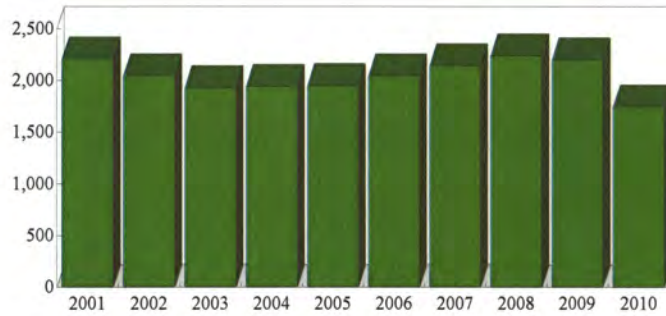
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
FIXED ROUTE OPERATING STATISTICS  
LAST TEN FISCAL YEARS



■ Revenue Hours



■ Revenue Miles



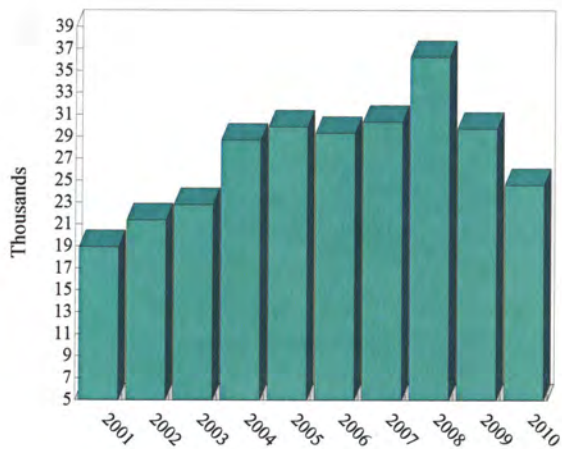
■ Passengers

<u>Fiscal Year</u>	<u>Revenue Hours</u>	<u>Revenue Miles</u>	<u>Passengers</u>
2001	123,369	1,903,792	2,201,525
2002	140,591	1,956,116	2,036,707
2003	131,855	1,849,844	1,921,891
2004	122,909	1,827,613	1,936,206
2005	114,885	1,680,240	1,943,310
2006	115,044	1,587,613	2,036,955
2007	121,686	1,756,274	2,136,005
2008	137,452	1,983,822	2,234,210
2009	139,304	2,017,218	2,194,898
2010	102,047	1,500,165	1,740,297

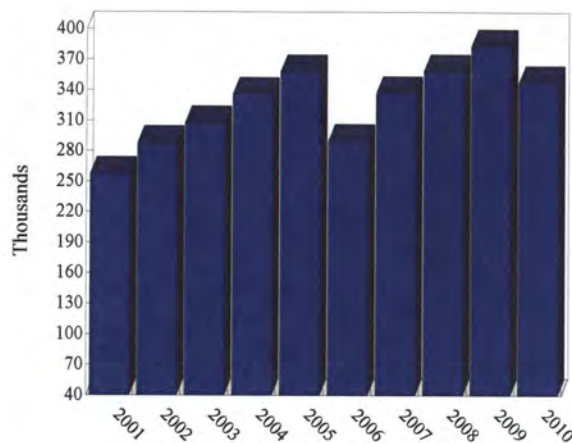
Source: National Transit Database Report (Formerly Section 15)



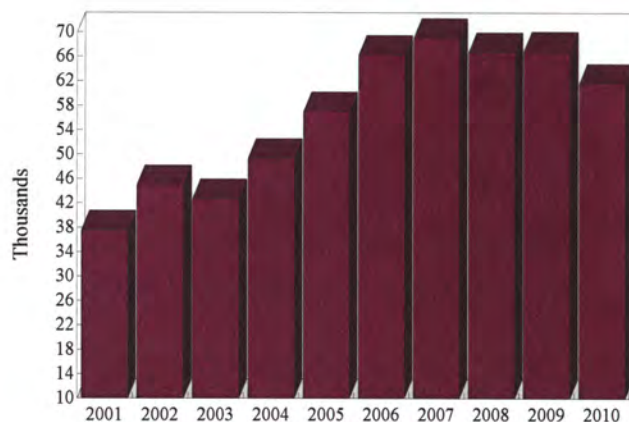
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
 PARATRANSIT OPERATING STATISTICS  
 LAST TEN FISCAL YEARS



