

CITY OF PLEASANTON, CALIFORNIA

**ALAMEDA COUNTY
TRANSPORTATION COMMISSION
MEASURE BB PROGRAM
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2020

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CITY OF PLEASANTON

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB PROGRAM
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
of the City of Pleasanton, California

Report on Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission Measure BB Program (Measure BB Program) of the City of Pleasanton, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing such an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Program as of June 30, 2020, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Measure BB Program and are not intended to present fairly the financial position and results of operations of the City of Pleasanton, in accordance with generally accepted accounting principles in the United States of America.

The emphasis of this matter does not constitute a modification to our opinion.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the City'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 18, 2020

CITY OF PLEASANTON
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE BB PROGRAM
BALANCE SHEET
June 30, 2020

	<u>Paratransit</u>	<u>Local Streets and Roads</u>	<u>Bicycle and Pedestrian</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 198,169	\$ 784,175	\$ 946,141	\$ 1,928,485
Measure BB Direct Local Distribution Program receivable	36,120	127,182	35,286	198,588
Interest receivable	916	3,329	4,467	8,712
TOTAL ASSETS	<u>\$ 235,205</u>	<u>\$ 914,686</u>	<u>\$ 985,894</u>	<u>\$ 2,135,785</u>
LIABILITIES				
Accounts payable	\$ 1,534	\$ 57,250	\$ 11,024	\$ 69,808
Payroll payable	3,194	-	-	3,194
Retention payable	-	-	2,734	2,734
TOTAL LIABILITIES	<u>4,728</u>	<u>57,250</u>	<u>13,758</u>	<u>75,736</u>
FUND BALANCES				
Restricted for Measure BB Programs and Projects	<u>230,477</u>	<u>857,436</u>	<u>972,136</u>	<u>2,060,049</u>
TOTAL FUND BALANCES	<u>230,477</u>	<u>857,436</u>	<u>972,136</u>	<u>2,060,049</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 235,205</u>	<u>\$ 914,686</u>	<u>\$ 985,894</u>	<u>\$ 2,135,785</u>

See accompanying Notes to the Basic Financial Statements.

CITY OF PLEASANTON
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE BB PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For The Year Ended June 30, 2020

	<u>Paratransit</u>	<u>Local Streets and Roads</u>	<u>Bicycle and Pedestrian</u>	<u>Total</u>
REVENUES				
Measure BB Direct Local Distribution Program Revenue				
Direct Local Distribution Funds Allocation	\$ 218,007	\$ 767,613	\$ 212,974	\$ 1,198,594
Subtotal Program Revenues	<u>218,007</u>	<u>767,613</u>	<u>212,974</u>	<u>1,198,594</u>
Other Measure BB Revenues				
Investment Earnings:				
Interest	3,909	13,096	19,504	36,509
GASB 31 Adjustments	1,371	3,399	7,909	12,679
Subtotal Other Measure BB Revenues	<u>5,280</u>	<u>16,495</u>	<u>27,413</u>	<u>49,188</u>
Total Revenues	<u>223,287</u>	<u>784,108</u>	<u>240,387</u>	<u>1,247,782</u>
EXPENDITURES				
Measure BB Direct Local Distribution Program Expenditures				
Materials	48,958	-	-	48,958
Construction	-	1,145,000	63,237	1,208,237
Salaries and benefits	158,589	-	-	158,589
Subtotal Measure BB Expenditures	<u>207,547</u>	<u>1,145,000</u>	<u>63,237</u>	<u>1,415,784</u>
Total Expenditures	<u>207,547</u>	<u>1,145,000</u>	<u>63,237</u>	<u>1,415,784</u>
REVENUES OVER (UNDER) EXPENDITURES / NET CHANGE IN FUND BALANCES	15,740	(360,892)	177,150	(168,002)
FUND BALANCES				
Beginning Fund Balances	214,737	1,218,328	794,986	2,228,051
Ending Fund Balances	<u>\$ 230,477</u>	<u>\$ 857,436</u>	<u>\$ 972,136</u>	<u>\$ 2,060,049</u>

See accompanying Notes to the Basic Financial Statements.

