

Livermore Amador Valley Transit Authority
1362 Rutan Drive, Suite 100
Livermore, CA 94551
925-455-7555 Fax 925-443-1375
www.wheelsbus.com



The Next Generation Transit
System for the Tri-Valley

Comprehensive Annual
Financial Report
Year Ended June 30, 2011

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

PREPARED BY THE ADMINISTRATIVE SERVICES DEPARTMENT

This Page Left Intentionally Blank

1 Introduction Section



LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

Table of Contents

Page

INTRODUCTORY SECTION:

Table of Contents	i
Letter of Transmittal	iv
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
---	---

Basic Financial Statements

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

Supplementary Information

Schedule of Operating Revenues and Expenses by Function.....	29
--	----

STATISTICAL SECTION:

Financial Trends

Changes in Net Assets & Statement of Net Assets - Last Eight Fiscal Years.....	32
Operating Revenues by Source	33
Operating Expenses by Function	34

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

Table of Contents

	<u>Page</u>
<i>Revenue Capacity & Demographic and Economic Information</i>	
Fixed Route Service-Operating Data - Last Ten Fiscal Years	35
Paratransit Services-Operating Data - Last Ten Fiscal Years	36
Percent of On-Time Departures - Last Ten Fiscal Years	37
Fixed Route Operating Statistics - Last Ten Fiscal Years	38
Paratransit Operating Statistics - Last Ten Fiscal Years	39
Fixed Route Safety Statistics - Last Ten Fiscal Years	40
Demographic and Economic Statistics – Last Ten Fiscal Years	41
Principal Employers – Current Fiscal Year	42
<i>Operating Information</i>	
Full-Time Equivalent Authority Employees by Function	43
Capital Asset Statistics by Function/Program	44
COMPLIANCE SECTION:	
Single Audit Schedule of Findings and Questioned Costs	45
Section I - Summary of Auditor’s Results	45
Section II – Federal Award Findings and Questioned Costs	46
Section III - Status of Prior Year Findings and Questioned Costs	46
Schedule of Expenditures of Federal Awards	47
Notes to the Schedule of Expenditures of Federal Awards	49
Independent Auditor’s 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>	51

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

Table of Contents

	<u>Page</u>
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct And Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	53
Independent Auditor's Report on Internal Control Over Financial Reporting, on Compliance with the Transportation Development Act and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55
Independent Auditor's Report on Compliance with <i>Measure B</i> Requirements	57
Independent Auditor's Report on Compliance With Rules and Regulations of The Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA).....	59

This Page Left Intentionally Blank

November 7, 2011

**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, 2010 through June 30, 2011.

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

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

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

BACKGROUND INFORMATION

History

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

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

The Authority has come a long way over the years. In early 1990 the fixed route fleet was upgraded with the delivery of 34 new Gillig buses. That year almost 680,000 passengers were transported at a rate of 10.3 people per hour. Today, the Authority's fixed route fleet has 74 buses. The fleet includes the vehicles for local fixed route and bus rapid transit (BRT) service and in 2010/2011 the Authority transported over 1.71 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 two areas: finance and administration; and projects and services. 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 2011 fiscal year, a Director of Administrative Services, Director of Planning and Communications, Marketing Specialist, Finance Analyst, Transit Planner, AVL Scheduling and Transit Applications Analyst, Paratransit Planner, Community Outreach Coordinator, Travel Trainer, Administrative Assistant, Accounting Assistant, Grants Analyst, and three Customer Service Representatives supported the Executive Director.

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

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

Services

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

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

The Wheels Fixed Route system consists of the following services:

Wheels	Local and sub-regional fixed route system.
Rapid	Local and sub-regional bus rapid transit 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 5,921 passengers. Fixed route ridership had been increasing over the years since a FY2001 drop; flattening out in FY2009 and then decreasing in FY2010. For FY2011, at 1,712,879 passengers, it is a 1.6% decrease from FY2010. Passengers per hour, a measure of system efficiency, decreased from 17.1 in FY2010 to 15.4 in the current year.

LAVTA's newest fixed-route service, the Rapid, launched in January 2011 and features 10-minute peak period and 15-minute off-peak service. The primary goal of the service is to connect major Tri-Valley employment, retail, medical, and civic locations with fast and efficient bus service. The Rapid features frequent service, limited bus stops, transit signal priority, improved bus stop amenities including real-time arrival signs, new buses, and unique branding. For the first six months of operation, the Rapid carried over 146,000 passengers and immediately became LAVTA's second most popular bus line upon its premiere.

The Authority's fixed route service is supplemented by Dial-A-Ride paratransit service, which transported 56,795 mobility-impaired patrons in FY2011 on 18 specially equipped lift-vans. While the number of passengers decreased for the last two years, historically over the ten years prior, paratransit ridership increased over 100%.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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

Internal Accounting Controls

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

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

The concept of reasonable assurance recognizes that:

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

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

Cash Management

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

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

Budgetary Controls

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

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

Risk Management

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

than \$50,000. As a member of CalTIP the Authority has a seat on the governing board. The Board of Directors consists of representatives from all the member organizations.

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

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

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

Independent Audit

State law requires that independent auditors, selected by the Board of Directors, audit the financial statements of the Authority. The fiscal year ended June 30, 2011 audit was conducted by Maze & Associates and their report is included in the Financial Section. Maze & Associates has also audited the Authority's compliance with the Transportation Development Act, a state law governing the expenditure of Local Transportation Funds; and State Transit Assistance, the Single Audit Act and regulations, the law, rules and regulations governing expenditures of federal awards; Measure B, and Prop 1B Security and PTMISEA funds. The Auditors' reports on compliance are presented in the Compliance Section of this report. In all cases the Auditor's reports are "unqualified" meaning there were no compliance exceptions.

FISCAL YEAR IN REVIEW

LAVTA entered FY11 after two extremely difficult years during which the agency implemented a 25% reduction in service hours and raised fares. These measures were necessary to respond to significant losses in revenues resulting from the recession. Because the recovery has been extremely slow, LAVTA two main revenue sources remained relatively flat in FY11. Accordingly, FY11 saw a continuation of low service levels during the first half of the year, and then in the second half, LAVTA launched the Rapid.

Transportation Development Act (TDA) monies, which are sales tax based, declined 20% in Alameda County during FY09 and FY10. For FY11, County forecasters assumed that sales tax revenue would remain unchanged compared to FY10.

State Transit Assistance (STA) monies, which are fuel tax based but allocated at the discretion of Sacramento, were uncertain throughout FY09 and FY10, but in March 2010 the Legislature enacted what became known as the "gas tax swap". This legislation paved the way for a \$1.2 million distribution to LAVTA for FY11. Importantly, the swap legislation established an STA revenue stream for the future, provided nothing occurred to circumvent or negate the provisions in the bills.

Against this backdrop, LAVTA's FY11 Budget was balanced with the following features: (1) services were increased as the Rapid was launched and route 8's weekday peak hour services

were restored, (2) new grant funds were available to support the Rapid, (3) route 10's hours were reduced where they duplicated the Rapid's new hours, (4) fares were unchanged, (5) reserve levels were increased, and (6) LAVTA employees' wages were frozen for another year.

Fiscal Year 2011 Accomplishments

While the previous section summarizes the financial situation last year, this section describes the work accomplished. In addition to the on-going workload of the agency, LAVTA staff was extraordinarily busy this year in procurement activities and construction work associated with the Stimulus projects, construction of the Rapid, the design of Atlantis fuel and wash building, and the procurement of the O&M contract. Highlights of FY11's work accomplishments include:

Rapid Implementation: Completed capital construction of the Rapid and closed contracts with four contractors. Continually reported to FTA and the Board on construction status. Began service on January 24, 2011.

ARRA (Stimulus) Implementation: Completed all 15 projects.

Atlantis Implementation – Fuel and Wash Facility: Issued bridging documents for industry review. Began the procurement process to hire a design/build contractor. Obtained \$4m in STIP allocations to fund construction.

Marketing: Developed marketing materials to support the construction and launch of the Rapid, the 70X promotion, the annual Try Transit to School program, the annual food drive, and new programs such as New Neighbor and Foothill High School promotion. Installed art shelters at the Pleasanton Library and Granada High (Livermore) stops.

Paratransit: Graduated the second Ambassador class, trained drivers on safe mobility device securement, implemented a new marking/tethering program, further strengthened and revised policies related to paratransit.

Audits: Completed and closed the TDA Triennial Performance Audit.

Financial management: Continued quarterly budget status reports to the Board. Completed bus lease with City of Visalia to generate revenue. Redesigned passes with Hacienda and Commuter Club to reduce fraud. Continued pre-payments to reduce future retiree health obligations.

Procurement: Procured on-call marketing and engineering consultants, janitorial and landscaping services, and vendors for engine replacements, Rideo rehabilitation, and the like.

Contracted O&M: Conducted the procurement process to obtain operating and maintenance services for fixed route and paratransit. Awarded new fixed route contract to MV Transportation and new paratransit contract to American Logistics Company.

FUTURE OUTLOOK

The outlook for Fiscal Year 2012 can be summarized as follows: LAVTA will maintain the current amount of service hours delivered, doing so with a FY12 Budget approximately the same as in FY11. Further, there are no fare increases or significant service reductions anticipated for

the year ahead. While substantial savings are realized from the new Operations & Maintenance contracts, the savings are offset by the dramatically rising cost of diesel fuel.

FY12's major service highlight is the first full year of operations of the newly-launched Rapid. Coupled with some restorations from the cuts of FY09, the result will be a stabilization in service hours for a second consecutive year.

The major capital project highlight is the construction of the Atlantis Fuel and Wash Facility as the RFP process for a design-build contractor will be concluded in the first half of FY12. Construction is expected to begin in winter 2012 and last approximately 14 months.

In FY12, LAVTA will celebrate its Silver Anniversary commemorating 25 years of service to the Tri-Valley! The JPA was formed in 1985 and LAVTA began its first routes in summer 1986. Silver Anniversary events will be scheduled in Fall 2011 once the new school year begins and families return from summer vacations.

LAVTA begins the new fiscal year with new Operations and Maintenance contracts, recently awarded to MV Transportation and American Logistics Company. These contracts will save significant dollars, and the manner in which LAVTA provides for paratransit service will be dramatically different for our agency.

As LAVTA enters into FY12, its activities will occur against the backdrop of a slow recovery from recession. Clouding the outlook for LAVTA's financial picture are several issues with profound implications. First, Congress and the President continue to debate whether a multi-year transportation authorization bill will be enacted and what resources will be used to fund it. Federal authorizations and appropriations have proceeded in fits and starts, resulting in an inability for transit agencies to plan long-term. Second, the controversy over the State Budget continues to pose a threat to the State Transit Assistance program. On the local level, the Alameda CTC is continuing the development of plans to go to ballot in 2012 seeking voter approval for transportation revenues.

Fiscal Year 2012 Goals

FY12 marks the fifth year of 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 services and projects. To begin the budget process for FY12, the LAVTA Board identified their top priorities among the 27 Strategic Plan strategies at the December 2010 Board meeting. The Board's priorities for FY12 are:

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.