■ Revenue Hours



■ Revenue Miles

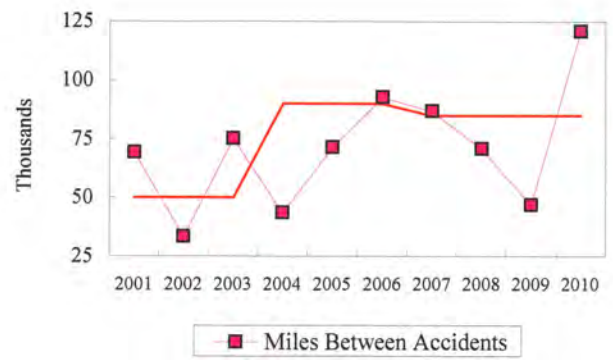
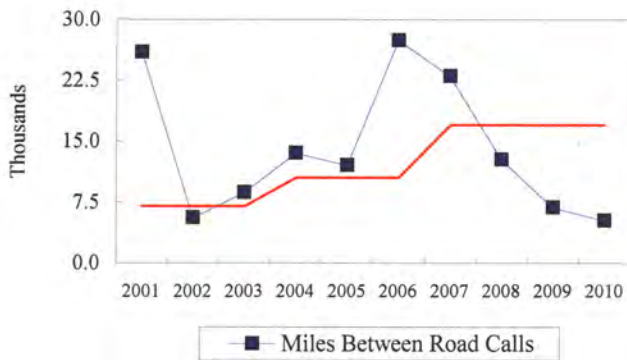


■ Passengers

Fiscal Year	Revenue Hours	Revenue Miles	Passengers
2001	18,910	257,382	37,519
2002	21,351	287,640	44,912
2003	22,754	307,066	42,630
2004	28,634	335,554	49,283
2005	29,859	357,744	56,934
2006	29,294	289,595	66,198
2007	30,311	336,835	69,016
2008	36,224	358,386	66,714
2009	29,689	383,051	66,870
2010	24,551	347,357	61,619

Source: National Transit Database Report (Formerly Section 15)

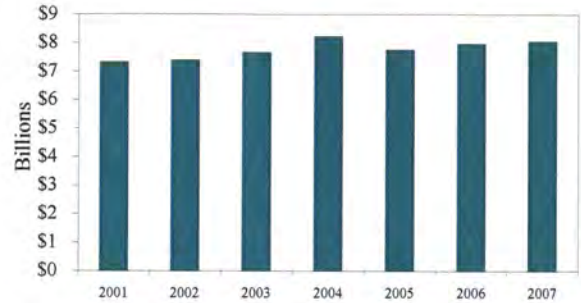
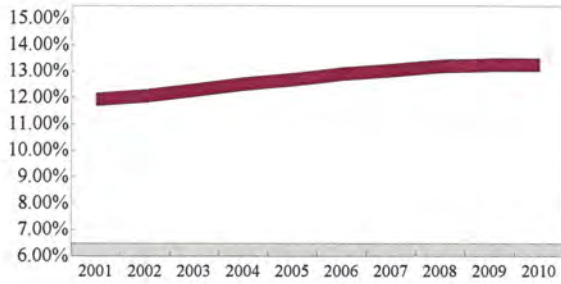
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
FIXED ROUTE SAFETY STATISTICS  
LAST TEN FISCAL YEARS



Fiscal Year	Miles Between Road Calls	Goal	Miles Between Accidents	Goal	Injuries/Boardings	Goal
	2001	25,985	7,000	69,227	50,000	3/2,201,525
2002	5,589	7,000	33,359	50,000	1/2,036,707	0.00001
2003	8,691	10,500	75,058	90,000	2/1,921,891	0.00001
2004	13,540	10,500	43,515	90,000	3/1,936,206	0.00001
2005	12,041	10,500	71,355	90,000	2/1,944,493	0.00001
2006	27,459	17,000-20,000	92,804	85,000-100,000	0/2,036,955	N/A
2007	23,020	17,000-20,000	86,964	85,000-100,000	3/2,136,005	N/A
2008	12,750	17,000-20,000	70,850	85,000-100,000	3/2,234,210	N/A
2009	6,861	17,000-20,000	46,912	85,000-100,000	2/2,194,898	N/A
2010	5,233	17,000-20,000	120,982	85,000-100,000	3/1,740,297	N/A

