

RIVERBANK-OAKDALE TRANSIT AUTHORITY

**FINANCIAL STATEMENTS
JUNE 30, 2009**

RIVERBANK-OAKDALE TRANSIT AUTHORITY
Financial Statements
June 30, 2009

TABLE OF CONTENTS

Independent Auditor’s Report	1
Financial Statements	
Statement of Net Assets	3
Statement of Revenues, Expenses, and Changes in Net Assets.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements	6
 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>	 14

THIS PAGE INTENTIONALLY LEFT BLANK



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.273.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Riverbank–Oakdale Transit Authority
Oakdale, California

We have audited the accompanying basic financial statements of the Riverbank–Oakdale Transit Authority (Authority) as of and for the fiscal year ended June 30, 2009, as listed 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.

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 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 respective financial position of the Riverbank–Oakdale Transit Authority as of June 30, 2009, and the respective changes in financial position and cash flows, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2008, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*; GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*; GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

The Authority has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
March 22, 2010

RIVERBANK - OAKDALE TRANSIT AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2009
(Comparative totals as of June 30, 2008)

	Business- type Activities	
	2009	2008
ASSETS		
Current assets:		
Cash and investments	\$ 214,031	\$ 245,976
Interest receivable	527	1,837
Deposits receivable	3,500	3,500
Total current assets	218,058	251,313
Non-current assets:		
Capital assets, net of accumulated depreciation	967,139	750,650
Total non-current assets	967,139	750,650
 Total Assets	 1,185,197	 1,001,963
LIABILITIES		
Current liabilities:		
Accounts payable	138,671	247,920
Accrued payroll	979	448
Compensated absences	425	425
Total current liabilities	140,075	248,793
Non-current liabilities:		
Compensated absences	3,830	3,830
Total non-current liabilities	3,830	3,830
 Total Liabilities	 143,905	 252,623
NET ASSETS		
Invested in capital assets, net of related debt	967,139	750,650
Unrestricted	74,153	(1,310)
 Total Net Assets	 \$ 1,041,292	 \$ 749,340

See Notes to the Financial Statements

RIVERBANK - OAKDALE TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2009
(Comparative totals for the fiscal year ended June 30, 2008)

	Business-type Activities	
	2009	2008
OPERATING REVENUES:		
Fares	\$ 68,684	\$ 68,777
Total Operating Revenues	68,684	68,777
OPERATING EXPENSES:		
Employee services	26,000	33,608
Supplies and services	1,451,920	1,389,406
Depreciation	142,166	160,791
Total Operating Expenses	1,620,086	1,583,805
Operating Income (Loss)	(1,551,402)	(1,515,028)
NON-OPERATING REVENUES (EXPENSES):		
Transit allocation	1,495,215	990,233
Investment earnings	2,826	13,626
Intergovernmental	345,313	
Total Non-Operating Revenues (Expenses)	1,843,354	1,003,859
Change in net assets	291,952	(511,169)
Net assets at beginning of fiscal year	749,340	1,260,509
Net assets at end of fiscal year	\$ 1,041,292	\$ 749,340

See Notes to the Financial Statements

RIVERBANK - OAKDALE TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009
(Comparative totals for the fiscal year ended June 30, 2008)

	Business-type Activities	
	2009	2008
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 68,684	\$ 71,777
Cash paid to suppliers for goods and services	(1,561,169)	(1,574,163)
Cash paid to employees	(25,469)	(33,683)
Net Cash Provided (Used) By Operating Activities	(1,517,954)	(1,536,069)
Cash Flows from Non-Capital Financing Activities:		
Financial assistance received	1,840,528	1,272,437
Net Cash Provided (Used) By Non-Capital And Related Financing Activities	1,840,528	1,272,437
Cash Flows From Capital And Related Financing Activities:		
Purchase of equipment	(358,655)	(389,578)
Net Cash Provided (Used) By Capital And Related Financing Activities	(358,655)	(389,578)
Cash Flows from Investing Activities:		
Investment earnings	4,136	22,090
Net Cash Provided (Used) By Investing Activities	4,136	22,090
Net Increase (Decrease) in Cash and Cash Equivalents	(31,945)	(631,120)
Cash and Cash Equivalents at Beginning of Fiscal Year	245,976	877,096
Cash and Cash Equivalents at End of Fiscal Year	\$ 214,031	\$ 245,976
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (1,551,402)	\$ (1,515,028)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	142,166	160,791
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable		3,000
Increase (decrease) in accounts payable	(109,249)	(184,757)
Increase (decrease) in accrued payroll	531	(409)
Increase (decrease) in compensated absences		334
Total adjustments	33,448	(21,041)
Net Cash Provided (Used) By Operating Activities	\$ (1,517,954)	\$ (1,536,069)