C3: Partner with employers in the use of transit to meet transportation demand management goals or 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, also called the Tri-Valley, is located on the eastern edge of Alameda County, the seventh largest county in California. The cities of Livermore, Dublin and Pleasanton surpassed 200,000 total residents according to unofficial 2010 Census data. According to the Metropolitan Transportation Commission's (MTC) 2035 Transportation Plan released in 2008, the Tri-Valley population is expected to grow by 28% between 2006 and 2035. Employment growth is projected to grow even more quickly than residential growth at 49%. The senior population is another area of fast growth as the Baby Boomer generation ages; between 2006 and 2035 the senior population is projected to 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 MTC is currently updating the transportation plan to take into account the recession which started in 2007. As a result of the recession and continuing economic malaise, projected growth in the Tri-Valley is expected to slow considerably from the above projected figures.

The Tri-Valley cities benefit from having lower unemployment than other cities in Alameda County, the state, and the nation. Statistics for August 2011 show that unemployment rates in Tri-Valley cities are: Dublin 6.5%, Livermore 7.0%, and Pleasanton 5.4%, compared to the county-wide figure of 10.7%.² The percentage of unemployed residents has declined since 2010.

At the end of FY 2009, in the face of declining revenues, the Authority reduced service by 25% and immediately saw a decrease in ridership of approximately the same percentage in FY 2010. In FY 2011, ridership declined less than 2% demonstrating that ridership declines have stabilized. The challenge for the Authority will be to maintain current riders and service levels and plan services that appeal to a market that is not the traditional transit-dependent population. With the launch of the Rapid in 2011, the Authority hopes to attract "choice" riders out of their cars and onto the bus. The Authority also hopes that as the economy improves and residents return to work, bus ridership will increase.

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 2011 - Preliminary

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Livermore Amador Valley Transit Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the fifteenth 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, 2011

Board of Directors

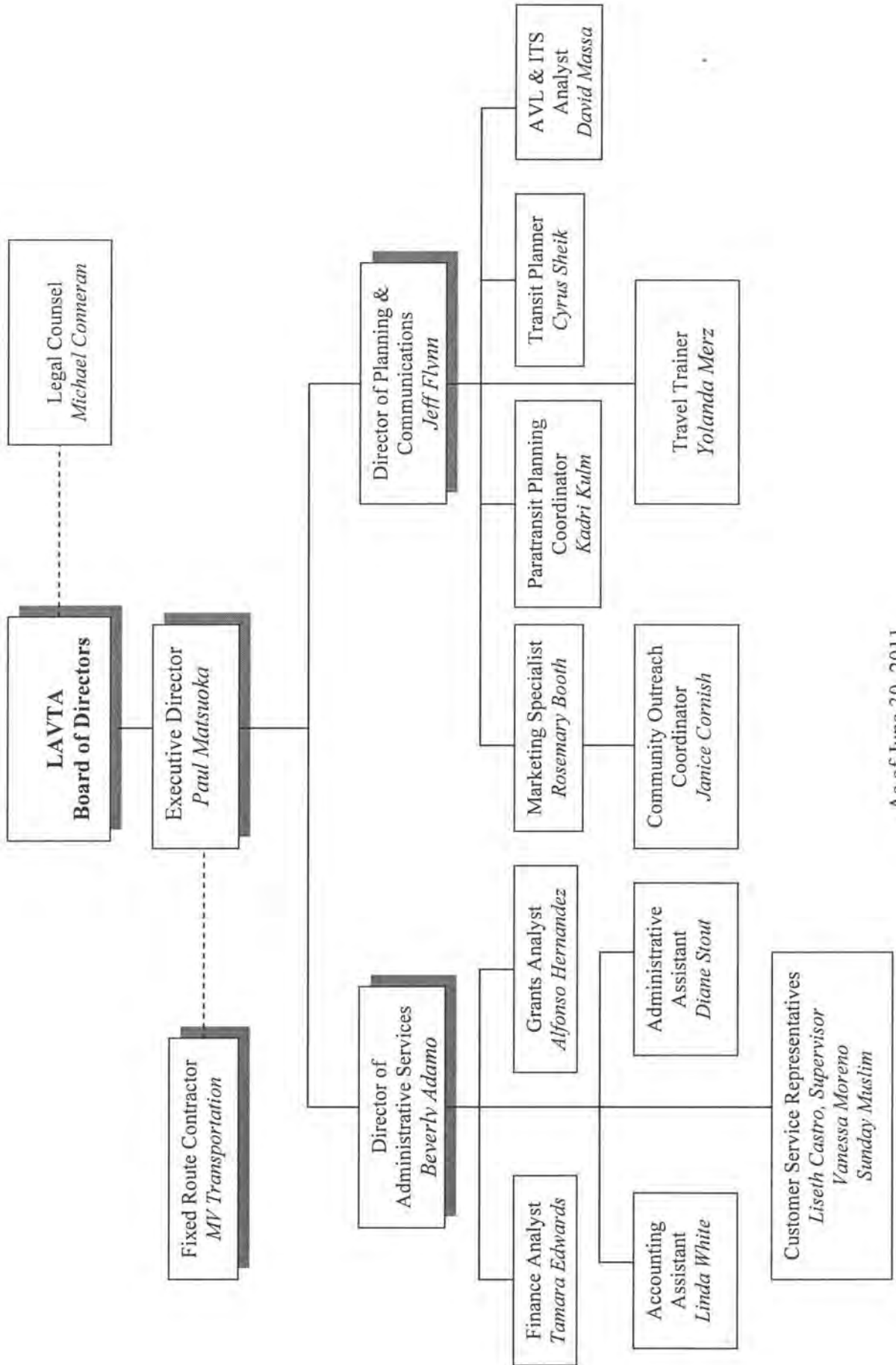
Chair	Scott Haggerty, Supervisor, Alameda County
Vice Chair.....	Kasie Hildenbrand, Vice Mayor, City of Dublin
Member.....	Cindy McGovern, Councilmember, City of Pleasanton
Member	Jerry Thorne, Councilmember, City of Pleasanton
Member	Tim Sbranti, Mayor, City of Dublin
Member	Marshall Kamena, Mayor,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

Staff

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

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

Organizational Chart



As of June 30, 2011

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, 2010

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



President

Executive Director

2

Financial Section



INDEPENDENT AUDITOR'S REPORT

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

We have audited the basic financial statements of the Livermore/Amador Valley Transit Authority (Authority) as of and for the year ended June 30, 2011 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 2010 financial statements; in our report dated October 2, 2010, 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, 2011 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 October 10, 2011 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.

Moze + Associates

October 10, 2011

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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 (MD&A)– a narrative overview and analysis of the financial activities of the Authority for each fiscal year. This MD&A is for the fiscal year ended June 30, 2011.

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, 2011 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, 2011 and June 30, 2010:

Table 1

Statement of Net Assets	Year Ending 6/30/2011	Year Ending 6/30/2010
ASSETS		
Cash and investments	\$2,407,697	\$2,393,862
Receivables & Other	1,596,248	3,266,684
Capital assets (depreciated)	<u>39,963,345</u>	<u>35,902,235</u>
Total assets	<u>43,967,290</u>	<u>41,562,781</u>
LIABILITIES		
Accounts payable & other	1,666,935	2,553,169
Due to LTF	<u>2,337,010</u>	<u>3,107,377</u>
Total liabilities	<u>4,003,945</u>	<u>5,660,546</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>39,963,345</u>	<u>35,902,235</u>
Total restricted net assets	<u>39,963,345</u>	<u>35,902,235</u>

Assets

Total assets amounted to \$43,967,290 consisting of \$4,000,945 in other assets such as cash and accounts receivable, and \$39,963,345 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, 2011 the capital projects below were ongoing:

Maintenance and Operations Facility

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

BRT

LAVTA deployed a BRT project with service beginning in January 2011. While this service began operations during this fiscal year, there are capital projects that continued past the end of the fiscal year. The funds expended on this project this year were primarily for construction of stops along the route and installation of Transit Signal Priority (TSP).

Liabilities

Liabilities totaled \$4,003,945 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 \$5,809,573 in reserves.

Net Assets

Net Assets increased \$4,061,110 due to additions to capital assets in excess of depreciation on existing capital assets.

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

The following table summarizes the Statement of Revenues, Expenses and Change in Net Assets, or the change in net assets of governmental activities, for the year ended June 30, 2011 and June 30, 2010:

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

	Year Ending 6/30/2011	Year Ending 6/30/2010
REVENUES		
Program operating revenues:		
Fare and contract revenues	\$2,238,915	\$2,341,303
Advertising and ticket concessions	<u>332,274</u>	<u>327,377</u>
Total operating revenues	<u>2,571,189</u>	<u>\$2,668,680</u>
Non-operating revenues, non-capital:		
Operating grants and contributions	10,712,934	10,241,253
Total non-operating revenues, non-capital	<u>10,712,934</u>	<u>10,241,253</u>
Total non-capital revenues	<u>13,284,123</u>	<u>12,909,933</u>
Non-operating revenues, capital		
Gain (Loss) on Disposal of Equipment	<u>296,844</u>	<u>(248,369)</u>
Total Gain (Loss)	<u>296,844</u>	<u>(248,369)</u>
Capital grants, net	<u>7,306,635</u>	<u>12,380,540</u>
Total capital grants, net	<u>7,306,635</u>	<u>12,380,540</u>
Total revenues	<u>\$20,887,602</u>	<u>\$25,042,104</u>
EXPENSES		
Expenses, non-capital		
Board of Directors	\$12,100	\$10,670
Executive Director	223,373	238,527
Administrative Services	1,389,776	1,382,776
Planning	474,195	489,442
Marketing	465,480	432,056
Operations	10,719,199	10,356,462
Total Expenses, non-capital	<u>13,284,123</u>	<u>12,909,933</u>
Expenses, capital		
Depreciation	<u>3,542,369</u>	<u>3,499,951</u>
Total expenses	<u>16,826,492</u>	<u>16,409,884</u>
CHANGE IN NET ASSETS		
Net Assets, beginning	<u>35,902,235</u>	<u>27,270,015</u>
Net Assets, ending	<u>39,963,345</u>	<u>35,902,235</u>

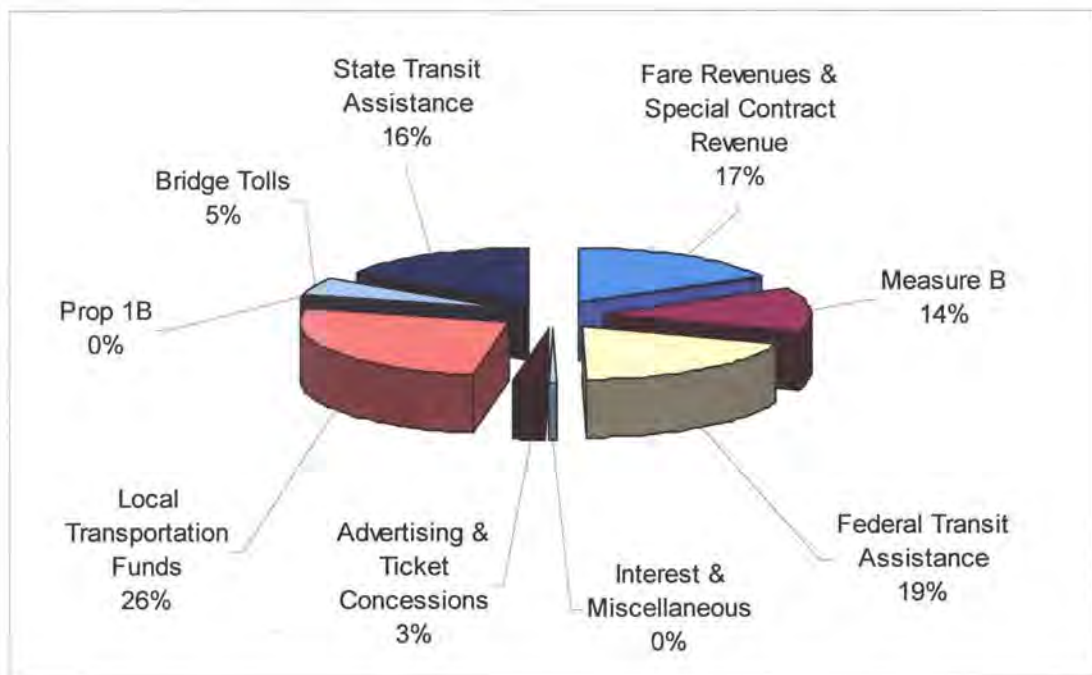
Revenues

The Authority's primary source of operating revenue is Transportation Development Act (TDA) Article 4.0 and 4.5 funds. In FY11, TDA accounted for 26% of total operating revenue. The rest of the revenue is comprised of Federal Transit Assistance, Passenger Fares, State Transit Assistance, Measure B, Bridge Tolls, Prop 1B, Advertising and Ticket Concessions, and Interest.