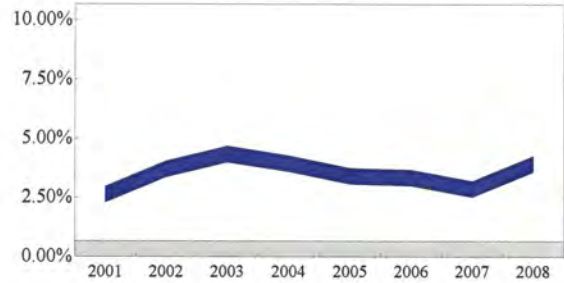
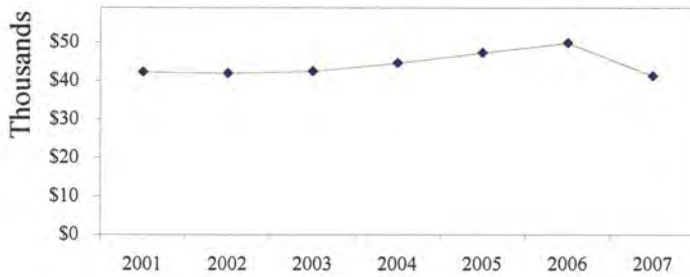
Source: Livermore/Amador Valley Transit Authority Short Range Transit Plans Contractor Service Quality Standards Index and NTD Safety and Security Report

**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST NINE FISCAL YEARS**



■ City Population as a % of County Population

■ Total Personal Income



◆ Per Capita Personal Income

■ Unemployment Rate (%)

Fiscal Year	Authority Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Alameda County Population	Authority Population % of County
2001	172,924	\$7,322,735,440	\$42,347	2.30%	1,479,100	11.69%
2002	175,911	7,384,141,273	41,977	3.37%	1,486,550	11.83%
2003	180,333	7,667,300,042	42,517	4.00%	1,496,200	12.05%
2004	183,979	8,224,446,000	44,703	3.60%	1,498,125	12.28%
2005	187,580	7,754,101,000	47,294	3.07%	1,507,500	12.44%
2006	191,223	7,968,503,116	49,908	3.00%	1,510,303	12.66%
2007	194,805	8,057,049,255	41,360	2.53%	1,522,597	12.79%
2008	199,926	info not avail	info not avail	3.60%	1,543,000	12.96%
2009	202,428	info not avail	info not avail	info not avail	1,556,657	13.00%
2010	202,568	info not avail	info not avail	info not avail	1,557,749	13.00%

Source: California State Department of Finance  
City and County CAFRS  
Note: All available data has been included.

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY  
 PRINCIPAL EMPLOYERS  
 Current Fiscal Year

<u>Employer</u>	<u>2009-10</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Authority Population</u>
Lawrence Livermore National Lab	6,400	1	3.2%
Safeway, Inc.	3,200	2	1.6%
Kaiser Permanente	2,155	3	1.1%
U.S. Government	2,100	4	1.0%
Oracle	1,500	5	0.7%
Pleasanton Unified School District	1,270	6	0.6%
Form Factor, Inc.	1,088	7	0.5%
Robert Half International	1,000	8	0.5%
Comcast	863	9	0.4%
Valley Medical Care	850	10	0.4%
Subtotal	<u>20,426</u>		<u>10.1%</u>
Total Authority Population	<u>202,568</u>		

Source: City of Dublin, City of Livermore, City of Pleasanton CAFRs

**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY**  
**Full-Time Equivalent Authority Employees by Function**  
**Last Ten Fiscal Years**

	Adopted for Fiscal Year Ended June 30,				
	2001	2002	2003	2004	2005
<b>Function</b>					
Executive Director	1.00	1.00	1.00	1.00	1.00
Administrative Services	5.00	5.00	5.00	3.00	3.00
Planning	3.00	3.00	4.00	1.00	1.00
Marketing	1.00	1.00	1.00	1.50	1.50
Operations	2.00	2.00	2.00	1.50	2.50
<b>Total</b>	<u>12.00</u>	<u>12.00</u>	<u>13.00</u>	<u>8.00</u>	<u>9.00</u>

	Adopted for Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
<b>Function</b>					
Executive Director	1.00	1.00	1.00	1.00	1.00
Administrative Services	4.00	4.00	7.00	7.00	8.00
Planning	1.00	2.00	4.00	5.00	5.00
Marketing	2.00	2.00	2.00	2.00	2.00
Operations	2.00	2.00	0.00	0.00	0.00
<b>Total</b>	<u>10.00</u>	<u>11.00</u>	<u>14.00</u>	<u>15.00</u>	<u>16.00</u>

