

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY



Connecting People & Places

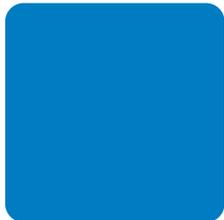
**LIVERMORE/AMADOR VALLEY
TRANSIT AUTHORITY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT

This Page Left Intentionally Blank



LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2009

Table of Contents

Page

INTRODUCTORY SECTION:

Table of Contents	i
Letter of Transmittal	v
Principal Officials.....	xiii
Organization Chart	xiv
GFOA Award	xv

FINANCIAL SECTION:

<i>Independent Auditor's Report</i>	1
<i>Management Discussion and Analysis</i>	3
<i>Basic Financial Statements</i>	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Net Assets.....	11
Statement of Cash Flows.....	12
Notes to Basic Financial Statements.....	13
<i>Supplementary Information</i>	
Schedule of Operating Revenues and Expenses by Function	25

STATISTICAL SECTION:

Financial Trends

Changes in Net Assets & Statement of Net Assets - Last Six Fiscal Years	28
Operating Revenues by Source	29
Operating Expenses by Function	30

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2009

Table of Contents

	<u>Page</u>
<i>Revenue Capacity & Demographic and Economic Information</i>	
Fixed Route Service-Operating Data - Last Ten Fiscal Years.....	31
Fixed Route Safety Statistics - Last Ten Fiscal Years	32
Fixed Route Operating Statistics - Last Ten Fiscal Years	33
Paratransit Services-Operating Data - Last Ten Fiscal Years.....	34
Paratransit Operating Statistics - Last Ten Fiscal Years.....	35
Percent of On-time Departures - Last Ten Fiscal Years	36
Demographic and Economic Statistics – Last Nine Fiscal Years.....	37
Principal Employers – Current Fiscal Year	38
<i>Operating Information</i>	
Full-Time Equivalent Authority Employees by Function.....	39
Capital Asset Statistics by Function/Program	40
COMPLIANCE SECTION:	
Single Audit Schedule of Findings and Questioned Costs.....	41
Section I - Summary of Auditor’s Results.....	41
Section II – Federal Award Findings and Questioned Costs.....	42
Section III - Status of Prior Year Findings and Questioned Costs	42
Schedule of Expenditures of Federal Awards	43
Notes to the Schedule of Expenditures of Federal Awards	44
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009

Table of Contents

	<u>Page</u>
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	47
Independent Auditor's Report on Compliance with Rules and Regulations of the Transportation Development Act.....	49
Independent Auditor's Report on Compliance with <i>Measure B</i> Requirements	51
Current Status of Prior Year Findings.....	52
Independent Auditor's Report on Compliance With Rules and Regulations of The Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA).....	53

This Page Left Intentionally Blank



Livermore Amador Valley Transit Authority

November 2, 2009

**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, 2008 through June 30, 2009.

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). 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 61 buses. The fleet includes the vehicles for local fixed route service and in 2008/2009 the Authority transported almost 2.2 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 2009 fiscal year, a Deputy Executive Director, Director of Administrative Services, Director of Marketing and Communications, Finance Analyst, Transit Planner, AVL Scheduling and Transit Applications Analyst, Paratransit Planning Coordinator, Community Outreach Coordinator, an Administrative Assistant, and several 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 202,428 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 7,809 passengers. Fixed route ridership had been increasing over the last several years (since 2001 drop); however for FY2009, at 2,195,408 passengers, it is basically flat at 11.7% decrease from 2008. Passengers per hour, a measure of system efficiency, declined from 16.4 in FY2008 to 15.8 in the current year.

The Authority's fixed route service is supplemented by Dial-A-Ride paratransit service, which transported 66,870 mobility-impaired patrons in FY2009 on 21 specially equipped lift-vans. While the number of passengers increased only slightly 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 and \$500 on 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.

Insurance

Liability Limit

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, 2009 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; and Measure B. 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

Fiscal Year 2009 represented a tumultuous year for LAVTA. The prior FY2008 had ended with the announced resignation of the Executive Director. FY2009 began in July 2008 with diesel prices well in excess of the \$3.50 per gallon assumed in the budget. The first diesel purchase of the new year was priced at \$4.15 per gallon. High gasoline prices enticed more people to try the transit system, and Wheels' ridership rose throughout the year, with most months reporting higher ridership than the same month the year prior. The Board spent the summer recruiting a new Executive Director who began work in September. As we entered the last months of 2008, the bottom fell out of the economy, as the nation experienced a housing finance crisis, the locking up of the credit markets, a plunge in the stock market, and a rise in unemployment rates.

Transit was not immune from the economic turmoil. LAVTA's two major revenues, Transportation Development Act (TDA) monies and State Transit Assistance (STA) funds, were both significantly affected by economic conditions gripping the country. TDA monies, which are sales tax based, declined 10% in Alameda County as citizens reduced their spending. STA monies, which are gas tax based but allocated at the discretion of the Governor and Legislature, were uncertain throughout the year as the amount of support to transit was a critical element in the on-going struggle to achieve a balanced state budget. In the end, STA monies were reduced by 50% in FY09. In bad economic times, many agencies rely on reserve funds to get through revenue shortfall periods. LAVTA began FY09 with reserves of \$2.7 million, which was 2.1 months of operating reserves.

Fiscal Year 2009 Accomplishments

While much of the Authority's activity in FY09 was centered on responding to the financial situation, the LAVTA staff accomplished major milestones during the year. Highlights of the year's accomplishments include:

- Updated Strategic Plan, Short Range Transit Plan, Legislative Program and Emergency Operations Plan
- Responded to Financial Crisis through budget reduction and restructuring fares and service
- Rapid BRT Project moved forward by obtaining \$8 million appropriation; completing the NEPA/CEQA documentation; and completion of design to 65 - 90% level
- Atlantis O&M Facility completion of design to 30% level; obtained City Design/Planning Commissions approvals and project entitlements
- American Reinvestment and Recovery Act (ARRA) Stimulus grant application approved
- Articulated bus demonstration project completed
- Revitalized the Paratransit Program resulting in a reversed trend of increasing paratransit costs, while increasing passengers/hour metric
- Restructured para-taxi program
- Revitalized the paratransit Scholarship Program and initiated a Van Donation Program
- Installed IVR and web-based paratransit reservation system
- Launched several Marketing/Communications Program
- Revised LAVTA Policies
- External Federal, Regional, and Local Audits Completed
- Internal Procedural Manuals Developed
- Accomplished major Personnel Recruitments (including the Executive Director position)

FUTURE OUTLOOK

The FY2010 Budget is balanced largely because of one-time revenue sources available to LAVTA – Federal Stimulus funds and residual STA carryover funds. At the end of FY2010, we expect to have \$3.3 million in reserves. This is due to the restructuring of fares and service, and the LAVTA Board and staff continuing to exert discipline and control over its spending, while devoting resources to try to expand revenues so LAVTA is prepared to face FY2011 and beyond.

Fiscal Year 2010 Goals

Fiscal Year 2010 marks the fourth 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 FY2010, the LAVTA Board of Directors reviewed and revised the 27 strategies listed in the Strategic Plan, and prioritized the most important strategies. As a result, the strategies below emerged 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.¹

The Tri-Valley cities have among the lowest unemployment rates in the county. Statistics for August 2009 show that unemployment rates in Tri-Valley cities are: Dublin 7.2%, Livermore 7.7%, and Pleasanton 6.0%, compared to the county-wide figure of 11.7%.²

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%.³

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

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

² Source: Employment Development Department, Monthly Labor Force Data for Cities and Census Designated Places (CDP), August 2009 - Preliminary

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

Transit Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the thirteenth 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.