Federal operating funds accounted for \$2,503,783 or 19% of the total; this is a slight decrease over the prior year.

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

The statistical section of this report presents all the revenue sources by year for the previous ten years. Below are percentages by funding source for the fiscal year ending June 2011.



Expenses

Total expenses including depreciation (which was \$3,542,369) were \$16,631,481 in the fiscal year ending June 30, 2011. Adjusting for depreciation this was a 1.39% increase over the prior year. The increase in expenses was driven by nominal adjustments in the cost of doing business, i.e. increases in service contracts.

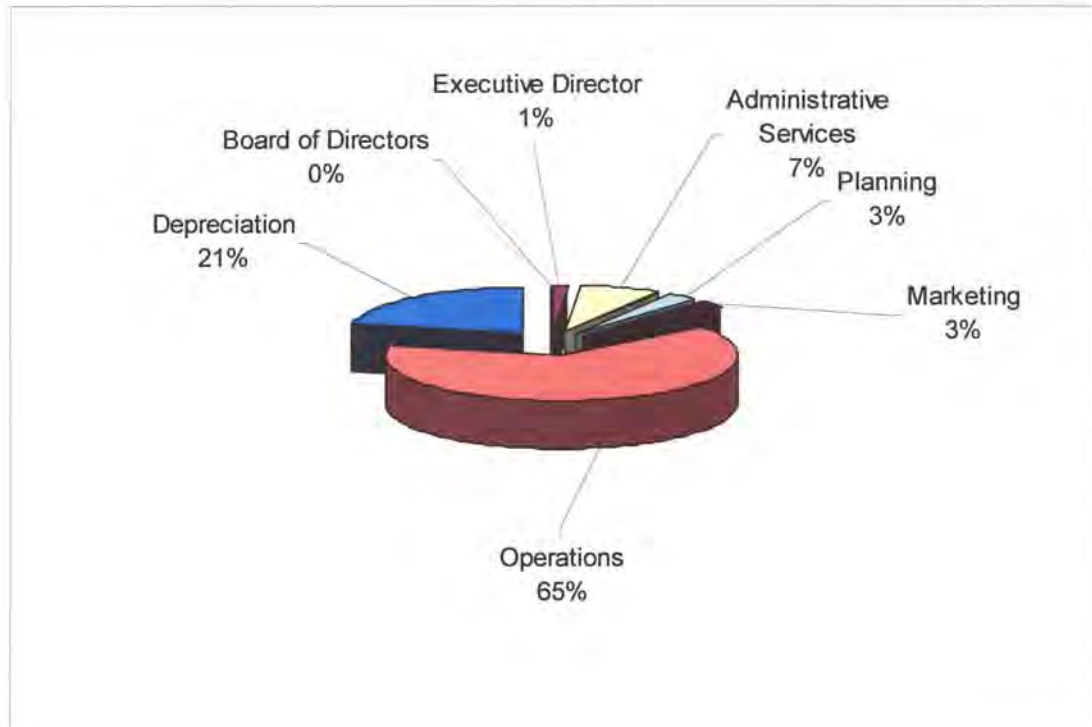
Expenses, excluding depreciation, are sorted by department. A brief description of each department's function is as follows:

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

transportation, liability insurance, and fuel are significant costs attributed to this department.

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

A historical comparison of expenses by department is also included in the statistical section of this report. Below are the percentages by department for the fiscal year ending June 2011.



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, 2011
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010

	2011			2010 Totals
	Fixed Route Program	Paratransit Program	Totals	
ASSETS				
Current Assets				
Cash and investments (Note 2)	\$2,407,697		\$2,407,697	\$2,393,862
Receivables:				
Accounts	1,183,846	\$43,169	1,227,015	479,124
Capital grants	74,834		74,834	2,620,309
Due from other fund (Note 3)	44,871		44,871	51,818
Prepaid expenses	196,691	3,754	200,445	115,433
Total current assets	<u>3,907,939</u>	<u>46,923</u>	<u>3,954,862</u>	<u>5,660,546</u>
Noncurrent Assets				
OPEB Asset (Note 11)	49,083		49,083	
Capital Assets (Note 4):				
Land and construction in progress	20,841,795		20,841,795	13,752,282
Depreciable assets	42,386,399	2,050,333	44,436,732	46,229,958
Subtotal capital assets	63,228,194	2,050,333	65,278,527	59,982,240
Less: accumulated depreciation	(24,071,422)	(1,243,760)	(25,315,182)	(24,080,005)
Capital assets, net	<u>39,156,772</u>	<u>806,573</u>	<u>39,963,345</u>	<u>35,902,235</u>
Total noncurrent assets	<u>39,205,855</u>	<u>806,573</u>	<u>40,012,428</u>	<u>35,902,235</u>
Total Assets	<u>43,113,794</u>	<u>853,496</u>	<u>43,967,290</u>	<u>41,562,781</u>
LIABILITIES				
Accounts payable and accrued liabilities	1,329,945	2,052	1,331,997	1,634,979
Claims payable (Note 1E)	123,794		123,794	208,640
Due to other fund (Note 3)		44,871	44,871	51,818
Unearned Revenues (Note 7)	166,273		166,273	657,732
Due to LTF Operating (Note 5)	2,337,010		2,337,010	3,107,377
Total Liabilities	<u>3,957,022</u>	<u>46,923</u>	<u>4,003,945</u>	<u>5,660,546</u>
NET ASSETS				
Invested in capital assets (Note 8)	<u>39,156,772</u>	<u>806,573</u>	<u>39,963,345</u>	<u>35,902,235</u>
Total Restricted Net Assets	<u>\$39,156,772</u>	<u>\$806,573</u>	<u>\$39,963,345</u>	<u>\$35,902,235</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, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010 Totals
	Fixed Route Program	Paratransit Program	Totals	
PROGRAM OPERATING REVENUES				
Fares revenues	\$1,810,010	\$133,168	\$1,943,178	\$2,012,923
Special contract revenue	241,479	54,258	295,737	328,380
Advertising & Ticket concessions	332,274		332,274	327,377
Total program operating revenues	2,383,763	187,426	2,571,189	2,668,680
PROGRAM OPERATING EXPENSES				
Board of Directors	11,495	605	12,100	10,670
General Manager	223,373		223,373	238,527
Administrative services	1,360,638	29,138	1,389,776	1,382,776
Planning	315,039	159,156	474,195	489,442
Marketing	465,479	1	465,480	432,056
Operations	9,188,210	1,530,989	10,719,199	10,356,462
Depreciation	3,171,349	371,020	3,542,369	3,499,951
Total program operating expenses	14,735,583	2,090,909	16,826,492	16,409,884
PROGRAM OPERATING LOSS	(12,351,820)	(1,903,483)	(14,255,303)	(13,741,204)
NON-OPERATING REVENUES (EXPENSES)				
Interest and miscellaneous	40,029		40,029	29,314
Local Transportation Funds 4.0	1,971,480	818,725	2,790,205	5,315,450
Local Transportation Funds 4.5		86,712	86,712	74,880
State Transit Assistance	1,941,795	98,821	2,040,616	817,396
Local Operating Assistance	758,038		758,038	85,883
FTA operating assistance	2,106,002	397,781	2,503,783	2,611,235
Local sales tax/Measure B funds:				
Allocations	693,940	130,424	824,364	738,792
Special Allocations	958,401		958,401	568,303
State Bond Fund - Prop 1B (Note 7B)	24,785		24,785	
Bridge tolls	686,001		686,001	
Gain (loss) on disposal of equipment	372,160	(75,316)	296,844	(248,369)
Net non-operating revenues, before capital contributions (grants)	9,552,631	1,457,147	11,009,778	9,992,884
Capital contributions (grants):				
FTA capital assistance	6,265,627	163,629	6,429,256	10,009,505
Local Transportation Funds 4.0	457,996	40,907	498,903	2,030,479
State Bond Fund - Prop 1B (Note 7B)	153,154		153,154	265,557
Bridge tolls	225,322		225,322	74,999
Total capital contributions (grants)	7,102,099	204,536	7,306,635	12,380,540
Net non-operating revenues and contributions	16,654,730	1,661,683	18,316,413	22,373,424
Change in net assets	4,302,910	(241,800)	4,061,110	8,632,220
NET ASSETS,				
Beginning of Year	34,853,862	1,048,373	35,902,235	27,270,015
End of Year	\$39,156,772	\$806,573	\$39,963,345	\$35,902,235

See accompanying notes to basic financial statements

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010

	2011			2010 Totals
	Fixed Route Program	Paratransit Program	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$1,617,867	\$205,431	\$1,823,298	\$2,857,633
Payments to vendors	(10,709,013)	(1,583,370)	(12,292,383)	(11,010,560)
Payments to and on behalf of employees	(1,366,086)	(147,577)	(1,513,663)	(1,612,190)
Net cash provided by operating activities	(10,457,232)	(1,525,516)	(11,982,748)	(9,765,117)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	40,029		40,029	29,314
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Local Transportation Funds 4.0	4,308,490	818,725	5,127,215	8,422,827
Repayment of prior year Due to LTF	(3,107,377)		(3,107,377)	(954,427)
Local Transportation Funds 4.5		86,712	86,712	74,880
State Transit Assistance	1,941,795	98,821	2,040,616	817,396
TFCA	758,038		758,038	85,883
FTA operating assistance	2,106,002	397,781	2,503,783	2,611,235
Local sales tax/Measure B funds	1,652,341	130,424	1,782,765	1,307,095
Bridge tolls	686,001		686,001	
Interfund payments		(6,947)	(6,947)	(17,399)
Interfund receipts	6,947		6,947	17,399
Net cash by noncapital and financing activities	8,352,237	1,525,516	9,877,753	12,364,889
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(7,518,944)	(204,536)	(7,723,480)	(11,907,389)
Capital grants received:				
FTA capital assistance	8,757,371	163,629	8,921,000	7,879,681
Local Transportation Funds 4.0	456,357	40,907	497,264	2,486,094
Bridge Tolls	300,697		300,697	74,999
State Bond Fund - Prop 1B	83,320		83,320	403,961
Net cash by capital and related financing activities	2,078,801		2,078,801	(1,062,654)
NET CASH FLOWS	13,835		13,835	1,566,432
CASH AND INVESTMENTS AT BEGINNING OF YEAR	2,393,862		2,393,862	827,430
CASH AND INVESTMENTS AT END OF YEAR	\$2,407,697		\$2,407,697	\$2,393,862
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating loss	(\$12,351,820)	(\$1,903,483)	(\$14,255,303)	(\$13,741,204)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	3,171,349	371,020	3,542,369	3,499,951
Increase (decrease) in:				
Accounts receivable	(765,896)	18,005	(747,891)	188,953
Prepaid expenses	(84,800)	(212)	(85,012)	(26,135)
OPEB Asset	(49,083)		(49,083)	
Accounts payable	(292,136)	(10,846)	(302,982)	154,024
Claims payable	(84,846)		(84,846)	159,294
Net cash provided by operating activities	(\$10,457,232)	(\$1,525,516)	(\$11,982,748)	(\$9,765,117)

See accompanying notes to basic financial statements

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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, 2011

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 \$2,500 deductible for physical damage claims on vehicles with a value less than \$50,000.

