

**City of Pleasanton
Alameda County Transportation
Commission
Measure BB Program**

Pleasanton, California

**Independent Auditor's Reports
and Financial Statements**

For the Year Ended June 30, 2025



**City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
For the Year Ended June 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Pleasanton Alameda County Transportation Commission Measure BB Program (the “Program”) of the City of Pleasanton, California (the “City”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Program of the City as of June 30, 2025, and the change in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 (“*Government Auditing Standards*”). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Financial Statements Presentation

As discussed in Note 1, the financial statements present only the Program and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

To the Honorable Mayor and the Members of the City Council

of the City of Pleasanton

Pleasanton, California

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Responsibility 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.

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.

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.

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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

To the Honorable Mayor and the Members of the City Council

of the City of Pleasanton

Pleasanton, California

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, 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 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 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.

The Rul Group, LLP

Santa Ana, California

December 22, 2025

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FINANCIAL STATEMENTS

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City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Balance Sheet
Governmental Funds
June 30, 2025

	Special Revenue Funds		
	Bicycle and Pedestrian	Local Streets and Roads	Total
ASSETS			
Cash and investments	\$ 1,872,132	\$ 2,255,319	\$ 4,127,451
Measure BB Direct Local Distribution Program receivable	90,026	324,977	415,003
Interest receivable	10,172	10,869	21,041
Total assets	1,972,330	2,591,165	4,563,495
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	112,984	191,481	304,465
Total liabilities	112,984	191,481	304,465
Fund Balances:			
Restricted for Measure BB Programs and Projects	1,859,346	2,399,684	4,259,030
Total fund balances	1,859,346	2,399,684	4,259,030
Total liabilities and fund balances	\$ 1,972,330	\$ 2,591,165	\$ 4,563,495

City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2025

REVENUES:

Measure BB Direct Local Distribution Program Revenue

Direct Local Distribution Funds Allocation

Subtotal program revenues

Special Revenue Funds		
Bicycle and Pedestrian	Local Streets and Roads	Total
\$ 513,149	\$ 1,852,374	\$ 2,365,523
<u>513,149</u>	<u>1,852,374</u>	<u>2,365,523</u>

Other Measure BB Revenues

Investment Earnings:

Interest and earnings on fair market value of investments

Subtotal other Measure BB revenues

Total Revenue

122,642	183,398	306,040
<u>122,642</u>	<u>183,398</u>	<u>306,040</u>
<u>635,791</u>	<u>2,035,772</u>	<u>2,671,563</u>

EXPENDITURES:

Measure BB Direct Local Distribution

Program Expenditures

Capital Outlay

Total expenditures

1,067,057	3,515,025	4,582,082
<u>1,067,057</u>	<u>3,515,025</u>	<u>4,582,082</u>

NET CHANGE IN FUND BALANCES

(431,266) (1,479,253) (1,910,519)

FUND BALANCES:

Beginning of year

2,290,612 3,878,937 6,169,549

End of year

\$ 1,859,346 \$ 2,399,684 \$ 4,259,030

City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Statement of Net Position
Proprietary Fund
June 30, 2025

	Enterprise Fund
	Paratransit
ASSETS	
Cash and investments	\$ 776,460
Measure BB Direct Local Distribution Program receivable	99,843
Interest receivable	4,084
Total assets	880,387
LIABILITIES	
Liabilities:	
Accounts payable	227,075
Total liabilities	227,075
NET POSITION	
Restricted for paratransit	653,312
Total net position	\$ 653,312

City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For The Year Ended June 30, 2025

	Enterprise Fund Paratransit
OPERATING EXPENSES:	
Measure BB Direct Local Distribution Program Expenditures	
Salaries and benefits	\$ 7,675
Materials, services and supplies	<u>536,392</u>
Total operating expenses	<u>544,067</u>
OPERATING LOSS	(544,067)
NONOPERATING REVENUES:	
Measure BB Direct Local Distribution Program Revenue	
Direct Local Distribution Funds Allocation	<u>569,105</u>
Subtotal program revenues	<u>569,105</u>
Other Measure BB Revenues	
Investment Earnings:	
Interest and earnings on fair market value of investments	<u>35,357</u>
Subtotal other Measure BB revenues	<u>35,357</u>
Total nonoperating revenues	<u>604,462</u>
Changes in net position	60,395
NET POSITION:	
Beginning of year	<u>592,917</u>
End of year	<u>\$ 653,312</u>

City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2025

	Enterprise Fund Paratransit
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash paid to suppliers for goods and services	\$ (523,078)
Cash paid to employees for services	(7,675)
Net cash (used in) operating activities	(530,753)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Intergovernmental receipts	568,271
Net cash provided by noncapital financing activities	568,271
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment earnings	32,810
Net cash provided by investing activities	32,810
Net increase in cash and cash equivalents	70,328
CASH AND CASH EQUIVALENTS:	
Beginning of year	706,132
End of year	\$ 776,460
OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:	
Operating (loss)	\$ (544,067)
Adjustments to reconcile operating (loss) to net cash	
(used in) operating activities:	
Increase (decrease) in accounts payable	13,314
Total adjustment	13,314
Net cash (used in) operating activities	\$ (530,753)

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City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Notes to the Financial Statements
For the Year Ended June 30, 2025

Note 1 – Reporting Entity

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

Measure BB Program is restricted to account for the City’s share of revenues earned and expenditures/expenses under the City’s paratransit, local streets and roads, and bicycle and pedestrian safety programs.

