

COUNTY OF ALPINE
ALPINE TRANSIT SERVICES

Annual Financial Statements
For the Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Alpine
Markleeville, California

We have audited the accompanying financial statements of the Alpine Transit Services of the County of Alpine, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the County of Alpine's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Alpine Transit Services as of June 30, 2011, were audited by other auditors whose report dated March 21, 2012, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Alpine Transit Services' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Alpine Transit Services and do not purport to, and do not, present fairly the financial position of the County of Alpine, as of June 30, 2012, and the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Alpine Transit Services of the County of Alpine, as of June 30, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2013, on our consideration of the Alpine Transit Services' 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 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.

Price Paige & Company

Clovis, California
March 21, 2013

COUNTY OF ALPINE
ALPINE TRANSIT SERVICES

Statement of Net Assets

June 30, 2012

(With Comparative Information as of June 30, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 53,429	\$ 46,230
Accounts receivable	358	-
Interest receivable	69	109
	<u>53,856</u>	<u>46,339</u>
Noncurrent Assets:		
Capital assets, depreciable, net	34,043	41,608
	<u>34,043</u>	<u>41,608</u>
Total Assets	<u>\$ 87,899</u>	<u>\$ 87,947</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 4,272	\$ 2,828
Deferred revenues	89,697	83,624
	<u>93,969</u>	<u>86,452</u>
Net Assets:		
Invested in capital assets	34,043	41,608
Unrestricted	(40,113)	(40,113)
	<u>(6,070)</u>	<u>1,495</u>
Total Net Assets	<u>(6,070)</u>	<u>1,495</u>
Total Liabilities and Net Assets	<u>\$ 87,899</u>	<u>\$ 87,947</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF ALPINE
ALPINE TRANSIT SERVICES

Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2012
(With Comparative Information for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Passenger fares	\$ 2,999	\$ 2,909
OPERATING EXPENSES		
Salaries and benefits	20,304	23,310
Administrative	28,478	31,704
Fuel and vehicle maintenance	7,523	3,008
Insurance	10,880	8,065
Depreciation	<u>7,565</u>	<u>7,565</u>
Total Operating Expenses	<u>74,750</u>	<u>73,652</u>
Net Operating Income (Loss)	<u>(71,751)</u>	<u>(70,743)</u>
NON-OPERATING REVENUES (EXPENSES)		
Federal transit administration grants	25,000	28,582
Interest	259	375
Local Transportation Fund allocation	<u>38,927</u>	<u>34,221</u>
Total Non-Operating Revenues (Expenses)	<u>64,186</u>	<u>63,178</u>
Change in Net Assets	(7,565)	(7,565)
Net Assets, Beginning of Year	<u>1,495</u>	<u>9,060</u>
NET ASSETS, END OF YEAR	<u><u>\$ (6,070)</u></u>	<u><u>\$ 1,495</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF ALPINE
ALPINE TRANSIT SERVICES

Statement of Cash Flows

For the Year Ended June 30, 2012

(With Comparative Information for the Year Ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,641	\$ 2,909
Payments to employees	(19,319)	(23,310)
Payments to suppliers	(46,422)	(59,900)
	<u>(63,100)</u>	<u>(80,301)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest allocations from pooled investments	299	423
	<u>299</u>	<u>423</u>
Net Cash Provided by Investing Activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating grants and other support	70,000	84,757
Return of funding	-	(20,000)
Interfund loans - proceeds and repayments	-	54,470
	<u>70,000</u>	<u>119,227</u>
Net Cash Provided by Non-Capital Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	7,199	39,349
Cash and Cash Equivalents, Beginning of the Year	<u>46,230</u>	<u>6,881</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 53,429</u>	<u>\$ 46,230</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (71,751)	\$ (70,743)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation	7,565	7,565
Change in assets and liabilities:		
Accounts receivable	(358)	-
Accounts payable	1,444	(17,123)
	<u>(63,100)</u>	<u>(80,301)</u>
Net Cash Used by Operating Activities	<u>\$ (63,100)</u>	<u>\$ (80,301)</u>

The accompanying notes are an integral part of these financial statements.

Note 1: **Summary of Significant Accounting Policies**

The financial statements of the Alpine Transit Services Fund (Fund) are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Fund applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Reporting Entity

The Fund receives allocations from the Alpine County Local Transportation Commission (Commission) to operate and provide public transit services to Alpine County (County). The Fund is an enterprise fund of the County and is included in their annual report.

The financial statements of the Fund are intended to present the financial position, results of operations and cash flows of only the portion of the funds of the County that is attributable to Transportation Development Act Funds allocated for transit purposes and is not intended to present fairly the financial position and results of operations of the County in conformity with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

The Fund's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Fund gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. On an accrual basis, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and

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Notes to Financial Statements
June 30, 2012

delivering goods in connection with the Fund's principal ongoing operations. The principal operating revenues of the Fund are charges to passengers for public transit services. Operating expenses for the Fund include the cost of transit services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after restricted resources are depleted.

D. Cash in County Treasury

Cash is held by the Fund with the County in an investment pool in order to facilitate the management of cash. On a quarterly basis, the County Treasurer allocates interest to the various funds based upon the average monthly cash balances. Information regarding categorization of investments, risk and fair value reporting can be found in the County's financial statements. The Alpine County Treasury Oversight committee oversees the Treasurer's investment policies and practices.

The Fund adheres to the County's deposit and investment policy that addresses specific types of risk.