See Notes to the Financial Statements

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Riverbank–Oakdale Transit Authority (Authority) conform to accounting principles generally accepted in the United States of America (USGAAP) applicable to governmental units. The following is a summary of the more significant of such policies:

a. Reporting Entity

The Riverbank–Oakdale Transit Authority (Authority) is a joint powers agency formed by the Cities of Riverbank and Oakdale to provide transportation services within the city limits and portions of the unincorporated county between the two cities. The Joint Powers Agreement became effective October 1993. The Authority began operations June 1, 1995. A management committee consisting of the city administrators of Riverbank and Oakdale manages the Authority. A commission comprised of two council members of the City of Riverbank and two council members of the City of Oakdale, appointed by the respective city councils, administers the Authority.

b. Basis of Presentation

The *Statement of Net Assets* presents government-wide information of the Authority’s assets, liabilities, and net assets. It measures not only the current assets and liabilities but also the long-term assets and liabilities of the Authority.

Business-type activities (proprietary funds) include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

c. Transit Assistance

The Authority receives transit assistance from the Stanislaus Area Council of Governments (StanCOG) under the State of California Transportation Development Act. StanCOG determines transit allocations based upon claims filed annually by the Authority.

d. Major Funds

Governmental Accounting Standards Board (GASB) Statement No. 34 defines major funds and requires that the Authority’s major proprietary type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenses equal to ten percent of their fund-type total and five percent of the grand total. The Authority has determined that its fund is a major fund.

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Major Funds (Continued)

The Authority reported the following major proprietary fund in the accompanying financial statements:

Proprietary Fund – This fund accounts for all operations of the Authority.

e. Capital Assets

Capital assets are recorded at cost by the Authority. It is the policy of the Authority to capitalize all capital assets with a cost of \$5,000 or greater. Depreciation is computed on the straight-line method over estimated useful lives of 5 to 10 years.

f. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

g. Related Party Transactions

Employees of the City of Oakdale are used to administer the Authority's operations. Associated costs are allocated to the Authority as they are incurred.

h. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of change in value because of changes in interest rates, and have an original maturity date of three months or less.

i. Comparative Data

Comparative total data for the prior fiscal year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position, operations, and cash flows. Also, certain prior fiscal year amounts have been reclassified to conform with the current fiscal year financial statement presentation.

j. New Accounting Pronouncements

The Authority implemented the requirements of GASB Statements No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 49

For the fiscal year ended June 30, 2009 the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." The Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 49 (Continued)

prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of net assets, such as landfill closure and postclosure care and nuclear power plant decommissioning.

Governmental Accounting Standards Board Statement No. 52

For the fiscal year ended June 30, 2009, the Authority implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments". The Statement is effective for periods beginning after June 15, 2008. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

Governmental Accounting Standards Board Statement No. 55

For the fiscal year ended June 30, 2009, the Authority implemented GASB Statement No. 55, "The hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

Governmental Accounting Standards Board Statement No. 56

For the fiscal year ended June 30, 2009, the Authority implemented GASB Statement No. 56, "Codification of Accounting and Financing Reporting Guidance Contained in the AICPA Statements of Auditing Standards". The Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 NET ASSETS

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis.

Net Assets are divided into three captions under GASB Statement No. 34. These captions apply only to Net Assets as determined 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 capital assets. As of June 30, 2009, \$967,139 of the Authority's net assets were invested in capital assets, net of related debt.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include developer fees received for use on capital projects and debt service requirements. There were no net assets that were restricted by enabling legislation.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

NOTE 3 EQUITY IN POOLED CASH AND INVESTMENTS

The majority of the Authority's cash and investments are pooled with other funds of the City of Oakdale and are held primarily in demand deposit and Local Agency Investment Fund accounts. A portion of the demand deposit accounts is held in accounts where the balances exceed the Federal Deposit Insurance Corporation insured limits. The California Government Code requires that a financial institution secure deposits made by state or local governmental unit by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The City of Oakdale is a voluntary 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 fair value of the City's investment in this pool is reported in the City's financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool, which is unrated.