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



Paul Matsuoka



Beverly Adamo

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

PRINCIPAL OFFICIALS

June 30, 2009

Board of Directors

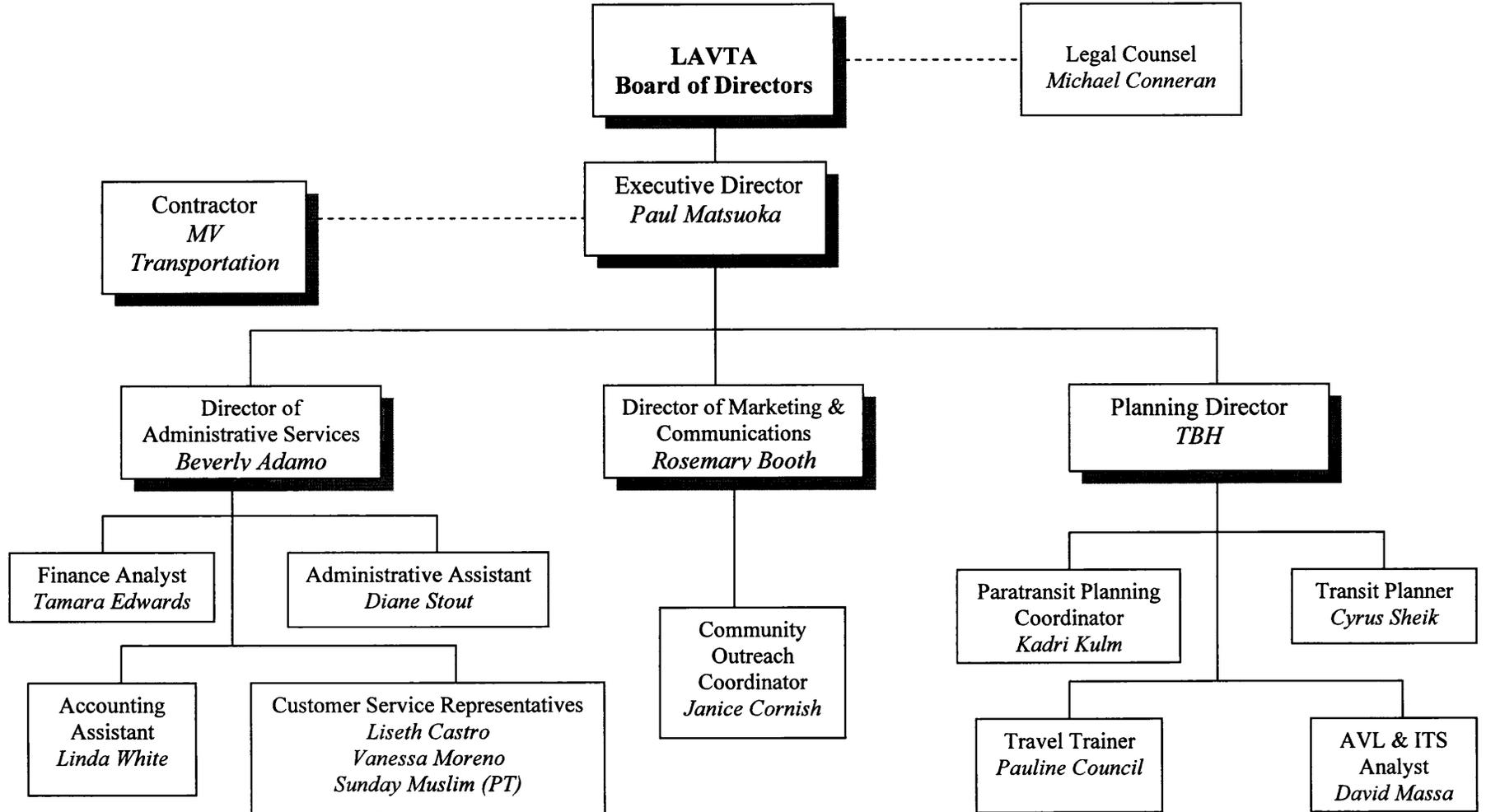
Chair Marjorie Leider, Councilmember, City of Livermore
Vice Chair..... Jerry Thorne, Vice Mayor, City of Pleasanton
Member..... Cindy McGovern, Councilmember, City of Pleasanton
Member Tim Sbranti, Mayor, City of Dublin
Member Kasie Hildenbrand, Vice Mayor, City of Dublin
Member Marshall Kamena, Mayor,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

Staff

Executive Director Paul Matsuoka
Director of Administrative Services Beverly Adamo
Director of Marketing & Communications.... Rosemary Booth
Planning Director..... To Be Hired
Transit Planner Cyrus Sheik
Finance Analyst Tamara Edwards
AVL and Transit Applications Analyst David Massa
Paratransit Planning Coordinator Kadri Kulm
Travel Trainer Pauline Council
Accounting Assistant..... Linda White
Administrative Assistant Diane Stout
Community Outreach Coordinator Janice Cornish
Customer Service Representative Liseth Castro
Customer Service Representative (PT)..... Sunday Honeycutt
Customer Service Representative Vanessa Moreno

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

Organizational Chart



XIV

Effective June 30, 2009

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, 2008

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

This Page Left Intentionally Blank



ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

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, 2009 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 2008 financial statements; in our report dated September 26, 2008 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, 2009 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.

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 September 25, 2009 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.

A handwritten signature in black ink that reads "Mize Associates". The signature is written in a cursive, flowing style.

September 25, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2009

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, 2009.

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, 2009 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, 2009 and June 30, 2008:

Table 1
Statement of Net Assets

	Year Ending 6/30/2009	Year Ending 6/30/2008
ASSETS		
Cash and investments	\$827,430	\$ 710,927
Receivables	1,772,692	3,001,195
Capital assets (depreciated)	<u>27,270,015</u>	<u>27,773,597</u>
Total assets	<u>29,870,137</u>	<u>31,485,719</u>
LIABILITIES		
Accounts/Claims payable	1,645,695	3,395,049
Due to LTF	<u>954,427</u>	<u>317,073</u>
Total liabilities	<u>2,600,122</u>	<u>3,712,122</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>27,270,015</u>	<u>27,773,597</u>
Total restricted net assets	<u>27,270,015</u>	<u>27,773,597</u>

Assets

Total assets amounted to \$29,870,137 consisting of \$2,600,122 in current assets such as cash and accounts receivable, and \$27,270,015 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, 2009 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 all 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 primary for design of the route.

Liabilities

Liabilities totaled \$2,600,122 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 agency'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 \$3,390,338 in reserves.

Net Assets

Change of Net Assets was (503,582) this decrease in net assets is due to depreciation on existing capital assets in excess of additions to 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, 2009 and June 30, 2008:

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

	Year Ending 6/30/2009	Year Ending 6/30/2008
REVENUES		
Program operating revenues:		
Fare and contract revenues	\$2,563,937	\$2,439,990
Advertising and ticket concessions	336,458	272,348
Non-operating revenues:		
Operating grants and contributions	11,569,296	11,663,804
Capital grants, net	2,764,498	5,304,269
Total revenues	17,234,189	19,680,411
EXPENSES		
Board of Directors	\$24,922	\$15,526
Executive Director	236,926	203,844
Administrative Services	1,573,255	1,280,040
Planning	490,632	453,048
Marketing	399,096	462,340
Operations	11,922,206	12,052,937
Depreciation	3,090,734	3,173,773
Total expenses	17,737,771	17,641,508
CHANGE IN NET ASSETS	(503,582)	2,038,903
Net Assets, beginning	27,773,597	25,734,694
Net Assets, ending	27,270,015	27,773,597

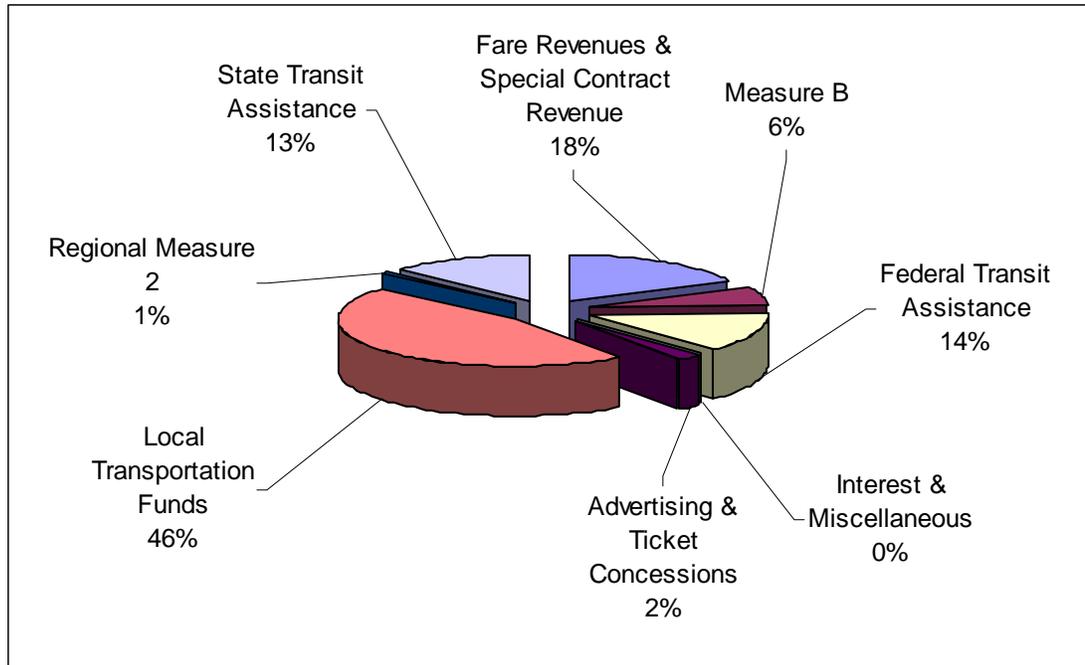
Revenues

The Authority's primary source of operating revenue is Transportation Development Act (TDA) Article 4.0 and 4.5 funds. Most years these funds account for 65-70% of total operating revenue. In FY2008-09, TDA accounted for only 46% 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, and Regional Measure 2 – Bridge Tolls.

Federal operating funds accounted for \$2,038,314 or 14% of the total; this is an increase over the prior year due to a larger than usual preventative maintenance allocation.

Revenue generated from operations (farebox, contract, and advertising revenues) increased from the prior year due in part to a fare increase and an increase 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 2009.