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

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

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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.

	2011-2010	2010-2009
Balance, July 1	\$208,640	\$49,346
Net change in liability for claims and claims paid but not reported	(58,379)	222,571
Claims paid	(26,467)	(63,277)
Balance, June 30	\$123,794	\$208,640

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

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 consist of the following:

Local Agency Investment Fund	\$2,374,257
Cash in bank	32,700
Cash on hand	740
Total Cash and Investments	\$2,407,697

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 is to changes in market interest rates.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 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, 2011 these investments matured in an average of 237 days.

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

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, 2011, the Fixed Route Program Fund was owed a total of \$44,871 by the Paratransit Program Fund.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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, 2011

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets comprised the following at June 30, 2011:

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
Fixed Route:					
Capital assets not being depreciated:					
Land	\$3,973,472				\$3,973,472
Construction in Progress	9,778,810	\$7,135,293		(\$45,780)	16,868,323
Total capital assets not being depreciated	13,752,282	7,135,293		(45,780)	20,841,795
Capital assets being depreciated:					
Vehicles	30,196,275	276,293	(\$1,496,738)		28,975,830
Facilities	8,294,881			6,806	8,301,687
Equipment	5,002,747	107,358	(40,197)	38,974	5,108,882
Total capital assets being depreciated	43,493,903	383,651	(1,536,935)	45,780	42,386,399
Less accumulated depreciation for:					
Vehicles	(14,384,660)	(2,336,591)	1,491,027		(15,230,224)
Facilities	(4,490,761)	(239,838)			(4,730,599)
Equipment	(3,516,902)	(594,920)	1,223		(4,110,599)
Total accumulated depreciation	(22,392,323)	(3,171,349)	1,492,250		(24,071,422)
Total depreciable assets	21,101,580	(2,787,698)	(44,685)	45,780	18,314,977
Capital assets, net	<u>\$34,853,862</u>	<u>\$4,347,595</u>	<u>(\$44,685)</u>		<u>\$39,156,772</u>
Paratransit					
Capital assets being depreciated:					
Facilities	\$40,452				\$40,452
Equipment	120,141		(\$5,988)		114,153
Vehicles	2,575,462	\$204,536	(884,270)		1,895,728
Total capital assets being depreciated	2,736,055	204,536	(890,258)		2,050,333
Less accumulated depreciation for:					
Facilities	(9,336)	(\$3,111)			(12,447)
Equipment	(58,301)	(22,400)	5,988		(74,713)
Vehicles	(1,620,045)	(345,509)	808,954		(1,156,600)
Total accumulated depreciation	(1,687,682)	(371,020)	814,942		(1,243,760)
Total depreciable assets	1,048,373	(166,484)	(75,316)		806,573
Capital assets, net	<u>\$1,048,373</u>	<u>(\$166,484)</u>	<u>(\$75,316)</u>		<u>\$806,573</u>
Total					
Land and Construction in Progress	\$13,752,282	\$7,135,293		(\$45,780)	\$20,841,795
Depreciable Assets:					
Cost	46,229,958	588,187	(\$2,427,193)	45,780	44,436,732
Less accumulated depreciation for:	(24,080,005)	(3,542,369)	2,307,192		(25,315,182)
Net	22,149,953	(\$2,954,182)	(\$120,001)	\$45,780	19,121,550
All Capital Assets, net	<u>\$35,902,235</u>				<u>\$39,963,345</u>

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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, 2011, 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, 2011 follows:

Source	Unallocated Balances
Transportation Development Act Funds	\$4,580,384
State Transit Assistance Funds:	
Revenue Based Funds	78
Population Based Funds	1,229,111
Total Unallocated Local Transportation Funds	\$5,809,573

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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, 2011 are calculated as follows:

Fiscal 2011 unexpended funds:	Fixed Route Program	Paratransit Program	Total
Operating loss	(\$12,351,820)	(\$1,903,483)	(\$14,255,303)
Add back:			
Depreciation	3,171,349	371,020	3,542,369
Interest and miscellaneous	40,029		40,029
Net operating expenses reimbursable by grants	(9,140,442)	(1,532,463)	(10,672,905)
Grants:			
County Measure B Grants	1,652,341	130,424	1,782,765
State Bond Fund	24,785		24,785
Bridge Tolls	686,001		686,001
Federal Transportation Administration Operating Assistance	2,106,002	397,781	2,503,783
Local Operating Assistance	758,038		758,038
Net Operating Expenses reimbursable by LTF and STA funds	(3,913,275)	(1,004,258)	(4,917,533)
State Transit Assistance Receipts	1,941,795	98,821	2,040,616
LTF Receipts:			
Article 4.0	4,308,490	818,725	5,127,215
Article 4.5		86,712	86,712
Due to LTF	\$2,337,010		\$2,337,010

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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:

	<u>2011</u>	<u>2010</u>
Operating expenses excluding depreciation	\$1,719,889	\$1,766,628
Less:		
Actual passenger fare revenues	(133,168)	(134,064)
Special contract revenue	(54,258)	(88,436)
Interest income		
Taxi study expenses		(39,356)
Article 4.0 LTF revenues	(818,725)	(695,488)
Maximum eligibility	<u>\$713,738</u>	<u>\$809,284</u>

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

Maximum eligibility	\$713,738	\$809,284
Less:		
Article 4.5 LTF revenues	(86,712)	(74,880)
State Transit Assistance	(98,821)	
FTA operating assistance	(397,781)	(617,519)
Local sales tax/Measure B funds	(130,424)	(116,885)
Deficit (surplus) of Measure B revenue over maximum eligibility	<u>\$0</u>	<u>\$0</u>

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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.

	2011	2010
Maximum eligibility computed above	\$713,738	\$809,284
Total TDA Article 4.5 revenues	\$86,712	\$74,880
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 \$2,040,616 during fiscal year 2010-2011, which was expended for operating expenses of the Fixed Route Program.

NOTE 7 - CAPITAL GRANTS

A. Summary

The Authority's capital transactions and unexpended grant funds at June 30, 2011 are calculated as follows:

	Fixed Route Program	Paratransit Program	Total
Capital costs:			
Capital asset additions	(\$7,518,944)	(\$204,536)	(\$7,723,480)
Funding sources:			
FTA Capital Assistance	\$6,265,627	\$163,629	\$6,429,256
Local Transportation Fund 4.0	457,996	40,907	498,903
State Bond Fund - Prop 1B	153,154		153,154
Bridge Tolls	225,322		225,322
Prior years unearned sales proceeds	416,845		416,845
Total Funding Sources	\$7,518,944	\$204,536	\$7,723,480

Deferred Proceeds: As of June 30, 2011, the Authority held proceeds from the sale of buses and insurance reimbursement proceeds received to reimburse the Authority for fire damage to a bus. These proceeds are to be used for future capital asset acquisition as instructed by the Federal Transit Administration. These funds have been deferred to reflect the commitment to fund the future asset acquisitions or in their absence the return of funds to the federal government. During fiscal 2010-11 the Authority used prior years unearned sales proceeds to acquire capital assets.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

NOTE 7 - CAPITAL GRANTS (Continued)

B. Prop 1B (PTMISEA) Projects

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

A summary of the Authority's outstanding Proposition 1B revenue and expenditures for the year ended June 30, 2011 are as follows:

Project Name	Grant Amount	Interest Earned		Expended in Fiscal		Unearned Revenue
		Prior Years	2010-11	Prior Years	2010-11	
PTMISEA PROGRAMS:						
Bus Stop Improvements	\$100,000	\$1,865		\$101,865		
Route 10 Bus Rapid Transit Project FY 2009-10 Allocations	392,593	1,735	\$298	259,742	\$134,884	
OTHER PROGRAMS:						
Security	26,768	663	93	2,739	24,785	
Radio Frequency	46,624		210			\$46,834
Surveillance Equipment/ Cameras	36,696		107			36,803
Total	\$602,681	\$4,263	\$708	\$364,346	\$159,669	\$83,637

NOTE 8 – NET ASSETS

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

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

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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, 2011, are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	1.426% - 2.418%
Required employee contribution rates	7%
Required employer contribution rates	11.276%

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, 2011, 2010 and 2009 amounted to \$149,626, \$166,985 and \$169,376 respectively.

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

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 eighteen 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, 2011.

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, 2009.

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2007	\$2,611,746,790	\$2,391,434,447	\$220,312,343	91.6%	\$665,522,859	33.1%
2008	2,780,280,768	2,547,323,278	232,957,490	91.6%	688,606,681	33.8%
2009	3,104,798,222	2,758,511,101	346,287,121	88.8%	742,981,488	46.6%

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, 2011

NOTE 11 – RETIREE MEDICAL BENEFITS

A. Summary

The Authority provides postretirement health care benefits to full time employees who retire directly from the Authority after attaining the age of 50 with 5 years of service. As of June 30, 2011 there were 6 participants receiving these health care benefits.

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

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

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

B. Funding Policy and Actuarial Assumptions

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

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011

NOTE 11 – RETIREE MEDICAL BENEFITS (Continued)

C. Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2011, the Authority calculated and recorded the Net OPEB Obligation, representing the difference between the ARC, amortization and contributions, as presented below:

Annual required contribution	\$131,032
Adjustment of the Annual required contribution	<u>(4,989)</u>
Annual OPEB cost	126,043
Contributions made:	
Authority's portion of current year premiums paid	54,002
Contributions to the trust	<u>126,907</u>
Total contributions	<u>180,909</u>
(Decrease) increase in net OPEB obligations	54,866
Net OPEB (Obligation) Asset June 30, 2010	<u>(5,783)</u>
Net OPEB Asset June 30, 2011	<u><u>\$49,083</u></u>

The Plan's annual require contributions and actual contributions for the years ended June 30, 2010 and June 30, 2011 are set forth below:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB (Obligation) Asset
6/30/2010	\$126,907	\$121,124	95%	(\$5,783)
6/30/2011	126,043	180,909	144%	49,083

**LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2011**

NOTE 11 – RETIREE MEDICAL BENEFITS (Continued)

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

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

NOTE 12 - CONTINGENT LIABILITIES

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

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

NOTE 13 - MAJOR CONTRACTOR

The Authority has an agreement dated July 1, 2007 inclusive with a Contractor, (MV Transportation Inc.) which requires MV Transportation Inc. to operate and maintain the fixed route and paratransit programs. The contract terms end on June 30, 2011 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 \$9,070,698 for the fiscal year ended June 30, 2011.

