



CITY OF PLEASANTON, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION
COMMISSION MEASURE B PROGRAM
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENTS

Focused
on YOU



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CITY OF PLEASANTON, CALIFORNIA

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

FOR THE YEAR ENDED JUNE 30, 2021

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CITY OF PLEASANTON, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION
COMMISSION MEASURE B PROGRAM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Alameda County Transportation Commission Measure B Funds (Measure B Funds) of City of Pleasanton, California, (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Measure B Funds' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure B Funds of the City, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements are prepared in accordance with the Alameda County Transportation Commission Measure B agreement which requires that financial statements present only the activities pertaining to the program, and does not purport to present fairly, the financial position of the City as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the date of the financial statements.





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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Restriction of Use

Our report is intended solely for the information and use of the City and the Alameda County Transportation Commission, and is not intended to be, and should not be used by anyone other than these specified parties.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of the City's internal control over the Measure B Funds' 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 solely 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 effectiveness of the City's internal control over the Measure B Funds' 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 the Measure B Funds' financial reporting and compliance.

Lance, Solt & Loughard, LLP

Sacramento, California
December 27, 2021

**CITY OF PLEASANTON
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM**

**BALANCE SHEET
JUNE 30, 2021**

	Bicycle and Pedestrian	Local Streets and Roads	Paratransit	Total
Assets				
Cash and investments	\$ 725,171	\$ 936,774	\$ -	\$ 1,661,945
Measure B Direct Local Distribution Program receivable	57,675	190,250	-	247,925
Interest receivable	2,090	2,349	-	4,439
Total Assets	\$ 784,936	\$ 1,129,373	\$ -	\$ 1,914,309
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ 37,487	\$ -	\$ 37,487
Total Liabilities	-	37,487	-	37,487
Fund Balances				
Restricted for Measure B Programs and Projects	784,936	1,091,886	-	1,876,822
Total Fund Balances	784,936	1,091,886	-	1,876,822
Total Liabilities and Fund Balances	\$ 784,936	\$ 1,129,373	\$ -	\$ 1,914,309

**CITY OF PLEASANTON
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM**

**STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Bicycle and Pedestrian</u>	<u>Local Streets and Roads</u>	<u>Paratransit</u>	<u>Total</u>
Revenues				
Measure B Direct Local Distribution Program Revenue				
Direct Local Distribution Funds Allocation	<u>\$ 283,178</u>	<u>\$ 934,116</u>	<u>\$ 131,485</u>	<u>\$ 1,348,779</u>
Subtotal Program Revenues	<u>283,178</u>	<u>934,116</u>	<u>131,485</u>	<u>1,348,779</u>
Other Measure B Revenues				
Investment Earnings:				
Interest	2,884	8,526	-	11,410
GASB 31 Adjustments	<u>-</u>	<u>(6,444)</u>	<u>-</u>	<u>(6,444)</u>
Subtotal Other Measure B Revenues	<u>2,884</u>	<u>2,082</u>	<u>-</u>	<u>4,966</u>
Total Revenues	<u>286,062</u>	<u>936,198</u>	<u>131,485</u>	<u>1,353,745</u>
Expenditures				
Measure B Direct Local Distribution Program Expenditures				
Construction	72,681	749,743	-	822,424
Salaries and benefits	-	-	61,737	61,737
Materials, services and supplies	<u>-</u>	<u>-</u>	<u>69,748</u>	<u>69,748</u>
Total Expenditures	<u>72,681</u>	<u>749,743</u>	<u>131,485</u>	<u>953,909</u>
Net Change in Fund Balances	<u>213,381</u>	<u>186,455</u>	<u>-</u>	<u>399,836</u>
Fund Balances, Beginning of Year	<u>571,555</u>	<u>905,431</u>	<u>-</u>	<u>1,476,986</u>
Fund Balances, End of Year	<u>\$ 784,936</u>	<u>\$ 1,091,886</u>	<u>\$ -</u>	<u>\$ 1,876,822</u>

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CITY OF PLEASANTON, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1: Description of Reporting Entity

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

Measure B funds are used to improve the quality of existing roads by reconditioning existing pavement surfaces. Every two years, the City's street pavements are evaluated and reconditioning decisions are managed through the City's computerized Pavement Management System. Measure B funds are also used for bicycle and pedestrian pathways and for paratransit programs. The accompanying financial statements are for the Program 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.

Note 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, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 2: Summary of Significant Accounting Principles

d. Fund Balance

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

When expenditures are 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.

**CITY OF PLEASANTON, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 3: Cash and Investments

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

Note 4: Measure B Direct Local Distribution Program Receivable

The Measure B direct local distribution program receivable represents the Measure B sales tax revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2021.

Note 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.

Note 6: Measure B Funds

Under Measure B, approved by the voters of Alameda County in 1986 (Old Measure B) and in 2000, ACTC Measure B, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. This measure was adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid for by property taxes but rather, would be used for additional projects and programs.

From a pool of funds held by the County, 10.5 percent is allocated for distribution as a subsidy to cities with paratransit programs. Funds allocated to the City for the paratransit program are recorded in an enterprise fund in the City's financial statements.

An additional 22.3 percent of the pool is allocated among the cities in the County, based on the cities' populations and the number of road miles within their city limits, for local streets and road projects. 5 percent of the pool is allocated to cities and the County of Alameda for bicycle and pedestrian safety projects. Of this 5 percent, 75 percent is designated as local funds and is allocated among the cities in the County and the County of Alameda based on their populations. The remaining 25 percent is reserved for regional planning and regional projects. Funds allocated for the streets and roads and for the local bicycle and pedestrian

**CITY OF PLEASANTON, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 6: Measure B Funds (Continued)

Projects funded by Measure B during Fiscal Year 2020/21 included:

Bicycle and Pedestrian Safety Program

- West Las Positas Corridor Improvement Plan
- St. Mary/Division Street Bike Lane Improvements

Local Streets and Roads Program

- Annual Street Resurfacing and Reconstruction Capital Improvement Project

Paratransit Program

- Community Transit Services – transit services for senior citizens and the disabled



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance

We have audited the compliance of the City of Pleasanton, California (the City), with the types of compliance requirements described in the agreement with the Alameda County Transportation Commission, dated March 15, 2012 (the Agreement) that are applicable to its Measure B Funds for the year ended June 30, 2021.

In our opinion, the City complied, in all material respects, with the types of compliance that could have a direct and material effect on the requirements referred to above applicable to the Measure B Funds for the year ended June 30, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Agreement that are applicable to its Measure B Funds. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Measure B Fund's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its agreement with the Alameda County Transportation Commission.



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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Measure B Fund's compliance with the Agreement that are applicable to its Measure B Funds.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the compliance requirements referred to above, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Agreement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance of the Measure B Fund

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 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. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.



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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of 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 described in the Agreement, that are applicable to its Measure B Funds. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP".

Sacramento, California
December 27, 2021