Expenses

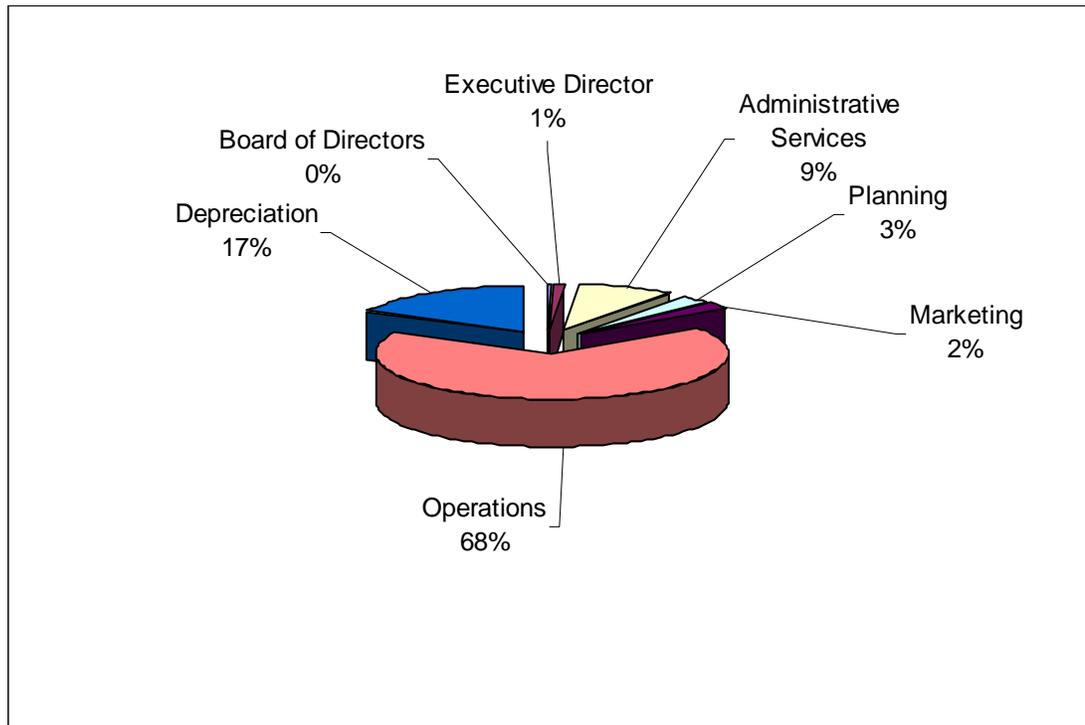
Total expenses including depreciation (which was \$3,090,734) were \$17,737,771 in the fiscal year ending June 30, 2009. Adjusting for depreciation this was a 1.2% increase over the prior year. The major driver of these increases was the annual increase in the maintenance and operations contract.

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; and general office administration. Significant costs charged to this department are salary and benefits for the eight accounting, 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.
- *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 providing 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 2009.



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, 2009
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008

ASSETS	2009			2008 Totals
	Fixed Route Program	Paratransit Program	Totals	
Current Assets				
Cash and investments (Note 2)	\$827,430		\$827,430	\$710,927
Receivables:				
Accounts	611,283	\$56,794	668,077	565,254
Capital grants	944,243	1,857	946,100	1,886,585
Due from other fund (Note 3)	69,217		69,217	286,047
Prepaid expenses	77,063	12,235	89,298	263,309
Total current assets	<u>2,529,236</u>	<u>70,886</u>	<u>2,600,122</u>	<u>3,712,122</u>
Capital Assets (Note 4):				
Land and construction in progress	10,959,036		10,959,036	8,712,601
Depreciable assets	<u>36,306,789</u>	<u>2,837,454</u>	<u>39,144,243</u>	<u>40,877,319</u>
Subtotal capital assets	47,265,825	2,837,454	50,103,279	49,589,920
Less: accumulated depreciation	<u>(21,355,046)</u>	<u>(1,478,218)</u>	<u>(22,833,264)</u>	<u>(21,816,323)</u>
Capital assets, net	<u>25,910,779</u>	<u>1,359,236</u>	<u>27,270,015</u>	<u>27,773,597</u>
Total Assets	<u>28,440,015</u>	<u>1,430,122</u>	<u>29,870,137</u>	<u>31,485,719</u>
LIABILITIES				
Accounts payable and accrued liabilities	1,006,135	1,669	1,007,804	1,813,497
Claims payable (Note 1E)	49,346		49,346	42,536
Due to other fund (Note 3)		69,217	69,217	286,047
Deferred Revenues (Notes 7 & 13)	519,328		519,328	1,252,969
Due to LTF Operating (Note 5)	<u>954,427</u>		<u>954,427</u>	<u>317,073</u>
Total Liabilities	<u>2,529,236</u>	<u>70,886</u>	<u>2,600,122</u>	<u>3,712,122</u>
NET ASSETS				
Invested in capital assets (Note 8)	<u>25,910,779</u>	<u>1,359,236</u>	<u>27,270,015</u>	<u>27,773,597</u>
Total Restricted Net Assets	<u>\$25,910,779</u>	<u>\$1,359,236</u>	<u>\$27,270,015</u>	<u>\$27,773,597</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, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 2008

	2009		Totals	2008 Totals
	Fixed Route Program	Paratransit Program		
PROGRAM OPERATING REVENUES				
Fares revenues	\$2,049,435	\$160,283	\$2,209,718	\$2,167,842
Special contract revenue	269,448	84,771	354,219	272,148
Advertising & Ticket concessions	336,458		336,458	272,348
Total program operating revenues	2,655,341	245,054	2,900,395	2,712,338
PROGRAM OPERATING EXPENSES				
Board of Directors	22,312	2,610	24,922	15,526
General Manager	231,896	5,030	236,926	203,844
Administrative services	1,495,942	77,313	1,573,255	1,280,040
Planning	375,472	115,160	490,632	453,048
Marketing	399,096		399,096	462,340
Operations	10,239,546	1,682,660	11,922,206	12,052,937
Depreciation	2,747,554	343,180	3,090,734	3,173,773
Total program operating expenses	15,511,818	2,225,953	17,737,771	17,641,508
PROGRAM OPERATING LOSS	(12,856,477)	(1,980,899)	(14,837,376)	(14,929,170)
NON-OPERATING REVENUES (EXPENSES)				
Interest and miscellaneous	16,169	2,514	18,683	13,063
Local Transportation Funds 4.0	5,628,269	1,037,076	6,665,345	8,401,424
Local Transportation Funds 4.5		89,467	89,467	115,231
State Transit Assistance	1,870,391	31,091	1,901,482	942,300
FTA operating assistance	1,742,580	295,734	2,038,314	1,220,064
Local sales tax/Measure B funds:				
Allocations	667,102	125,379	792,481	909,100
Special Allocations	82,912	56,458	139,370	52,715
Bridge tolls	101,500		101,500	101,500
Loss on disposal of equipment	(173,325)	(4,021)	(177,346)	(91,593)
Net non-operating revenues, before capital contributions (grants)	9,935,598	1,633,698	11,569,296	11,663,804
Capital contributions (grants):				
FTA capital assistance	696,915	1,703	698,618	2,732,848
Local Transportation Funds 4.0	471,871	51,024	522,895	1,071,421
Local sales tax/Measure B funds		109,200	109,200	
State Bond Fund - Prop 1B (Note 13)	812,646		812,646	
Bridge tolls	621,139		621,139	
STIP				1,500,000
Total capital contributions (grants)	2,602,571	161,927	2,764,498	5,304,269
Net non-operating revenues (expenses)	12,538,169	1,795,625	14,333,794	16,968,073
Change in net assets	(318,308)	(185,274)	(503,582)	2,038,903
NET ASSETS,				
Beginning of Year	26,229,087	1,544,510	27,773,597	25,734,694
End of Year	<u>\$25,910,779</u>	<u>\$1,359,236</u>	<u>\$27,270,015</u>	<u>\$27,773,597</u>

See accompanying notes to basic financial statements

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008 Totals
	Fixed Route Program	Paratransit Program	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$2,505,058	\$292,514	\$2,797,572	\$3,239,408
Payments to vendors	(11,332,755)	(1,722,329)	(13,055,084)	(12,980,884)
Payments to and on behalf of employees	(1,570,331)	(179,028)	(1,749,359)	(1,561,489)
Net cash provided by operating activities	<u>(10,398,028)</u>	<u>(1,608,843)</u>	<u>(12,006,871)</u>	<u>(11,302,965)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	16,169	2,514	18,683	29,725
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Local Transportation Funds 4.0	6,582,696	1,037,076	7,619,772	8,072,054
Repayment of prior year Due to LTF	(317,073)		(317,073)	
Local Transportation Funds 4.5		89,467	89,467	115,231
State Transit Assistance	1,870,391	31,091	1,901,482	942,300
FTA operating assistance	1,742,580	295,734	2,038,314	1,220,064
Local sales tax/Measure B funds	750,014	181,837	931,851	961,815
Bridge tolls	101,500		101,500	101,500
Interfund payments		(216,830)	(216,830)	(214,454)
Interfund receipts	216,830		216,830	214,454
Net cash by noncapital and financing activities	<u>10,946,938</u>	<u>1,418,375</u>	<u>12,365,313</u>	<u>11,412,964</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(3,144,329)	(161,927)	(3,306,256)	(5,304,269)
Capital grants received:				
FTA capital assistance	1,275,418	139,411	1,414,829	3,037,550
Local Transportation Funds 4.0	290,285	101,270	391,555	466,172
Local sales tax/Measure B funds		109,200	109,200	
Bridge Tolls	625,222		625,222	729,280
State Bond Fund - Prop 1B	38,226		38,226	804,691
STIP	466,602		466,602	1,033,398
Return of LTF capital funds				(2,200,368)
Net cash by capital and related financing activities	<u>(448,576)</u>	<u>187,954</u>	<u>(260,622)</u>	<u>(1,433,546)</u>
NET CASH FLOWS	116,503		116,503	(1,293,822)
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>710,927</u>		<u>710,927</u>	<u>2,004,749</u>
CASH AND INVESTMENTS AT END OF YEAR	<u>\$827,430</u>		<u>\$827,430</u>	<u>\$710,927</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	(\$12,856,477)	(\$1,980,899)	(\$14,837,376)	(\$14,929,170)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	2,747,554	343,180	3,090,734	3,173,773
Increase (decrease) in:				
Accounts receivable	(150,283)	47,460	(102,823)	527,070
Prepaid expenses	185,863	(11,852)	174,011	(220,015)
Accounts payable	(372,274)	(6,732)	(379,006)	261,364
Deferred revenues	40,779		40,779	
Claims payable	6,810		6,810	(115,987)
Net cash provided by operating activities	<u>(\$10,398,028)</u>	<u>(\$1,608,843)</u>	<u>(\$12,006,871)</u>	<u>(\$11,302,965)</u>

See accompanying notes to basic financial statements

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2009

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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$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, 2009

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.