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
SCHEDULE OF OPERATING REVENUES AND EXPENSES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR OF JUNE 30, 2010

	Fixed Route	Paratransit	Totals	
			2011	2010
REVENUES				
Fares	\$1,810,010	\$133,168	\$1,943,178	\$2,012,923
Special contract revenue	241,479	54,258	295,737	328,380
Advertising	332,274		332,274	327,377
Interest and miscellaneous	40,029		40,029	29,314
Local Transportation Funds 4.0	1,971,480	818,725	2,790,205	5,315,450
Local Transportation Funds 4.5		86,712	86,712	74,880
State Transit Assistance	1,941,795	98,821	2,040,616	817,396
Local operating assistance	758,038		758,038	85,883
FTA operating assistance	2,106,002	397,781	2,503,783	2,611,235
Local sales tax/Measure B funds - allocations	693,940	130,424	824,364	738,792
Local sales tax/Measure B funds - Taxi study	958,401		958,401	568,303
Proposition 1B	24,785		24,785	
Bridge tolls	686,001		686,001	
Total Revenues	\$11,564,234	\$1,719,889	\$13,284,123	\$12,909,933
EXPENSES				
Labor	856,034	87,811	\$943,845	\$982,488
Fringe benefits	510,052	59,766	569,818	629,702
Services	671,936	14,841	686,777	242,624
Purchased transportation	7,670,558	1,259,448	8,930,006	8,682,126
Fuel, parts, supplies and other operation costs	1,389,732	231,364	1,621,096	1,793,555
Insurance	179,593	48,304	227,897	460,522
Administration and legal	286,329	18,355	304,684	118,916
Depreciation	3,171,349	371,020	3,542,369	3,499,951
Total Expenses	\$14,735,583	\$2,090,909	\$16,826,492	\$16,409,884

This Page Left Intentionally Blank

3

Statistical Section



STATISTICAL SECTION

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

Financial Trends

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

1. Changes in Net Assets and Statement of Net Assets
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

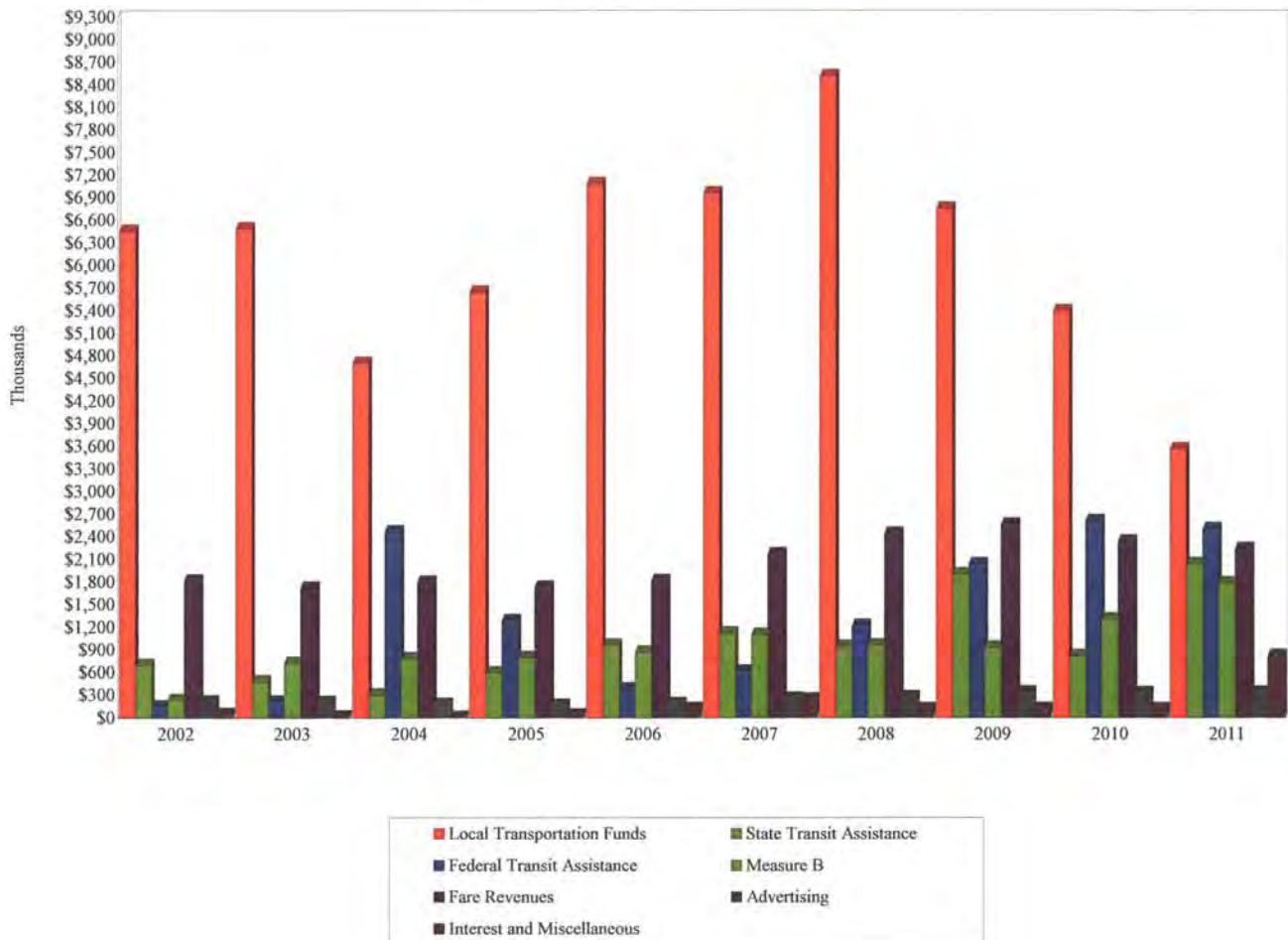
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Authority implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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

	Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues:								
Fare Revenue & Special Contract Revenue	\$1,798,519	\$1,730,775	\$1,818,670	\$2,171,707	\$2,439,990	\$2,563,937	\$2,341,303	\$2,238,915
Advertising & Ticket Concessions	176,550	165,748	185,066	255,715	272,348	336,458	327,377	332,274
Total Operating Revenues	1,975,069	1,896,523	2,003,736	2,427,422	2,712,338	2,900,395	2,668,680	2,571,189
Operating Expenses:								
Board of Directors	63,044	65,585	14,166	16,604	15,526	24,922	10,670	12,100
General Manager	142,161	176,409	190,979	204,540	203,844	236,926	238,527	223,373
Administrative Services	767,569	660,188	702,453	816,202	1,280,040	1,573,255	1,382,776	1,389,776
Planning	305,121	272,449	127,899	522,690	453,048	490,632	489,442	474,195
Marketing	199,362	279,531	350,464	424,933	462,340	399,096	432,056	465,480
Operations	8,757,895	8,800,844	10,032,115	10,483,366	12,052,937	11,922,206	10,356,462	10,719,199
Depreciation	1,486,657	2,408,131	2,852,254	2,992,874	3,173,773	3,090,734	3,499,951	3,542,369
Total Operating Expenses	11,721,809	12,663,137	14,270,330	15,461,209	17,641,508	17,737,771	16,409,884	16,826,492
Operating loss	(9,746,740)	(10,766,614)	(12,266,594)	(13,033,787)	(14,929,170)	(14,837,376)	(13,741,204)	(14,255,303)
Nonoperating Revenues (Expenses):								
Local Transportation Funds	4,702,542	5,642,370	7,083,016	6,962,330	8,516,655	6,754,812	5,390,330	2,876,917
State Transit Assistance	302,314	595,400	961,000	1,118,182	942,300	1,901,482	817,396	2,040,616
Local Operating Assistance							85,883	758,038
Federal Transit Assistance	2,468,142	1,289,211	381,354	614,146	1,220,064	2,038,314	2,611,235	2,503,783
Measure B	783,987	796,358	866,334	1,102,162	961,815	931,851	1,307,095	1,782,765
Bridge tolls			58,000	100,000	101,500	101,500		686,001
Interest and Miscellaneous	3,097	35,143	64,636	144,093	13,063	18,683	29,314	64,814
Loss on disposal of capital assets	(380,523)	(156,330)	(12,950)	(90,178)	(91,593)	(177,346)	(248,369)	296,844
Total Nonoperating Revenues	7,879,559	8,202,152	9,401,390	9,950,735	11,663,804	11,569,296	9,992,884	11,009,778
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	10,009,505	6,429,256
Local Transportation Funds 4.0	683,445	424,798	241,507	1,552,536	1,071,421	522,895	2,030,479	498,903
AVL State	2,367,115	22,872						
Bridge Tolls		7,050	183,897	702,124		621,139	74,999	225,322
Local Sales / Measure B						109,200		
State Bond Fund - Prop 1B						812,646	265,557	153,154
STIP			66,252		1,500,000			
City of Livermore Park and Ride Facility	(742,644)							
Total Capital Contributions	13,971,340	485,603	1,567,518	5,243,541	5,304,269	2,764,498	12,380,540	7,306,635
Change in net assets	12,104,159	(2,078,859)	(1,297,686)	2,160,489	2,038,903	(503,582)	8,632,220	4,061,110
Net assets - beginning of period	14,846,591	26,950,750	24,871,891	23,574,205	25,734,694	27,773,597	27,270,015	35,902,235
Net assets - end of period	\$26,950,750	\$24,871,891	\$23,574,205	\$25,734,694	\$27,773,597	\$27,270,015	\$35,902,235	\$39,963,345
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	\$35,902,235	\$39,963,345

Source: LAVTA's basic financial statements.

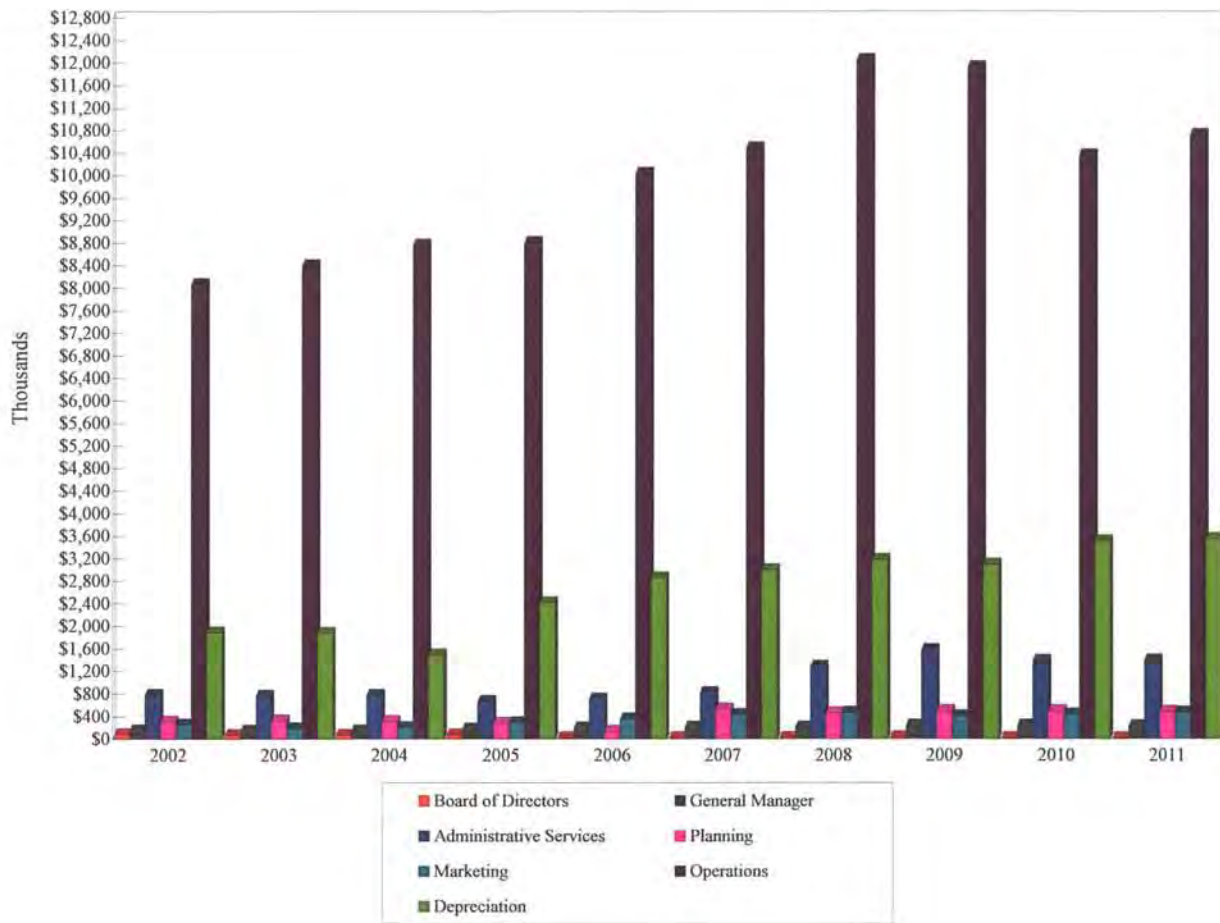
**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY,
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**