Source: Livermore/Amador Valley Transit Authority

**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Fixed Route</b>					
Total Vehicles	67	75	75	75	74*
Average Fleet Age	10.21	11.21	11.10	8.82	6.37
Vehicles Operated In Maximum Service	50	60	54	49	44
<b>Paratransit</b>					
Total Vehicles	18	18	18	18	18
Average Fleet Age	3.7	4.7	5.00	5.17	6.17
Vehicles Operated In Maximum Service	10	10	10	12	15
<b>Shared Stations Maintenance Facilities</b>	2	2	2	2	2

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Fixed Route</b>					
Total Vehicles	74*	74	64**	65	59
Average Fleet Age	7.2	8.20	8.00	8.42	7.97
Vehicles Operated In Maximum Service	44	45	47	48	46
<b>Paratransit</b>					
Total Vehicles	18	27	24	21	18
Average Fleet Age	7	n/a	3.87	4.43	4.33
Vehicles Operated In Maximum Service	16	17	18	14	12
<b>Shared Stations Maintenance Facilities</b>	2	2	2	3	3

\*Six vehicles on loan/leased to other agencies.  
\*\* Four vehicles on loan/leased to other agencies

Source: Livermore/Amador Valley Transit Authority  
Note: n/a denotes information is not available.



**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended JUNE 30, 2010**

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Type of auditor’s report issued on compliance for major programs: Unqualified

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.500 & 20.507 (Cluster Program)	Federal Transit – Capital Investment Grants And Formula Grants (Urbanized Area Formula Grants)

Dollar threshold used to distinguish between type A and type B programs: \$378,390

Auditee qualified as low-risk auditee?   X   Yes        No

## **SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

## **SECTION III - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – Prepared by Management**

### **Financial Statement Prior Year Findings**

There were no prior year Financial Statement Findings reported.

### **Federal Award Prior Year Findings and Questioned Costs**

There were no prior year Federal Award Findings and Questioned Costs reported.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
Federal Transit Cluster			
U.S. Department of Transportation			
Federal Transit Administration			
Capital & Operating Grants	20.507		
Paratransit Operating Assistance		CA-90-Y738-00	\$291,964
Preventative Maintenance		CA-90-Y738-00	239,499
ARRA Paratransit Operating Assistance		CA-96-X024-00	300,222
ARRA Preventative Maintenance		CA-96-X024-00	<u>1,678,997</u>
Subtotal Department of Transportation Capital & Operating Direct Programs	20.507		<u>2,510,682</u>
Department of Transportation Pass-Through Programs From:			
(Passed through CalTrans)			
Capital & Operating Grants	20.507		
JARC Program Travel Training		CA-37-X069-03	15,784
New Freedom Program Travel Training		CA-57-X001	9,549
JARC Route 14		CA-37-X069-03	<u>67,494</u>
Subtotal Department of Transportation Pass-Through Programs	20.507		<u>92,827</u>
Total Capital & Operating Grants			<u>2,603,509</u>
Paratransit Fixed Route Capital Grants	20.500		
BRT		CA-03-0801-00	2,804,151
ARRA - Facility Rehab		CA-96-X024-00	835,078
Satellite Facility		CA-04-0017-01	11,022
Signage		CA-90-Y200	7,458
12 Hybrids		CA-90-Y402-00	5,781,300
4 Hybrids		CA-90-Y354-00	<u>570,496</u>
Subtotal Department of Transportation Direct Fixed Route Capital Programs	20.500		<u>10,009,505</u>
Total Paratransit Fixed Route Capital Grants			<u>10,009,505</u>
Total Federal Transit Cluster			<u>12,613,014</u>
Total Expenditures of Federal Awards			<u><u>\$12,613,014</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2010**

**NOTE 1-REPORTING ENTITY**

The Schedule of Expenditure Federal Awards (the Schedule) includes expenditures of federal awards for the Livermore Amador Valley Transit Authority, California and its component units as disclosed in the notes to the Basic Financial Statements

**NOTE 2-BASIS OF ACCOUNTING**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

**NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS**

Federal awards may be granted directly to the Authority by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Authority. The Schedule includes both of these types Federal award programs when they occur.