	2009-2008	2008-2007
Balance, July 1	\$42,536	\$158,523
Net change in liability for claims and claims paid but not reported	66,382	33,632
Claims paid	(59,572)	(149,619)
Balance, June 30	\$49,346	\$42,536

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

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 consist of the following:

Local Agency Investment Fund	\$390,975
Cash in bank	435,715
Cash on hand	740
Total Cash and Investments	\$827,430

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, 2009 these investments matured in an average of 235 days.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

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, 2009, the Fixed Route Program Fund was owed a total of \$69,217 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, 2009

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets comprised the following at June 30, 2009:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2009</u>
Fixed Route:					
Capital assets not being depreciated:					
Land	\$3,973,472				\$3,973,472
Construction in Progress	4,739,128	\$2,427,849	(\$112,758)	(\$68,655)	6,985,564
Total capital assets not being depreciated	<u>8,712,600</u>	<u>2,427,849</u>	<u>(112,758)</u>	<u>(68,655)</u>	<u>10,959,036</u>
Capital assets being depreciated:					
Facilities	7,918,341			(47,751)	7,870,590
Vehicles	25,724,489	124,187	(2,078,419)	(199,673)	23,570,584
Equipment	4,552,793	50,535	(53,792)	316,079	4,865,615
Total capital assets being depreciated	<u>38,195,623</u>	<u>174,722</u>	<u>(2,132,211)</u>	<u>68,655</u>	<u>36,306,789</u>
Less accumulated depreciation for:					
Facilities	(4,065,041)	(292,411)		31,913	(4,325,539)
Vehicles	(14,281,551)	(1,765,184)	2,019,536	(12,833)	(14,040,032)
Equipment	(2,332,546)	(689,959)	52,110	(19,080)	(2,989,475)
Total accumulated depreciation	<u>(20,679,138)</u>	<u>(2,747,554)</u>	<u>2,071,646</u>		<u>(21,355,046)</u>
Total depreciable assets	<u>17,516,485</u>		<u>(\$173,323)</u>		<u>14,951,743</u>
Capital assets, net	<u>\$26,229,085</u>				<u>\$25,910,779</u>
Paratransit					
Capital assets being depreciated:					
Facilities	\$40,452				\$40,452
Vehicles	2,641,244	\$52,083	(\$6,169)	(\$10,297)	2,676,861
Equipment		109,844		10,297	120,141
	<u>2,681,696</u>	<u>161,927</u>	<u>(6,169)</u>		<u>2,837,454</u>
Less accumulated depreciation for:					
Facilities	(3,112)	(3,112)			(6,224)
Vehicles	(1,134,074)	(314,374)	2,148	10,207	(1,436,093)
Equipment		(25,694)		(10,207)	(35,901)
	<u>(1,137,186)</u>	<u>(343,180)</u>	<u>2,148</u>		<u>(1,478,218)</u>
Total depreciable assets	<u>1,544,510</u>		<u>(\$4,021)</u>		<u>1,359,236</u>
Capital assets, net	<u>\$1,544,510</u>				<u>\$1,359,236</u>
Total					
Land and Construction in Progress	<u>\$8,712,600</u>	<u>\$2,427,849</u>	<u>(\$112,758)</u>	<u>(\$68,655)</u>	<u>\$10,959,036</u>
Depreciable Assets:					
Cost	40,877,319	336,649	(2,138,380)	68,655	39,144,243
Less accumulated depreciation for:	(21,816,324)	(3,090,734)	2,073,794		(22,833,264)
Net	<u>19,060,995</u>	<u>(\$2,754,085)</u>	<u>(\$64,586)</u>	<u>\$68,655</u>	<u>16,310,979</u>
All Capital Assets, net	<u>\$27,773,595</u>				<u>\$27,270,015</u>

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2009

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, 2009, 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, 2009 follows:

Source	Unallocated Balances
Transportation Development Act Funds	\$2,398,892
State Transit Assistance Funds:	
Revenue Based Funds	900
Population Based Funds	990,546
Total Unallocated Local Transportation Funds	\$3,390,338

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2009

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, 2009 are calculated as follows:

Fiscal 2009 unexpended funds:	<u>Fixed Route Program</u>	<u>Paratransit Program</u>	<u>Total</u>
Operating loss	(\$12,856,477)	(\$1,980,899)	(\$14,837,376)
Add back:			
Depreciation	2,747,554	343,180	3,090,734
Interest and miscellaneous	<u>16,169</u>	<u>2,514</u>	<u>18,683</u>
Net operating expenses reimbursable by grants	<u>(10,092,754)</u>	<u>(1,635,205)</u>	<u>(11,727,959)</u>
Grants:			
County Measure B Grants	750,014	181,837	931,851
Federal Transportation Administration			
Operating Assistance	1,742,580	295,734	2,038,314
Bridge tolls	<u>101,500</u>		<u>101,500</u>
Net Operating Expenses reimbursable by LTF and STA funds	(7,498,660)	(1,157,634)	(8,656,294)
State Transit Assistance Receipts	1,870,391	31,091	1,901,482
LTF Receipts:			
Article 4.0	6,582,696	1,037,076	7,619,772
Article 4.5		<u>89,467</u>	<u>89,467</u>
Due to LTF from fiscal 2009 unexpended funds	<u><u>\$954,427</u></u>	<u><u>\$0</u></u>	<u><u>\$954,427</u></u>

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2009**

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:

	2009	2008
Operating expenses excluding depreciation	\$1,882,773	\$2,131,358
Less:		
Actual passenger fare revenues	(160,283)	(129,844)
Special contract revenue	(84,771)	(64,639)
Interest income	(2,514)	(672)
Taxi study expenses	(56,458)	(52,715)
Article 4.0 LTF revenues	(1,037,076)	(1,300,028)
Maximum eligibility	\$541,671	\$583,460

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

Maximum eligibility	\$541,671	\$583,460
Less:		
Article 4.5 LTF revenues	(89,467)	(115,231)
State Transit Assistance	(31,091)	(46,431)
FTA operating assistance	(295,734)	(278,232)
Local sales tax/Measure B funds	(125,379)	(143,566)
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, 2009

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.

	2009	2008
Maximum eligibility computed above	\$541,671	\$583,460
Total TDA Article 4.5 revenues	\$89,467	\$115,231
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 \$1,901,482 during fiscal year 2008-2009, of which \$1,870,391 was expended for operating expenses of the Fixed Route Program and \$31,091 was expended for Paratransit operating expenses.

NOTE 7 - CAPITAL GRANTS

The Authority's capital transactions and unexpended grant funds at June 30, 2009 are calculated as follows:

	Fixed Route Program	Paratransit Program	Total
Capital costs:			
Capital asset additions	(\$2,602,571)	(\$161,927)	(\$2,764,498)
Funding sources:			
FTA Capital Assistance	\$696,915	\$1,703	\$698,618
Local Transportation Fund 4.0	471,871	51,024	522,895
Local sales tax/Measure B funds		109,200	109,200
State Bond Fund - Prop 1B	812,646		812,646
Bridge Tolls	621,139		621,139
Total Funding Sources	\$2,602,571	\$161,927	\$2,764,498

Deferred Proceeds: As of June 30, 2009, the Authority held proceeds from the sale of busses 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, 2009

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.

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, 2009, 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	13.282%

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, 2009, 2008 and 2007 amounted to \$169,376, \$186, 782 and \$151, 142, respectively.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2009

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, 2009.

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, 2007.

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2005	\$2,891,460,651	\$2,588,713,000	\$302,747,651	89.5%	\$755,046,679	40.1%
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%

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, 2009

NOTE 11 - 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 12 - 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 \$9,973,933 for the fiscal year ended June 30, 2009.

NOTE 13 - PROPOSITION 1B

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.