CITY OF PLEASANTON

ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB PROGRAM
NOTES TO THE BASIC FINANCIAL STATEMENTS

For The Year Ended June 30, 2020

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Commission – Measure BB Program (Program) of the City of Pleasanton (City), are included as separate special revenue and enterprise funds in the basic financial statements of the City.

Measure BB funds are used to account for the City’s share of revenues earned and expenditures under the City’s paratransit, local streets and roads, and bicycle and pedestrian’s safety programs. The accompanying financial statements are for Measure BB funds only and are not intended to fairly present the financial position of the City and the results of its operations and cash flows of its proprietary fund type.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Basis of Accounting

The accompanying financial statements of special revenue funds are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available, and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a “*current financial resources*” measurement focus, wherein only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

B. Description of Funds

The Program funds are Special Revenue Funds. The Program accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

C. Cash and Cash Equivalents

Cash amounts are pooled with the cash and investments of the City. The pooled funds are invested in accordance with the City’s investment policy established pursuant to State law.

CITY OF PLEASANTON

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB PROGRAM
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For The Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

D. Fund Balance

Measure BB fund balance is restricted. A restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislations or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

Cash and investments are maintained on a pooled basis with those of other funds of the City.

CITY OF PLEASANTON

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB PROGRAM
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For The Year Ended June 30, 2020

3. CASH AND INVESTMENTS (Continued)

Pooled cash and investments consist of U.S. government securities, deposits with banks, money market funds, certificates of deposit and participation in the California Local Agency Investment Fund. All investments are stated at fair value. Pooled investment earnings are allocated based on the average cash and investment balances of the various funds and related entities of the City.

See the City's Basic Financial Statements (BFS) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board Statement No. 40 and 72. The BFS may be obtained from the City of Pleasanton at 123 Main Street, Pleasanton, CA 94566.

4. MEASURE BB DIRECT LOCAL DISTRIBUTION PROGRAM RECEIVABLE

The Measure BB direct local distribution program receivable represents the Measure BB sales tax revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2020.

5. COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs may be subject to further examination by the grantors and the amount of expenditures, if any, which may be disallowed by the granting agencies, and cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

6. MEASURE BB FUNDS

In 2014, Alameda County voters approved Measure BB, authorizing an extension and augmentation of the existing transportation sales tax (Measure B). Measure BB is projected to generate \$8 billion in revenue from April 2015 to March 2045 for transportation improvements throughout Alameda County.

Projects funded by Measure BB during Fiscal Year 2019/20 included:

Paratransit Program

- Mobility Forward Study
- Purchase of dispatching software upgrades for paratransit vehicles

Local Streets and Roads Program

- Annual Street Resurfacing and Reconstruction Capital Improvement Project

Bicycle and Pedestrian Program

- Annual Curb and Gutter Project
- Annual Bicycle and Pedestrian Improvements Project

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INDEPENDENT AUDITOR'S REPORT ON MEASURE BB PROGRAM COMPLIANCE

To the Honorable Mayor and Members of City Council
of the City of Pleasanton, California

Report on Compliance for Measure BB Program

We have audited, in accordance with the 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, the basic financial statements of the Alameda County Transportation Commission - Measure BB Program (Measure BB Program) of the City of Pleasanton (City), as of and for the year ended June 30, 2020 and the related notes to the financial statements, and have issued our report thereon dated December 18, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants' requirements related to Measure BB as specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure BB funds based on our audit of the types of compliance requirements referred to above. 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 specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Those standards and requirements 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 the Measure BB Program occurred. An audit includes examining, on a test basis, evidence about the City'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 on compliance for the Measure BB Program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Measure BB Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Measure BB Program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Measure BB Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure BB Program and to test and report on internal control over 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 City'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 Measure BB 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 will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We have also issued a separate Memorandum on Internal Control dated December 18, 2020 which is an integral part of our audit and should be read in conjunction with this report.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Maz & Associates

Pleasant Hill, California
December 18, 2020