Required risk disclosures for the Fund's investment in the County's Investment Pool at June 30, 2012 and 2011, were as follows:

	<u>2012</u>	<u>2011</u>
Credit risk	Not rated	Not rated
Custodial risk	Not applicable	Not applicable
Concentration of credit risk	Not applicable	Not applicable
Interest rate risk (average maturity)	144 days	104 days

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

E. Cash and Cash Equivalents

For the purpose of the statement of cash flows, all cash and investments with original maturities of three months or less and the Fund's investment in the County's investment pool are considered to be cash equivalents.

F. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Fund defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the

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Notes to Financial Statements
June 30, 2012

straight-line method over their estimated useful lives. The estimated useful lives of the assets are as follows:

Transit Vehicles and Equipment	7-10 Years
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G. Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- *Invested in Capital Assets* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction or improvement of these assets reduces the balance in this category.
- *Unrestricted Net Assets* – This category represents net assets of the Fund not restricted for any project or other purposes.

H. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Note 2: Capital Assets

A summary of changes in capital assets during the year ended June 30, 2012, is as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Vehicles and equipment	\$ 52,955	\$ -	\$ -	\$ 52,955
Accumulated depreciation	(11,347)	(7,565)	-	(18,912)
	<u>\$ 41,608</u>	<u>\$ (7,565)</u>	<u>\$ -</u>	<u>\$ 34,043</u>

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Notes to Financial Statements
June 30, 2012

Note 3: **Fare Revenue Ratio**

The Commission allocated funds for transit services within Alpine County. The County is required by the Transportation Development Act to maintain a minimum fare revenue ratio to operation expense of at least 10 percent. On May 4, 2010, the Commission adopted a resolution setting the minimum farebox ratio requirement to 1 percent as allowed by the Transportation Development Act, Section 6633(b) of the California Code of Regulations.

The calculation of the fare revenue ratios for 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Fare revenues	<u>\$ 2,999</u>	<u>\$ 2,909</u>
Operating expenses	\$ 74,750	\$ 73,652
Less: depreciation	<u>(7,565)</u>	<u>(7,565)</u>
Net Operating expenses	<u>\$ 67,185</u>	<u>\$ 66,087</u>
Fare revenue ratio	<u>4.46%</u>	<u>4.40%</u>

Note 4: **Deferred Revenues**

A schedule of changes in deferred revenue for the year ended June 30, 2012 is as follows:

	<u>LTF Operating</u>	<u>STA Capital</u>	<u>Total</u>
Balance, June 30, 2011	\$ 79,693	\$ 3,931	\$ 83,624
Allocations	45,000	-	45,000
Maximum eligibility	<u>(38,927)</u>	<u>-</u>	<u>(38,927)</u>
Balance, June 30, 2012	<u>\$ 85,766</u>	<u>\$ 3,931</u>	<u>\$ 89,697</u>

Local Transportation Fund Maximum Eligibility

Allocations received from the Commission are recognized as revenues based on a formula provided in California Public Utilities Code of Regulations, Section 6634 which, in general, provides that no transit operator or claimant shall be eligible to receive funds that exceed its operating costs less certain adjustments. Allocations received in excess of this are subject to repayment to the Local Transportation Fund and are deferred at June 30. It is the policy of the Commission to require carry-over of excess

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Notes to Financial Statements
June 30, 2012

funding to a subsequent year to offset future transit expenses. At June 30, 2012, the Fund had deferred LTF allocations for operating purposes determined as follows:

Maximum amount allowed:	
Operating expenses	\$ 74,750
Adjustments:	
Depreciation	(7,565)
Farebox revenues	(2,999)
FTA operating assistance	(25,000)
Interest revenues	<u>(259)</u>
Maximum amount allowed	<u>\$ 38,927</u>

Note 5: **Insurance and Risk of Loss**

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fund is insured against these types of losses through various commercial insurance policies and participates in the County's self-insured risk pool.

OTHER REPORTS



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

Board of Supervisors
County of Alpine
Markleeville, California

We have audited the financial statements of the Alpine Transit Services of the County of Alpine, as of and for the year ended June 30, 2012, and have issued our report thereon dated March 21, 2013. 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

Management of the County of Alpine is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Alpine Transit Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alpine Transit Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Alpine Transit Services' 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 Alpine Transit Services' financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

Price Range & Company

Clovis, California
March 21, 2013



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
THE STATUTES, RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION
DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND RESOLUTIONS OF THE
LOCAL TRANSPORTATION COMMISSION

Board of Supervisors
County of Alpine
Markleeville, California

We have audited the financial statements of the Alpine Transit Services of the County of Alpine as of and for the year ended June 30, 2012 and have issued our report thereon dated March 21, 2013. 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.

As part of obtaining reasonable assurance about whether the Alpine Transit Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that allocations made and expenditures paid by the Alpine County Local Transportation Commission were made in accordance with the allocation instructions and resolutions of the Commission and in conformance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Section 6667 that are applicable to the Alpine Transit Services of the County of Alpine.

In connection with our audit, nothing came to our attention that caused us to believe the Alpine Transit Services of the County of Alpine failed to comply with statutes, rules and regulations of the California Transportation Development Act and the allocation instructions and resolutions of the 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.

This report is intended solely for the information and use of the Alpine Transit Services, the Alpine County Local Transportation Commission, management, the California Department of Transportation, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Price Paige & Company

Clovis, California
March 21, 2013