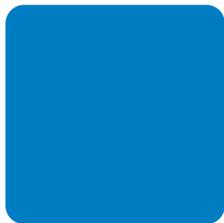
A summary of the Authority's outstanding Proposition 1B revenue and expenditures for the year ended June 30, 2009 are as follows:

Project Name	Grant Amount	Interest Earned		Expended in	Deferred Revenue
		2007-08	2008-09	Fiscal 2008-09	
PTMISEA PROGRAMS:					
Bus Stop Improvements	\$100,000		\$1,860	\$96,050	\$5,810
Route 10 Bus Rapid Transit Project	696,915	\$7,846	9,096	713,857	
OTHER PROGRAMS:					
Security	26,768		502	2,739	24,531
Total	\$823,683	\$7,846	\$11,458	\$812,646	\$30,341

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
SCHEDULE OF OPERATING REVENUES AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR OF JUNE 30, 2008

	Fixed Route	Paratransit	Totals	
			2009	2008
REVENUES				
Fares	\$2,049,435	\$160,283	\$2,209,718	\$2,167,842
Special contract revenue	269,448	84,771	354,219	272,148
Advertising	336,458		336,458	272,348
Interest and miscellaneous	16,169	2,514	18,683	13,063
Local Transportation Funds 4.0	5,628,269	1,037,076	6,665,345	8,401,424
Local Transportation Funds 4.5		89,467	89,467	115,231
State Transit Assistance	1,870,391	31,091	1,901,482	942,300
FTA operating assistance	1,742,580	295,734	2,038,314	1,220,064
Local sales tax/Measure B funds - allocations	667,102	125,379	792,481	909,100
Local sales tax/Measure B funds - Taxi study	82,912	56,458	139,370	52,715
Bridge tolls	101,500		101,500	101,500
Total Revenues	\$12,764,264	\$1,882,773	\$14,647,037	\$14,467,735
EXPENSES				
Labor	891,954	118,750	\$1,010,704	\$946,830
Fringe benefits	678,377	60,278	738,655	614,659
Services	276,768		276,768	200,161
Purchased transportation	8,496,917	1,388,541	9,885,458	9,649,638
Fuel, parts, supplies and other operation costs	1,989,774	237,677	2,227,451	2,647,222
Insurance	384,474	77,527	462,001	308,981
Administration and legal	46,000		46,000	100,244
Depreciation	2,747,554	343,180	3,090,734	3,173,773
Total Expenses	\$15,511,818	\$2,225,953	\$17,737,771	\$17,641,508

This Page Left Intentionally Blank



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

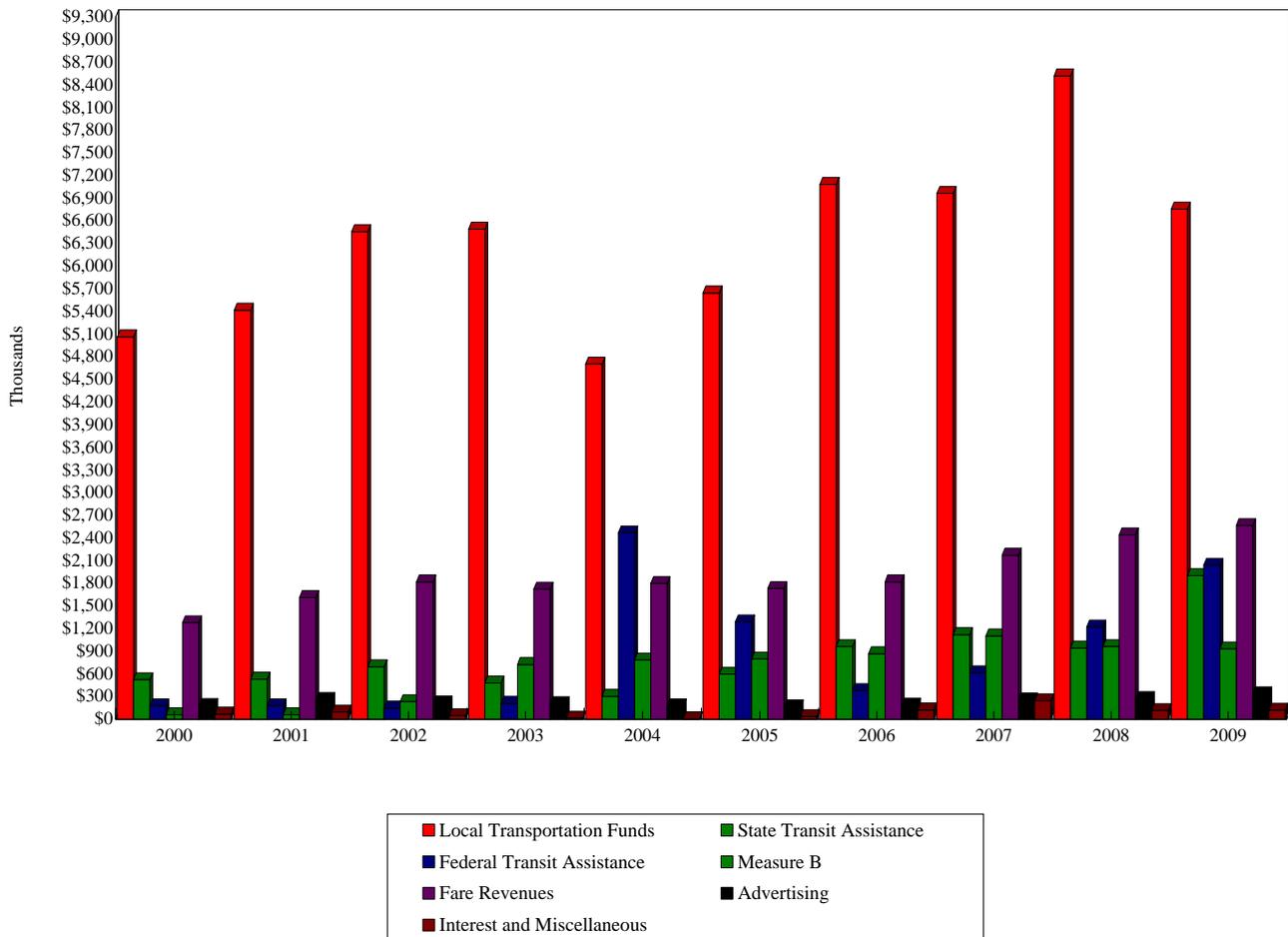
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Authority implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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

	Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
Revenues:						
Local Transportation Funds	\$4,702,542	\$5,642,370	\$7,083,016	\$6,962,330	\$8,516,655	\$6,754,812
State Transit Assistance	302,314	595,400	961,000	1,118,182	942,300	1,901,482
Federal Transit Assistance	2,468,142	1,289,211	381,354	614,146	1,220,064	2,038,314
Measure B	783,987	796,358	866,334	1,102,162	961,815	931,851
Bridge tolls			58,000	100,000	101,500	101,500
Fare Revenue & Special Contract Revenue	1,798,519	1,730,775	1,818,670	2,171,707	2,439,990	2,563,937
Advertising & Ticket Concessions	176,550	165,748	185,066	255,715	272,348	336,458
Interest and Miscellaneous	3,097	35,143	64,636	144,093	13,063	18,683
Loss on disposal of capital assets	(380,523)	(156,330)	(12,950)	(90,178)	(91,593)	(177,346)
Total Revenues	9,854,628	10,098,675	11,405,126	12,378,157	14,376,142	14,469,691
Expenses:						
Board of Directors	63,044	65,585	14,166	16,604	15,526	24,922
General Manager	142,161	176,409	190,979	204,540	203,844	236,926
Administrative Services	767,569	660,188	702,453	816,202	1,280,040	1,573,255
Planning	305,121	272,449	127,899	522,690	453,048	490,632
Marketing	199,362	279,531	350,464	424,933	462,340	399,096
Operations	8,757,895	8,800,844	10,032,115	10,483,366	12,052,937	11,922,206
Depreciation	1,486,657	2,408,131	2,852,254	2,992,874	3,173,773	3,090,734
Total Expenses	11,721,809	12,663,137	14,270,330	15,461,209	17,641,508	17,737,771
Add Capital contributions (grants)						
STP/CMAQ Grant	10,872,374	30,883				
FTA Capital Assistance	791,050		1,075,862	2,988,881	2,732,848	698,618
Local Transportation Funds 4.0	683,445	424,798	241,507	1,552,536	1,071,421	522,895
AVL State	2,367,115	22,872				
Bridge Tolls		7,050	183,897	702,124		621,139
Local Sales / Measure B						109,200
State Bond Fund - Prop 1B						812,646
STIP			66,252		1,500,000	
City of Livermore Park and Ride Facility	(742,644)					
	13,971,340	485,603	1,567,518	5,243,541	5,304,269	2,764,498
Change in net assets	12,104,159	(2,078,859)	(1,297,686)	2,160,489	2,038,903	(503,582)
Net assets - beginning of period	14,846,591	26,950,750	24,871,891	23,574,205	25,734,694	27,773,597
Net assets - end of period	\$26,950,750	\$24,871,891	\$23,574,205	\$25,734,694	\$27,773,597	\$27,270,015
Statement of Net Assets						
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

Source: LAVTA's basic financial statements.