See the City of Oakdale annual financial statement for detailed disclosures of the accounts held by the City.

Cash and investments pooled with the City of Oakdale	<u>\$</u>	<u>214,031</u>
Total	<u>\$</u>	<u>214,031</u>

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code or Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the Authority's investment policy. The table also identifies certain provisions of the Authority's investment policy, that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	25%
Local Agency Obligations	5 years	15%	10%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	40%	5% -10%
Medium Term Notes	5 years	30%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	40%	10% -15%
Reverse Repurchase Agreements	92 days	20%	10%
Collateralized Certificates of Deposit	1 year	10%	None
Covered Call Options/Put Options	90 days	10%	None
Money Market Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (State Pool)	N/A	10%	\$40 Million
Pass-Through Securities	5 years	20%	5%
City of Oakdale Cash Pool	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
City of Oakdale Cash Pool	\$ 214,031	\$ 214,031	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ 214,031</u>	<u>\$ 214,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Authority's investments include no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
City of Oakdale Cash Pool	\$ 214,031	N/A	\$ -	\$ -	\$ -	\$ -	\$ 214,031
Total	<u>\$ 214,031</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,031</u>

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 4 CAPITAL ASSETS

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Nondepreciable capital assets:				
Land	\$ 373,745	\$ -	\$ -	\$ 373,745
Total nondepreciable capital assets	<u>373,745</u>			<u>373,745</u>
Depreciable capital assets:				
Equipment	1,278,956	358,655		1,637,611
Total depreciable capital assets	<u>1,278,956</u>	<u>358,655</u>		<u>1,637,611</u>
Accumulated Depreciation :				
Equipment	(902,051)	(142,166)		(1,044,217)
Total Accumulated Depreciation	<u>(902,051)</u>	<u>(142,166)</u>		<u>(1,044,217)</u>
Net Depreciable Capital Assets	<u>376,905</u>	<u>216,489</u>		<u>593,394</u>
Net Capital Assets	<u>\$ 750,650</u>	<u>\$ 216,489</u>	<u>\$ -</u>	<u>\$ 967,139</u>

The depreciation expense of the capital assets for the fiscal year ended June 30, 2009 was \$142,166.

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 LONG-TERM DEBT

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Due in One Year
Compensated absences payable	\$ 4,255	\$ -	\$ -	\$ 4,255	\$ 425
Total Long-Term Debt	<u>\$ 4,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,255</u>	<u>\$ 425</u>

The following is a description of the composition of long-term debt at June 30, 2009.

Compensated Absences

The Authority recognizes the accumulated and vested unpaid employee vacation and sick leave benefits as a liability and it is recorded as compensated absences payable. The liability at June 30, 2009 was \$4,255.

NOTE 6 OPERATING LEASES

The Riverbank–Oakdale Transit Authority has the following non-cancelable operating lease as of June 30, 2009:

Lease of a facility at 2836 Patterson Road, Riverbank, California. Lease term is from December 1, 2005 to June 30, 2010, monthly rent of \$3,500 per month, payable on the 1st day of each month.

Fiscal Year ending June 30,	Future Minimum Payment
2010	\$ 42,000
Total	<u>\$ 42,000</u>

NOTE 7 FUNDING

The Authority is eligible to receive local and capital assistance from the Transportation Development Act Funds (TDA). Before the beginning of each year an application is submitted to Stan COG for funding, the funding is reported as transit allocation, a non-operating revenue.

The joint exercise of powers agreement between the Cities of Riverbank and Oakdale that created the Authority states that within three months after the close of the fiscal year a final accounting shall be provided to each agency and any deficiency shall be borne equally between each agency unless otherwise agreed to on or before May 1st of each year.

RIVERBANK-OAKDALE TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 8 RISK MANAGEMENT

The Authority covered under the risk management program of the City of Oakdale as follows. The City of Oakdale participates with other public entities in a joint exercise of powers agreement, which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$250,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$10,000 and workers' compensation losses under \$10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000.

The CSJVRMA participates in an excess pool that provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of the California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

At the termination of the joint powers agreement and after all claims have been settled, any excess deficit will be divided among the cities in accordance with its governing documents.



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.273.1689
www.mlhcpas.com

**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**

To the Board of Commissioners
Riverbank–Oakdale Transit Authority
Oakdale, California

We have audited the accompanying basic financial statements of the Riverbank–Oakdale Transit Authority (Authority) as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated March 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Authority’s Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
March 22, 2010