Fiscal Year	Local Transportation Funds	State Transit Assistance	Federal Transit Assistance	Measure B	Fare Revenues & Special Contract Revenue	Advertising & Ticket Concessions	Local Operating Assistance, Interest and Miscellaneous	Total
2002	\$6,455,527	\$693,519	\$145,686	\$232,608	\$1,818,765	\$214,730	\$48,603	\$9,609,438
2003	6,490,560	479,960	210,902	724,659	1,722,791	208,553	13,977	9,851,402
2004	4,702,542	302,314	2,468,142	783,987	1,798,519	176,550	3,097	10,235,151
2005	5,642,370	595,400	1,289,211	796,358	1,730,775	165,748	35,143	10,255,005
2006	7,083,016	961,000	381,354	866,334	1,818,670	185,066	122,636	11,418,076
2007	6,962,330	1,118,182	614,146	1,102,162	2,171,707	255,715	244,093	12,468,335
2008	8,516,655	942,300	1,220,064	961,815	2,439,990	272,348	114,563	14,467,735
2009	6,754,812	1,901,482	2,038,314	931,851	2,563,937	336,458	120,183	14,647,037
2010	5,390,330	817,396	2,611,235	1,307,095	2,341,303	327,377	115,197	12,909,933
2011	3,562,918	2,040,616	2,503,783	1,782,765	2,238,915	332,274	822,852	13,284,123

Source: Livermore/Amador Valley Transit Authority Audit Reports

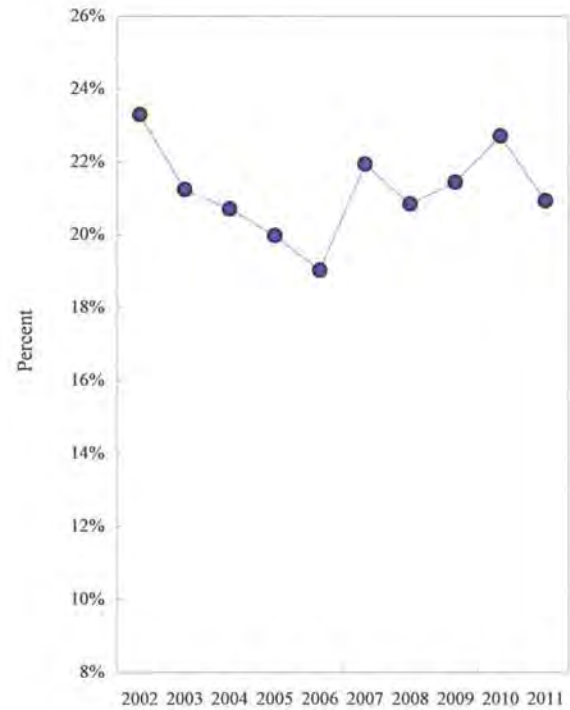
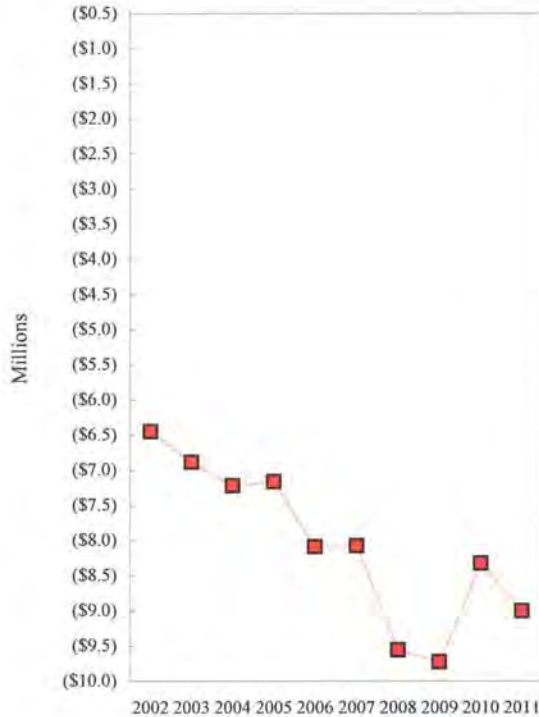
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
 OPERATING EXPENSES BY FUNCTION
 LAST TEN FISCAL YEARS



Fiscal Year	Board of Directors	General Manager	Administrative Services	Planning	Marketing	Operations	Depreciation	Total
2002	\$77,399	\$143,432	\$776,597	\$301,000	\$247,375	\$8,063,635	\$1,881,662	\$11,491,100
2003	62,300	141,539	756,146	317,398	181,472	8,392,547	1,871,252	11,722,654
2004	63,044	142,161	767,569	305,121	199,362	8,757,895	1,486,657	11,721,809
2005	65,585	176,409	660,188	272,449	279,531	8,800,844	2,408,131	12,663,137
2006	14,166	190,979	702,453	127,899	350,464	10,032,115	2,852,254	14,270,330
2007	16,604	204,540	816,202	522,690	424,933	10,483,366	2,992,874	15,461,209
2008	15,526	203,844	1,280,040	453,048	462,340	12,052,937	3,173,773	17,641,508
2009	24,922	236,926	1,573,255	490,632	399,096	11,922,206	3,090,734	17,737,771
2010	10,670	238,527	1,382,776	489,442	432,056	10,356,462	3,499,951	16,409,884
2011	12,100	223,373	1,389,776	474,195	465,480	10,719,199	3,542,369	16,826,492

Source: Livermore/Amador Valley Transit Authority Audit Reports

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



■ Operating Losses

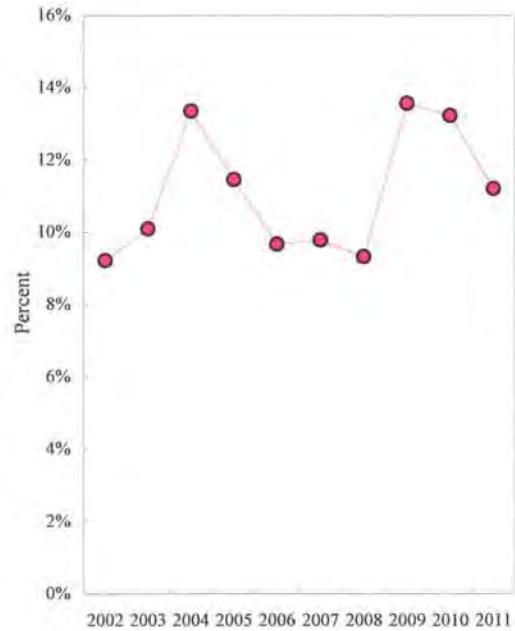
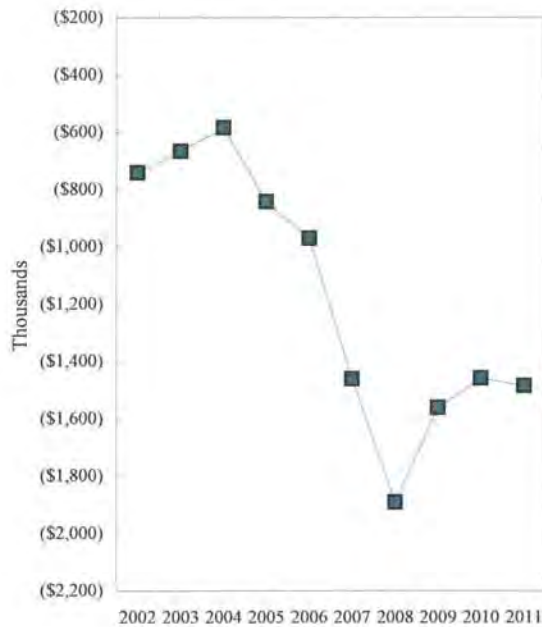
● Farebox Recovery Ratio

Fiscal Year	Operating Expenses Excluding Insurance and Depreciation	Fare & Auxiliary Transportation Revenues	Operating Loss Before Insurance and Depreciation	Farebox Recovery Ratio
2002	\$8,403,068	\$1,958,218	(\$6,444,850)	23.3%
2003	8,737,747	1,856,536	(6,881,211)	21.2%
2004	9,103,569	1,885,093	(7,218,476)	20.7%
2005	8,945,946	1,787,615	(7,158,331)	20.0%
2006	9,985,794	1,899,860	(8,085,934)	19.0%
2007	10,340,040	2,268,995	(8,071,045)	21.9%
2008	12,074,017	2,517,855	(9,556,162)	20.9%
2009	12,379,790	2,655,341	(9,724,449)	21.4%
2010	10,768,750	2,446,180	(8,322,570)	22.7%
2011	11,384,641	2,383,763	(9,000,878)	20.9%