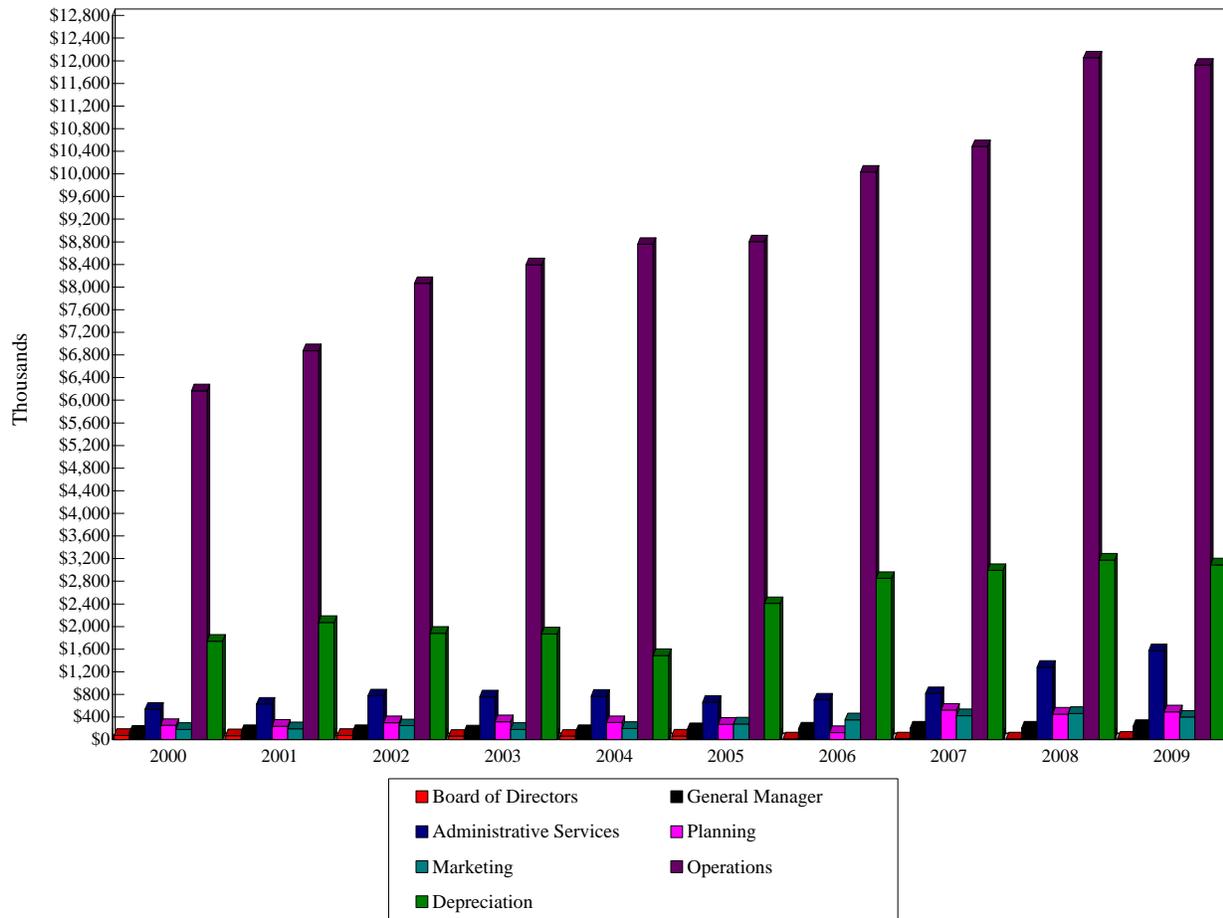
**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**



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
2000	\$5,063,118	\$523,803	\$179,299	\$59,375	\$1,276,133	\$182,423	\$68,034	\$7,352,185
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

Source: Livermore/Amador Valley Transit Authority Audit Reports

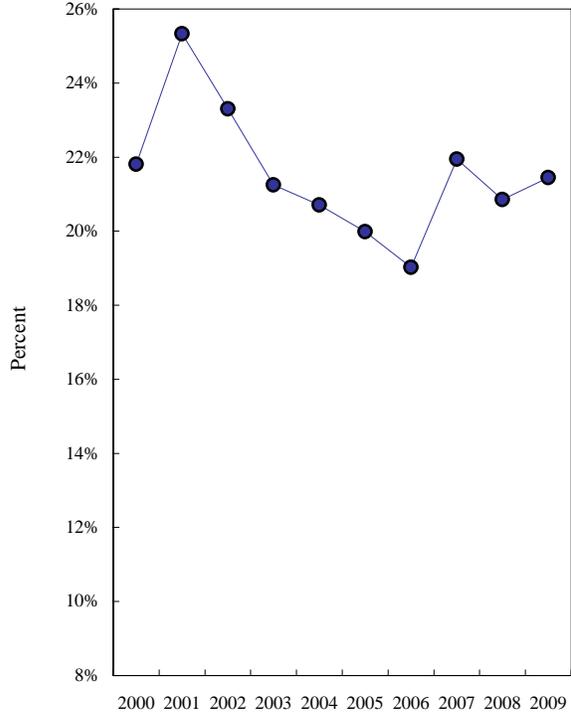
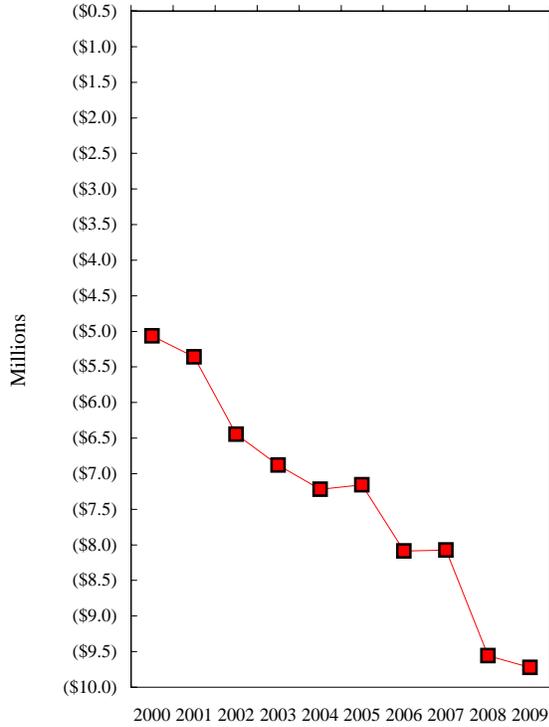
**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
OPERATING EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Board of Directors</u>	<u>General Manager</u>	<u>Administrative Services</u>	<u>Planning</u>	<u>Marketing</u>	<u>Operations</u>	<u>Depreciation</u>	<u>Total</u>
2000	\$75,463	\$136,166	\$539,808	\$253,420	\$182,152	\$6,165,176	\$1,740,473	\$9,092,658
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

Source: Livermore/Amador Valley Transit Authority Audit Reports

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



■ Operating Losses

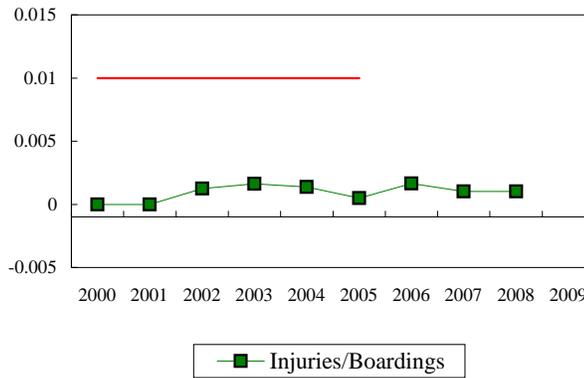
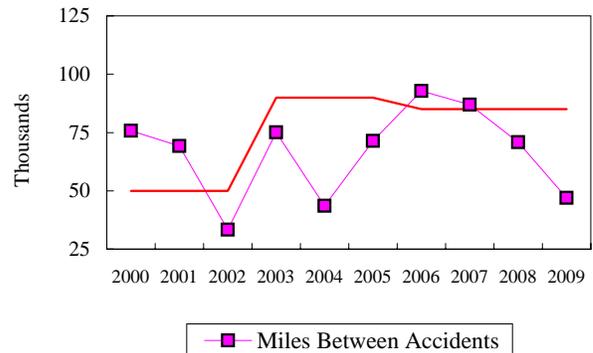
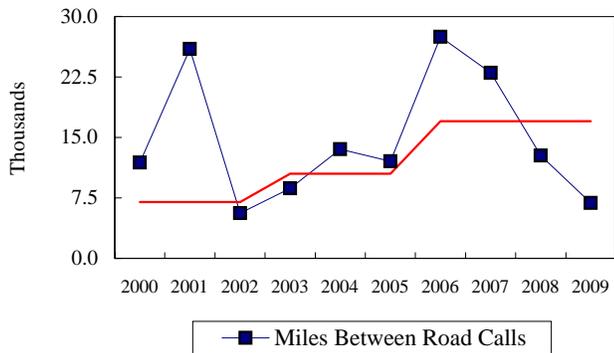
● Farebox Recovery Ratio

Fiscal Year	Operating Expenses Excluding Insurance and Depreciation	Fare & Auxiliary Transportation Revenues	Operating Loss Before Insurance and Depreciation	Farebox Recovery Ratio
2000	\$6,476,794	\$1,412,568	(\$5,064,226)	21.8%
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%

Source: Livermore/Amador Valley Transit Authority Audit Reports

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

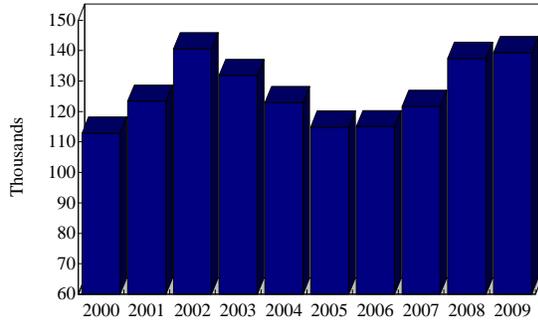
**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
FIXED ROUTE SAFETY STATISTICS
LAST TEN FISCAL YEARS**



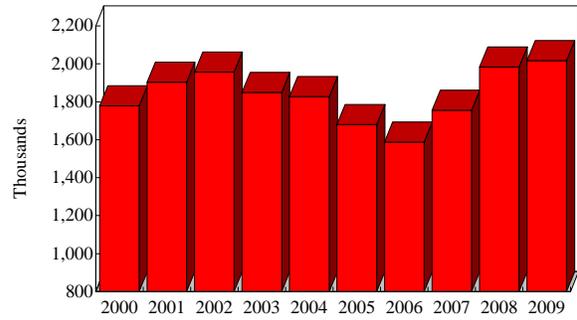
Fiscal Year	Miles Between Road Calls	Goal	Miles Between Accidents	Goal	Injuries/Boardings	Goal
2000	11,890	7,000	75,774	50,000	3/1,835,778	0.00001
2001	25,985	7,000	69,227	50,000	3/2,201,525	0.00001
2002	5,589	7,000	33,359	50,000	1/2,036,707	0.00001
2003	8,691	10,500	75,058	90,000	2/1,921,891	0.00001
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