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# 4 Compliance Section



**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***

Honorable Members of the Board of Directors of  
Livermore/Amador Valley Transit Authority  
Livermore, California

We have audited the financial statements of Livermore/Amador Valley Transit Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated October 2, 2010. 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***

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 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.

As part of our audit, we prepared and issued our separate Memorandum on Internal Control dated October 2, 2010.

This report is intended solely for the information and use of management, the Authority Board, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mage + Associates*

October 2, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Members of the Board of Directors of  
Livermore/Amador Valley Transit Authority  
Livermore, California

***Compliance***

We have audited the compliance of the Livermore/Amador Valley Transit Authority (Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended June 30, 2010. The Authority's major federal programs are identified in Section I - Summary of Auditor's Results included on the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority'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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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 on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.



### *Internal Control over Compliance*

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 compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Authority'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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### *Schedule of Expenditures of Federal Awards*

We have audited the financial statements of the Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated October 2, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, Authority Board, others within the authority's and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

*Mage Assouh*

October 2, 2010

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING,  
ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Members of the Board of Directors of  
Livermore/Amador Valley Transit Authority  
Livermore, California

We have audited the financial statements of Livermore/Amador Valley Transit Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated October 2, 2010. 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***

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

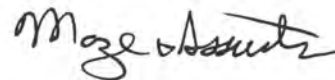
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 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. Our procedures included the applicable audit procedures contained in §6667 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. 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 Metropolitan Transportation Commission, management, Authority Board, and federal and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 2, 2010

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH *MEASURE B* REQUIREMENTS

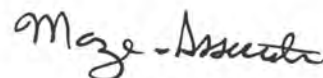
Honorable Members of the Board of Directors  
Livermore/Amador Valley Transit Authority  
Livermore, California

We have examined the Livermore/Amador Valley Transit Authority's (Authority's) compliance with the requirements described in the Measure B Sales Tax for Mass Transit Funds agreement (Agreement) between the Authority and the Alameda County Transportation Improvement Authority (ACTIA) that are applicable to its Measure B Funds for the year ended June 30, 2010. Measure B sales taxes under the Agreement are included in the accompanying schedule of resources and expenditures of Measure B Funds. Compliance with the requirements of laws, regulations, contracts and grants applicable to its Measure B Funds is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority'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 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 noncompliance with the compliance requirements referred to above that could have a direct and material effect on Measure B Funds occurred. An audit includes examining, on a test basis, evidence about the Authority'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 on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its Measure B Funds for the year ended June 30, 2010.

This report is intended for the information and use of the Authority Board, management, others within the Authority and operating agencies and the ACTIA and is not intended to be and should not be used by anyone other than these specified parties.



October 2, 2010

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH RULES AND REGULATIONS OF THE  
PUBLIC TRANSPORTATION MODERNIZATION  
IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

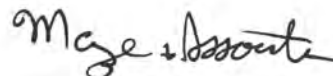
Honorable Members of the Board of Director of the  
Livermore Amador Valley Transit Authority, California

We have audited the statement of revenues and expenditures of the Livermore Amador Valley Transit Authority Public Transportation Modernization, Improvement and Service Enhancement Account Projects, a program of the Livermore Amador Valley Transit Authority, California, (the Authority) in accordance with generally accepted auditing standards in the United States of America as of and for the year ended June 30, 2010, and have issued our report thereon dated October 2, 2010.

In connection with our audit, we have read and performed the applicable audit procedures contained in the *Public Transportation Modernization, Improvement and Service Enhancement Account Guideline* (Guideline) adopted by the California of Department of Transportation.

We have not performed any audit steps in connection with any other sections of the Guideline as they might apply to funds allocated to the Project set forth above and, accordingly, we do not express any opinion with respect to compliance by the Project with regard to any other sections of the Guideline or instructions of the Metropolitan Transportation Commission. Furthermore, compliance with the Act is a legal determination and, as accountants, we cannot advise you as to whether the Project was in compliance with or in violation of any provisions of the Act.

During the performance of the aforementioned procedures, nothing came to our attention that would leave us to believe that the Project did not comply with the applicable laws, regulations and administrative requirements of the sections of the Guideline described above. This report is intended solely for the information and use of the Project's management and filings with the Metropolitan Transportation Commission and should not be used for any other purpose.



October 2, 2010

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