Source: Livermore/Amador Valley Transit Authority Audit Reports

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

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



■ Operating Losses

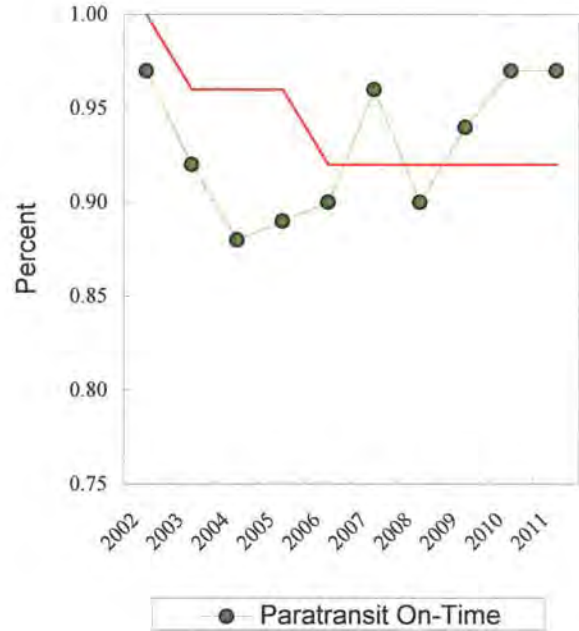
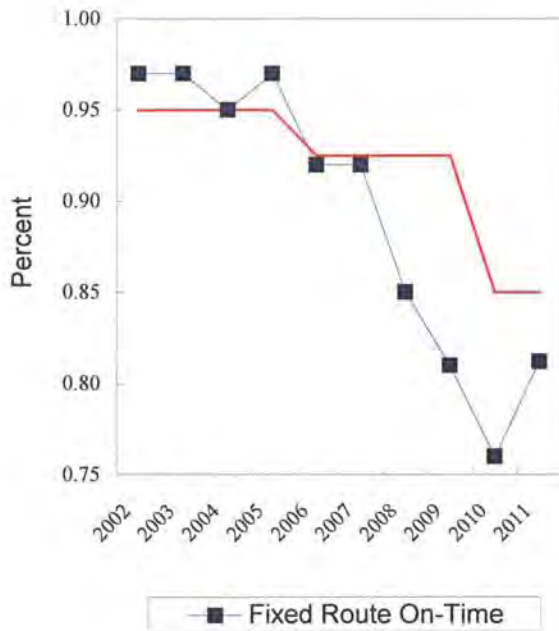
● Farebox Recovery Ratio

Fiscal Year	Operating Expenses Excluding Insurance and Depreciation	Fare & Auxiliary Transportation Revenues	Operating Loss Before Insurance and Depreciation	Farebox Recovery Ratio
2002	\$815,923	\$75,277	(\$740,646)	9.2%
2003	741,022	74,808	(666,214)	10.1%
2004	673,602	89,976	(583,626)	13.4%
2005	950,426	108,908	(841,518)	11.5%
2006	1,074,075	103,876	(970,199)	9.7%
2007	1,618,198	158,427	(1,459,771)	9.8%
2008	2,084,737	194,483	(1,890,254)	9.3%
2009	1,805,246	245,054	(1,560,192)	13.6%
2010	1,680,661	222,500	(1,458,161)	13.2%
2011	1,671,585	187,426	(1,484,159)	11.2%

Source: Livermore/Amador Valley Transit Authority

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

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

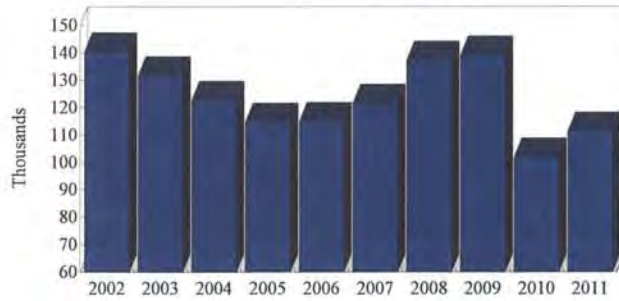


Fiscal Year	Fixed Route		Paratransit	
	On-Time Departure	Goal	On-Time Departure	Goal
2002	0.97	0.95	0.97	1.00
2003	0.97	0.95	0.92	0.96
2004	0.95	0.95	0.88	0.96
2005	0.97	0.95	0.89	0.96
2006	0.92	0.90-0.95	0.90	0.91-0.93
2007	0.92	0.90-0.95	0.96	0.91-0.93
2008	0.85	0.90-0.95	0.90	0.91-0.93
2009	0.81	0.90-0.95	0.94	0.91-0.93
2010	0.76	0.87-0.83	0.97	0.91-0.93
2011	0.81	0.87-0.83	0.97	0.91-0.93

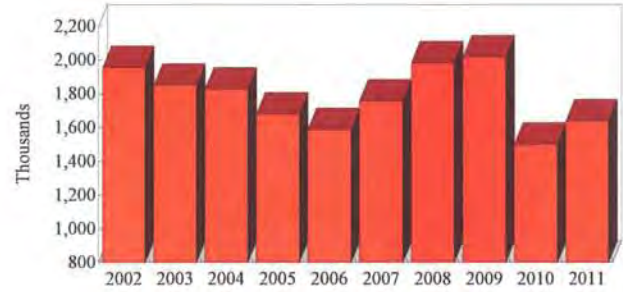
Source: Livermore/Amador Valley Transit Authority Short Range Transit Plans or Contractor Service Quality Standards Index

Note: Charts include all available data

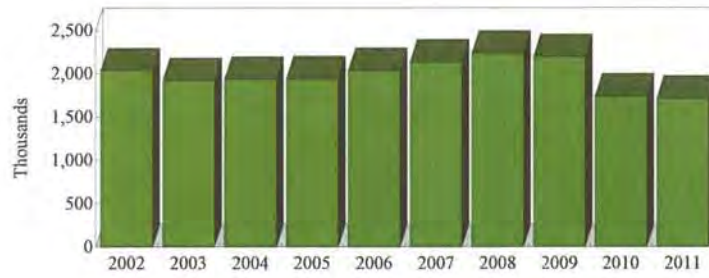
**LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
FIXED ROUTE OPERATING STATISTICS
LAST TEN FISCAL YEARS**



■ Revenue Hours



■ Revenue Miles

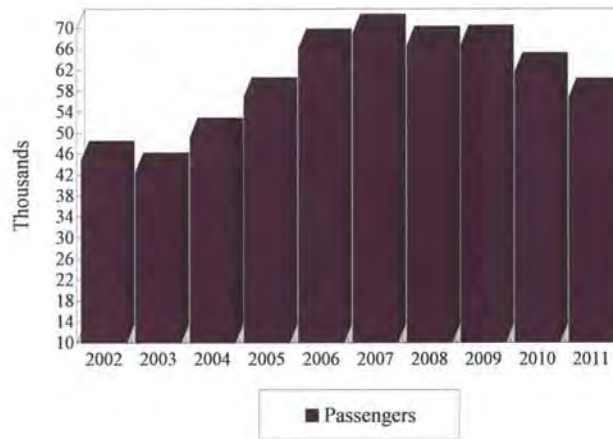
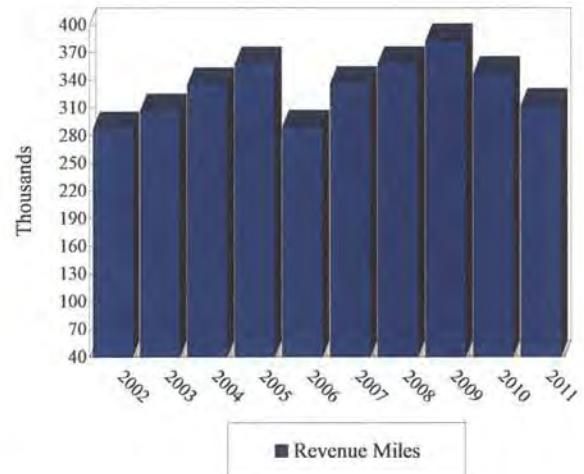
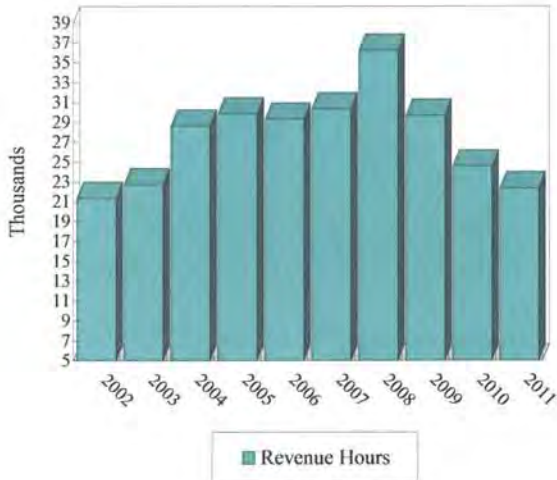


■ Passengers

Fiscal Year	Revenue Hours	Revenue Miles	Passengers
2002	140,591	1,956,116	2,036,707
2003	131,855	1,849,844	1,921,891
2004	122,909	1,827,613	1,936,206
2005	114,885	1,680,240	1,943,310
2006	115,044	1,587,613	2,036,955
2007	121,686	1,756,274	2,136,005
2008	137,452	1,983,822	2,234,210
2009	139,304	2,017,218	2,194,898
2010	102,047	1,500,165	1,740,297
2011	111,484	1,637,604	1,712,879

Source: National Transit Database Report (Formerly Section 15)

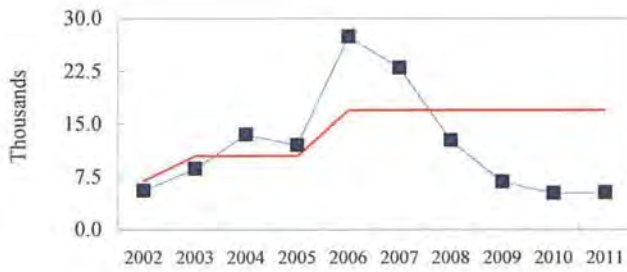
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
 PARATRANSIT OPERATING STATISTICS
 LAST TEN FISCAL YEARS



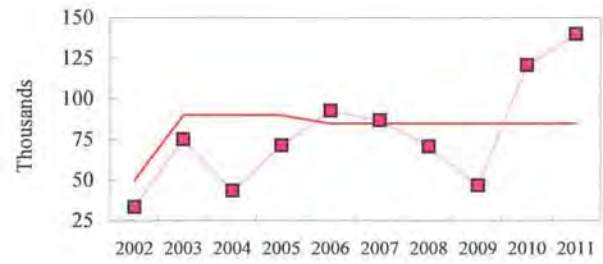
Fiscal Year	Revenue Hours	Revenue Miles	Passengers
2002	21,351	287,640	44,912
2003	22,754	307,066	42,630
2004	28,634	335,554	49,283
2005	29,859	357,744	56,934
2006	29,294	289,595	66,198
2007	30,311	336,835	69,016
2008	36,224	358,386	66,714
2009	29,689	383,051	66,870
2010	24,551	347,357	61,619
2011	22,350	312,903	56,795

Source: National Transit Database Report (Formerly Section 15)

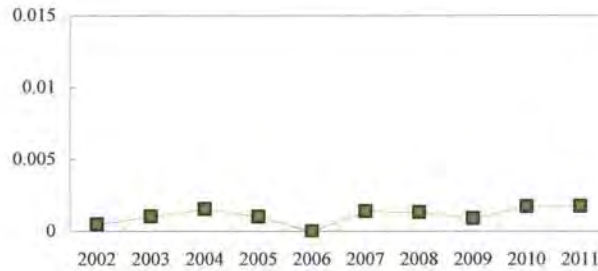
LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
 FIXED ROUTE SAFETY STATISTICS
 LAST TEN FISCAL YEARS