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

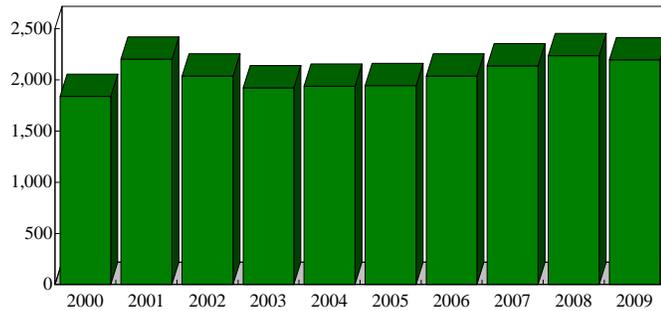
**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
FIXED ROUTE OPERATING STATISTICS
LAST TEN FISCAL YEARS**



■ Revenue Hours



■ Revenue Miles

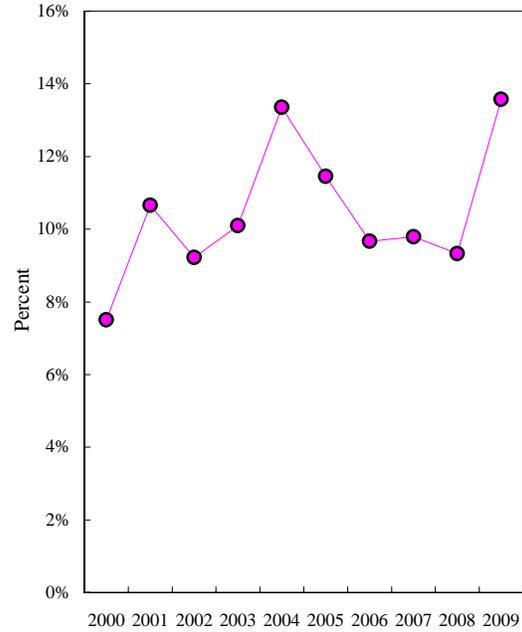
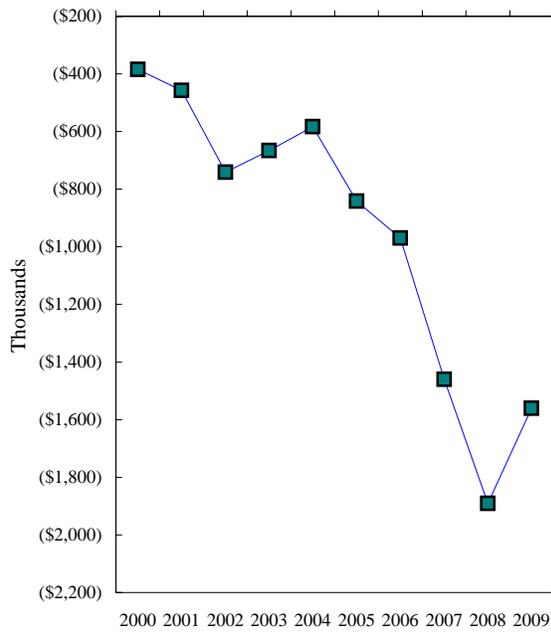


■ Passengers

<u>Fiscal Year</u>	<u>Revenue Hours</u>	<u>Revenue Miles</u>	<u>Passengers</u>
2000	112,862	1,778,407	1,835,778
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

Source: National Transit Database Report (Formerly Section 15)

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



Operating Losses

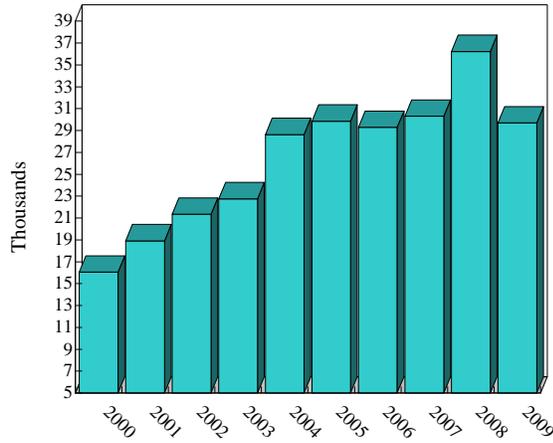
Farebox Recovery Ratio

<u>Fiscal Year</u>	<u>Operating Expenses Excluding Insurance and Depreciation</u>	<u>Fare & Auxiliary Transportation Revenues</u>	<u>Operating Loss Before Insurance and Depreciation</u>	<u>Farebox Recovery Ratio</u>
2000	\$415,513	\$31,167	(\$384,346)	7.5%
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%

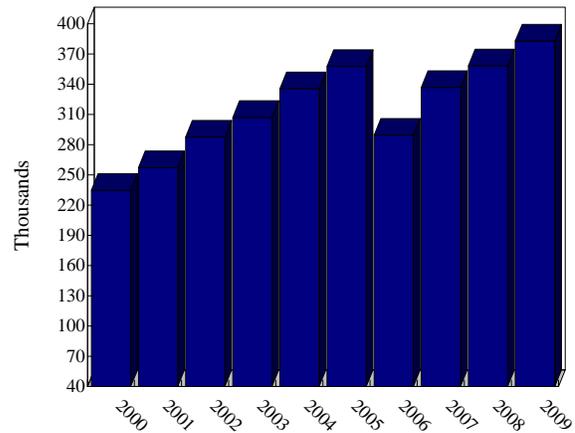
Source: Livermore/Amador Valley Transit Authority

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

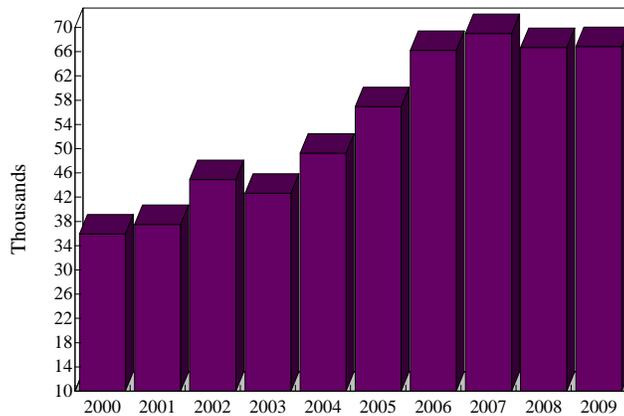
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
PARATRANSIT OPERATING STATISTICS
LAST TEN FISCAL YEARS



■ Revenue Hours



■ Revenue Miles

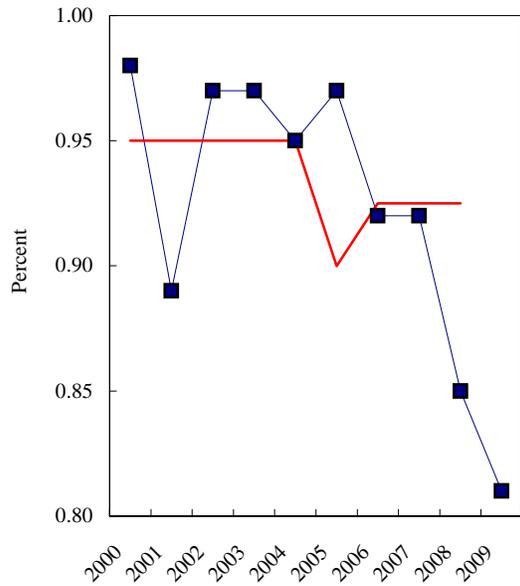


■ Passengers

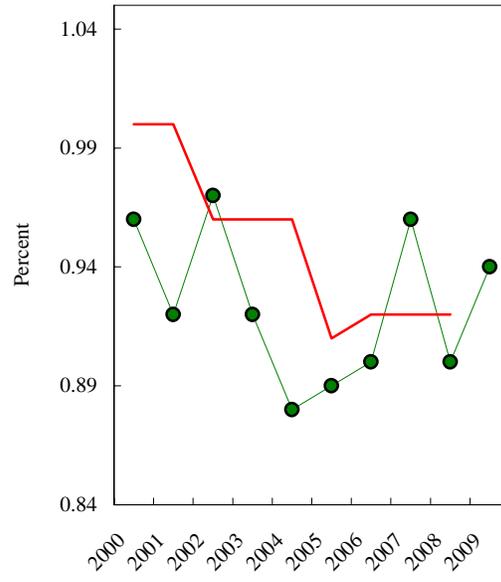
<u>Fiscal Year</u>	<u>Revenue Hours</u>	<u>Revenue Miles</u>	<u>Passengers</u>
2000	16,052	234,943	35,950
2001	18,910	257,382	37,519
2002	21,351	287,640	44,912
2003	22,754	307,066	42,630
2004	28,634	335,554	49,283
2005	29,859	357,744	56,934
2006	29,294	289,595	66,198
2007	30,311	336,835	69,016
2008	36,224	358,386	66,714
2009	29,689	383,051	66,870

Source: National Transit Database Report (Formerly Section 15)

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



■ Fixed Route On-Time



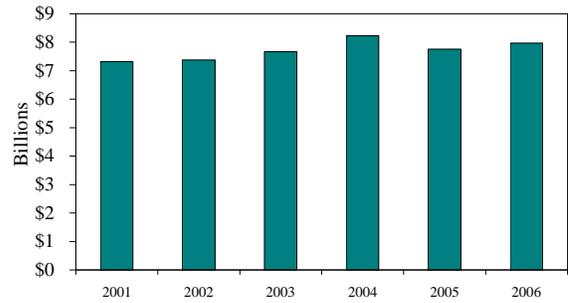
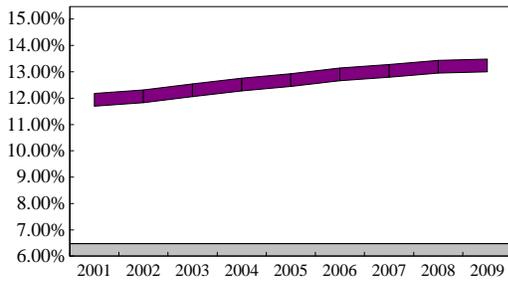
● Paratransit On-Time

Fiscal Year	Fixed Route		Paratransit	
	On-Time Departure	Goal	On-Time Departure	Goal
2000	0.98	0.95	0.96	1.00
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

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

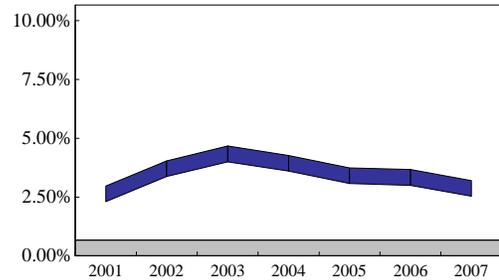
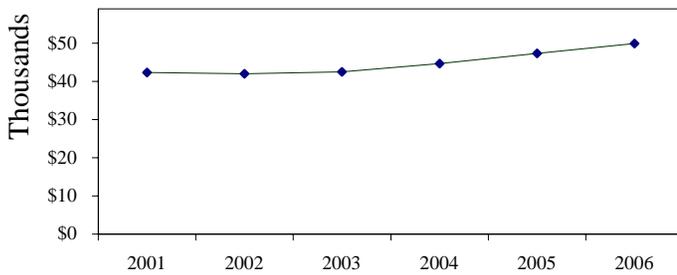
Note: Charts include all available data

**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
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	info not avail	info not avail	2.53%	1,522,597	12.79%
2008	199,926	info not avail	info not avail	info not avail	1,543,000	12.96%
2009	202,428	info not avail	info not avail	info not avail	1,556,657	13.00%

Source: California State Department of Finance
City and County CAFR 2007
Note: All available data has been included.

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
 PRINCIPAL EMPLOYERS
 Current Fiscal Year

<u>Employer</u>	<u>2008-09</u>		<u>Percentage of Total Authority Population</u>
	<u>Number of Employees</u>	<u>Rank</u>	
Lawrence Livermore National Lab	8,000	1	4.0%
Safeway, Inc.	2,627	2	1.3%
EMC Corporation	2,200	3	1.1%
U.S. Government	2,100	4	1.0%
Kaiser Permanente	1,871	5	0.9%
Oracle	1,500	6	0.7%
Washington Mutual	1,450	7	0.7%
Pleasanton Unified School District	1,259	8	0.6%
AT&T	1,000	9	0.5%
Form Factor, Inc.	979	10	0.5%
Subtotal	<u>22,986</u>		<u>11.4%</u>
Total Authority Population	<u>202,428</u>		

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

Note: Day population and data from nine years ago is not available

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

	Adopted for Fiscal Year Ended June 30,				
	2000	2001	2002	2003	2004
Function					
Executive Director	1.00	1.00	1.00	1.00	1.00
Administrative Services	4.00	5.00	5.00	5.00	3.00
Planning	3.00	3.00	3.00	4.00	1.00
Marketing	1.00	1.00	1.00	1.00	1.50
Operations	1.00	2.00	2.00	2.00	1.50
Total	10.00	12.00	12.00	13.00	8.00

	Adopted for Fiscal Year Ended June 30,				
	2005	2006	2007	2008	2009
Function					
Executive Director	1.00	1.00	1.00	1.00	1.00
Administrative Services	3.00	4.00	4.00	7.00	7.00
Planning	1.00	1.00	2.00	4.00	5.00
Marketing	1.50	2.00	2.00	2.00	2.00
Operations	2.50	2.00	2.00	0.00	0.00
Total	9.00	10.00	11.00	14.00	15.00

Source: Livermore/Amador Valley Transit Authority

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Function/Program					
Fixed Route					
Total Vehicles	67	67	75	75	75
Average Fleet Age	9.76	10.21	11.21	11.10	8.82
Vehicles Operated In Maximum Service	50	50	60	54	49
Paratransit					
Total Vehicles	18	18	18	18	18
Average Fleet Age	2.67	3.7	4.7	5.00	5.17
Vehicles Operated In Maximum Service	8	10	10	10	12
Shared Stations Maintenance Facilities	2	2	2	2	2

	Fiscal Year				
	2005	2006	2007	2008	2009
Function/Program					
Fixed Route					
Total Vehicles	74*	74*	74	64**	65
Average Fleet Age	6.37	7.2	8.20	8.00	8.42
Vehicles Operated In Maximum Service	44	44	45	47	48
Paratransit					
Total Vehicles	18	18	27	24	21
Average Fleet Age	6.17	7	n/a	3.87	4.43
Vehicles Operated In Maximum Service	15	16	17	18	14
Shared Stations Maintenance Facilities	2	2	2	2	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, 2009**

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: \$300,000

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, 2009**

Federal Awards Programs	CFDA #	Pass-through Identification #	Federal Expenditures
US Department of Transportation, Federal Transit Administration			
Capital & Operating			
Awards used for operating expenses:			
Paratransit Operating Assistance	20.507	CA-90-Y651-00	\$286,579
Preventative maintenance	20.507	CA-90-Y651-00	<u>1,636,015</u>
Subtotal for this program			<u>1,922,594</u>
Awards used for capital assets:			
Paratransit Vans	20.500	CA-90Y651-00	<u>1,703</u>
Paratransit capital awards			<u>1,703</u>
Satellite Facility	20.500	CA-04-0071-01	575,060
Bart Rapid Transit	20.500	CA-03-0801-00	29,804
Revenue Vehicle Replacement	20.500	CA-90Y200-00	14,052
ARRA Airport Repaving	20.500	CA-96-X024-00	62,500
ARRA Security Update	20.500	CA-96-X024-00	3,103
ARRA Maintenance Storage Building	20.500	CA-96-X024-00	2,769
ARRA LTC Remodel	20.500	CA-96-X024-00	2,475
ARRA Parts Washer	20.500	CA-96-X024-00	<u>7,152</u>
Fixed Route Capital Awards			<u>696,915</u>
Subtotal for this program			<u>698,618</u>
Passed through Metropolitan Transportation Commission Metropolitan Planning Grants (ARRA)	20.505		<u>18,128</u>
US Department of Transportation, Transit Services Program			
Passed through CalTrans			
JARC Program	20.516	CA-37-X076-00	142,396
JARC Program		CA-37-X069-02	<u>5,704</u>
Subtotal for this program			<u>148,100</u>
Passed through CalTrans New Freedom Program	20.521	CA-57-X001-03	<u>3,451</u>
Subtotal for this program			<u>3,451</u>
Total Expenditures			<u><u>\$2,790,891</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2009**

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.

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

**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 basic financial statements of the Livermore/Amador Valley Transit Authority (Authority) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 25, 2009. We conducted our audit in accordance with generally accepted auditing standards 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, the Audit and Budget Committee, 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

September 25, 2009

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

**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, 2009. 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, 2009.

Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal controls 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Authority's internal control over compliance.

A *control deficiency* in an authority's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider as 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, 2009, and have issued our report thereon dated September 25, 2009. 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.



September 25, 2009

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH RULES AND REGULATIONS OF THE TRANSPORTATION
DEVELOPMENT ACT**

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

We have audited the financial statements of the Livermore Amador Valley Transit Authority, as of June 30, 2009, and for the year then ended, and have issued our report thereon dated September 25, 2009.

In connection with our audit, we have read and performed the applicable audit procedures contained in §6667 of the Transportation Development Act Statutes and Administrative Code adopted by the Department of Transportation.

We have not performed any audit steps in connection with any other sections of the Act as they might apply to funds allocated to the Programs other than those listed in §6667 of the Act set forth above and, accordingly, we do not express any opinion with respect to compliance by the Programs with regard to any other sections of the Act 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 Programs were in compliance with or in violation of any provisions of the Act.

In conjunction with our audit, we performed tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions and the rules and regulations of the Metropolitan Transportation Commissions as required by Title 21 of California Code of Regulations §6667. Based on these procedures, we noted no instance of noncompliance with the applicable statutes, rules, and regulations of the Transportation Development Act and the applicable allocation instructions and resolutions of the Metropolitan Transportation Commission.

This report is intended for the information of the Mayor, Members of the Board, management, and others within the Authority, and officials of applicable state grantor agencies. However, this report is a matter of public record and its distribution is not limited.



September 25, 2009

This Page Left Intentionally Blank

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

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

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, 2009. 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, 2009.

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.

September 25, 2009



CURRENT STATUS OF PRIOR YEAR FINDINGS

Finding 08-01: Publication of Measure B funded Activities

Requirements of Measure B require that the Authority publish its Measure B funded activities in its own or ACTIAs newsletters. We were not provided evidence that this was completed during fiscal 2007-08.

Current Status:

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

**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 City Council 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, 2009, and have issued our report thereon dated September 25, 2009.

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.



September 25, 2009

This Page Left Intentionally Blank