■ Miles Between Road Calls



■ Miles Between Accidents

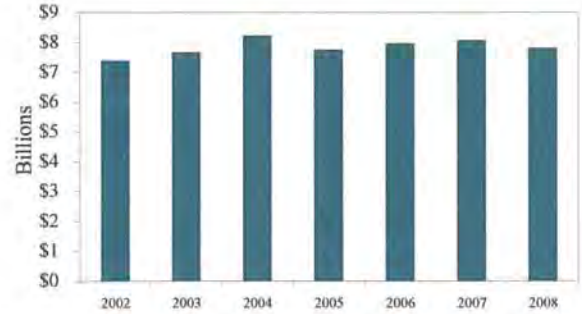
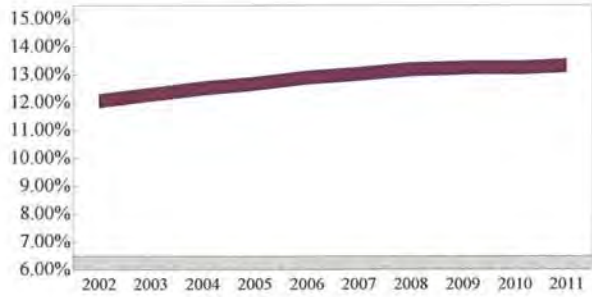


■ Injuries/Boardings

Fiscal Year	Miles Between Road Calls	Goal	Miles Between Accidents	Goal	Injuries/Boardings
	2002	5,589	7,000	33,359	50,000
2003	8,691	10,500	75,058	90,000	2/1,921,891
2004	13,540	10,500	43,515	90,000	3/1,936,206
2005	12,041	10,500	71,355	90,000	2/1,944,493
2006	27,459	17,000-20,000	92,804	85,000-100,000	0/2,036,955
2007	23,020	17,000-20,000	86,964	85,000-100,000	3/2,136,005
2008	12,750	17,000-20,000	70,850	85,000-100,000	3/2,234,210
2009	6,861	17,000-20,000	46,912	85,000-100,000	2/2,194,898
2010	5,233	17,000-20,000	120,982	85,000-100,000	3/1,740,297
2011	5,323	17,000-20,000	139,923	85,000-100,000	3/1,712,879

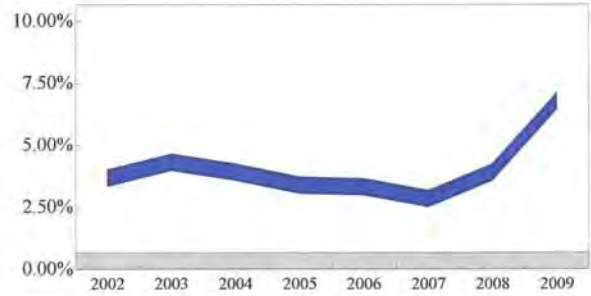
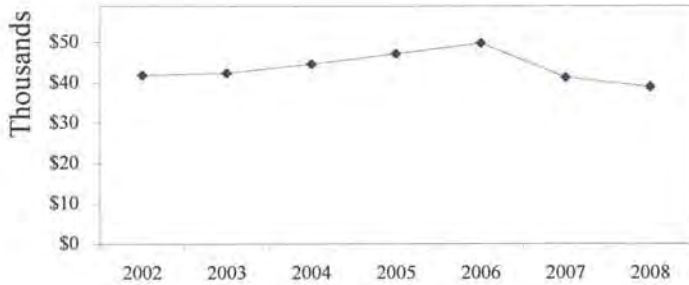
Source: Livermore/Amador Valley Transit Authority Short Range Transit Plans Contractor Service Quality Standards Index and NTD Safety and Security Report

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



■ City Population as a % of County Population

■ Total Personal Income



◆ Per Capita Personal Income

■ Series I

Fiscal Year	Authority Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Alameda County Population	Authority Population % of County
2002	175,911	\$7,384,141,273	\$41,977	3.37%	1,486,550	11.83%
2003	180,333	7,667,300,042	42,517	4.00%	1,496,200	12.05%
2004	183,979	8,224,446,000	44,703	3.60%	1,498,125	12.28%
2005	187,580	7,754,101,000	47,294	3.07%	1,507,500	12.44%
2006	191,223	7,968,503,116	49,908	3.00%	1,510,303	12.66%
2007	194,805	8,057,049,255	41,360	2.53%	1,522,597	12.79%
2008	199,926	7,806,594,742	39,047	3.60%	1,543,000	12.96%
2009	202,428	info not avail	info not avail	6.47%	1,556,657	13.00%
2010	202,568	info not avail	info not avail	info not avail	1,557,749	13.00%
2011	199,073	info not avail	info not avail	info not avail	1,521,157	13.09%

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

LIVERMORE/AMADOR VALLEY TRANSIT AUTHORITY
 PRINCIPAL EMPLOYERS
 Current Fiscal Year

<u>Employer</u>	<u>2010-11</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Authority Population</u>
Lawrence Livermore National Lab	6,500	1	3.3%
Kaiser Permanente	3,738	2	1.9%
Safeway, Inc.	3,300	3	1.7%
U.S. Government	2,100	4	1.1%
Oracle	1,500	5	0.8%
Pleasanton Unified School District	1,185	6	0.6%
Valley Care Medical Center	1,048	7	0.5%
Zeiss Meditec	830	8	0.4%
Sybase Corporation	730	9	0.4%
State Fund Compensation Insurance	650	10	0.3%
Subtotal	<u>21,581</u>		<u>10.8%</u>
Total Authority Population	<u>199,073</u>		

Source: City of Dublin, City of Livermore, City of Pleasanton CAFRs
 Note: Data from nine years prior is not available.

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

Function	Adopted for Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Executive Director	1.00	1.00	1.00	1.00	1.00
Administrative Services	5.00	5.00	3.00	3.00	4.00
Planning	3.00	4.00	1.00	1.00	1.00
Marketing	1.00	1.00	1.50	1.50	2.00
Operations	2.00	2.00	1.50	2.50	2.00
Total	12.00	13.00	8.00	9.00	10.00

Function	Adopted for Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Executive Director	1.00	1.00	1.00	1.00	1.00
Administrative Services	4.00	7.00	7.00	8.00	8.00
Planning	2.00	4.00	5.00	5.00	5.00
Marketing	2.00	2.00	2.00	2.00	2.00
Operations	2.00	0.00	0.00	0.00	0.00
Total	11.00	14.00	15.00	16.00	16.00

Source: Livermore/Amador Valley Transit Authority

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

Function/Program	Fiscal Year				
	2002	2003	2004	2005	2006
Fixed Route					
Total Vehicles	75	75	75	74*	74*
Average Fleet Age	11.21	11.10	8.82	6.37	7.2
Vehicles Operated In Maximum Service	60	54	49	44	44
Paratransit					
Total Vehicles	18	18	18	18	18
Average Fleet Age	4.7	5.00	5.17	6.17	7
Vehicles Operated In Maximum Service	10	10	12	15	16
Shared Stations Maintenance Facilities	2	2	2	2	2

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
Fixed Route					
Total Vehicles	74	64**	65	59	74
Average Fleet Age	8.20	8.00	8.42	7.97	8.11
Vehicles Operated In Maximum Service	45	47	48	46	51
Paratransit					
Total Vehicles	27	24	21	18	18
Average Fleet Age	n/a	3.87	4.43	4.33	4.33
Vehicles Operated In Maximum Service	17	18	14	12	12
Shared Stations Maintenance Facilities	2	2	3	3	3

*Six vehicles on loan/leased to other agencies.

** Four vehicles on loan/leased to other agencies

Source: Livermore/Amador Valley Transit Authority

Note: n/a denotes information is not available.

4 Compliance Section



LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended JUNE 30, 2011**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified/Qualified

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/Qualified

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 and 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 Year Ended June 30, 2011

Federal Awards Programs	CFDA #	Pass-through Identification #	Federal Expenditures
US Department of Transportation,			
Federal Transit Administration, Federal Transit Cluster			
Capital & Operating			
Awards used for operating expenses:			
Paratransit Operating Assistance	20.507	CA-90-Y826-00	\$304,827
ARRA - Paratransit Operating Assistance	20.507	CA-96-X024-00	\$77,905
Preventative maintenance	20.507	CA-90-Y0651-00	295,187
ARRA - Preventative maintenance	20.507	CA-96-X024-00	701,141
Preventative maintenance	20.507	CA90-Y0503-00	82,923
Preventative maintenance	20.507	CA-90-Y0826-00	833,548
JARC Program	20.507	CA-37-0147-00	22,338
(Passed through the Metropolitan Transportation Commission)			
Awards used for operating expenses:			
JARC Program	20.507	Not available	2,437
(Passed through CalTrans)			
Awards used for operating expenses:			
JARC Program	20.507	Not available	77,275
New Freedom	20.507	Not available	12,612
5311 Operating	20.507	Not available	93,590
Subtotal for this program	20.507		<u>2,503,783</u>
Awards used for capital assets:			
Particulate Matter Traps	20.500	CA-90-503-00	<u>163,629</u>
Paratransit Capital awards	20.500		<u>163,629</u>
Satellite Facility	20.500	CA-04-Y0017-00	241,757
BRT	20.500	CA-03-0801-00	3,710,731
Signage	20.500	CA-90-Y200	2,151
4 Hybrids BRT Bus wrap	20.500	CA-03-0801-00	11,022
4 Hybrids	20.500	CA-90-Y3738-00	1,652,561
4 Hybrids	20.500	CA-90-Y35-40	489,016
ARRA - RTA system upgrade	20.500	CA-96-X024-00	100,551
ARRA - Network upgrade	20.500	CA-96-X024-00	9,372
Particulate Matter Traps	20.500	CA-90-503-00	48,466
Fixed Route Capital Awards	20.500		<u>6,265,627</u>
Subtotal for this program	20.500		<u>6,429,256</u>
Total Expenditures			<u><u>\$8,933,039</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards

This Page Left Intentionally Blank

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2011

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.

This Page Left Intentionally Blank

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of Livermore/Amador Valley Transit Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We have also issued a separate Memorandum on Internal Control dated October 10, 2011 which is an integral part of our audits and should be read in conjunction with this report.

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



October 10, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON 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 Livermore/Amador Valley Transit Authority's (Authority) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of 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 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. 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 of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. Our audit was performed for the purpose of forming our 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 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 management, Authority Board, federal awarding agencies, and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties.

Mazze + Associates

October 10, 2011

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

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

We have audited the financial statements of Livermore/Amador Valley Transit Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

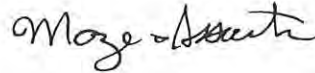
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our procedures included the applicable audit procedures contained in §6667 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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



October 10, 2011

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

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

We have audited the financial statements of Alameda County Transportation Improvement Authority – Measure B 2000 Funds of the Livermore/Amador Valley Transit Authority (Measure B Funds) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

We have audited the Authority's compliance with the requirements of Alameda County Measure B 2000 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Authority of Livermore management. Our responsibility is to express an opinion on 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 requirements of Alameda County Measure B 2000. Those standards and requirements of Alameda County Measure B 2000 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 material effect on Measure B Funds. 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 of the Authority's compliance with those requirements.

In our opinion, the Livermore/Amador Valley Transit Authority complied, in all material respects, with the compliance requirements referred to above that are applicable to Measure B Funds for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance to determine the 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 the Authority's internal control over compliance.

A deficiency in 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 and correct, noncompliance on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Authority Council, Management, ACTIA, its Board and Committees, others within the entity, and members of the public that will examine compliance information and is not intended to be and should not be used by anyone other than these specified parties.



October 10, 2011

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

Honorable Members of the Board of Director of the
Livermore Amador Valley Transit Authority
Livermore, 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, 2011, and have issued our report thereon dated October 10, 2011.

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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We have also issued a separate Memorandum on Internal Control dated October 10, 2011 which is an integral part of our audits and should be read in conjunction with this report.

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



October 10, 2011