The accompanying financial statements are for the Program only and are not intended to fairly present the financial position of the City or the results of its operations.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements present only the Program and are not intended to present the financial position, changes in financial position, or cash flows of the City in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The accounting policies of the Program are in accordance with U.S. GAAP applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Governmental Fund Financial Statements

The accompanying financial statements of special revenue funds are prepared based on the modified accrual basis of accounting. Measure BB program revenues are generally recorded when measurable and available (generally 90 days after year-end), 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.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Accounting (Continued)

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 Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. 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 the liability is incurred. Proprietary fund operating revenues and expenses, such as charges for services, and payments to employees and vendors, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues and expenses, such as subsidies, investment earnings, changes in fair value of investments and interest charges result from nonexchange transactions or ancillary activities.

B. Description of Funds

The Program funds account for moneys received from voter-approved Measure BB which is to be used for transportation priorities that includes streets and roads improvements, bicycle/pedestrian enhancements, and transit related projects. 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.

There are three funds reported under the Program:

Governmental Funds:

Bicycle and Pedestrian Special Revenue Fund accounts for various bicycle and pedestrian related improvement activities.

Local Streets and Roads Special Revenue Fund accounts for the annual slurry and resurfacing capital improvement project activities.

Proprietary Fund:

Paratransit Enterprise Fund accounts for the City's paratransit related activities.

C. Cash and Investments

The Program's cash is pooled with the City's internal investment pool. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments at the end of each quarter.

D. Cash Equivalents

For purposes of the statement of cash flows of the proprietary funds types, cash and cash equivalents include all pooled cash and investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Receivables

All receivables are shown net of an allowance for uncollectible amounts.

F. 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.

G. Net Position

In the proprietary fund financial statements, net position is classified as restricted. This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

H. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Cash and Investments

The Program's cash and investments are pooled with the City of Pleasanton in the amount of \$4,903,911. Each Fund's share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their daily cash balances to the total of the pooled cash and investments at the end of each quarter. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the Program's pooled cash and investments is included in the City's basic financial statements, which are available at the City of Pleasanton at 123 Main Street, Pleasanton, California 94566 or on the City's website at <https://www.cityofpleasantonca.gov>.

Note 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, 2025 in the amount of \$514,846.

City of Pleasanton
Alameda County Transportation Commission
Measure BB Program
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2025

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 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 2024/25 included:

Bicycle and Pedestrian Program:

- West Las Positas Multimodal Reconstruction Projects. This project improves both pedestrian and bicycle infrastructure on West Las Positas Boulevard.
- Hopyard Road and Owens Drive Intersection Improvements. This project constructed an elevated bike lane and added bicycle traffic signal to the intersection.
- Annual Bicycle and Pedestrian Related Improvements at Various Location – Bicycle and Pedestrian Masterplan Update.
- Annual Street Resurfacing and Reconstruction. Annual Street Resurfacing constructs ADA compliant pedestrian ramps and also upgrades intersection detection and bike lane striping for improved bicycle facilities.
- Annual Bicycle and Pedestrian Related Improvements at Various Locations – Ladder Crosswalks upgrade at crossing guard locations and other crosswalks near schools.
- Annual Trail Resurfacing Project – Arroyo Mocho Trail serves as on off street path to provide vehicle free connections for pedestrians and bicyclists to reach their destination.

Local Streets and Roads Program:

- Annual Street Resurfacing and Reconstruction Capital Improvement Project.

Paratransit Program:

- Provided funds to Black Tie Transportation for the program “Pleasanton Rides” which offers door-to-door services throughout the City.
- Program Administration
- Provided funds to the Livermore Amador Valley Transit Authority (“LAVTA”) to provide Americans with Disabilities Act (“ADA”) services for City residents through the Wheels Dial-A-Ride program.



**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***

Independent Auditor's Report

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

We have audited, in accordance with the 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 (“*Government Auditing Standards*”), the financial statements of the Alameda County Transportation Commission Measure BB Program (the “Program”) of the City of Pleasanton, California (the “City”), as of and for the year ended June 30, 2025, and the related notes to the financial statements and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances 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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Honorable Mayor and the Members of the City Council
of the City of Pleasanton
Pleasanton, California
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Program 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 financial statements. However, providing an opinion on compliance with these 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Rul Group, LLP

Santa Ana, California
December 22, 2025



REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

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

Report on Compliance or Alameda County Transportation Commission Measure BB Program Required by Alameda County Transportation Commission

Opinion On Alameda County Transportation Commission Measure BB Program

We have audited the Alameda County Transportation Commission Measure BB Program (the “Program”) of the City of Pleasanton, California’s (the “City”) compliance with the types of compliance requirements described in the agreement with the Alameda County Transportation Commission, dated July 1, 2016 (the “Agreement”) for the year ended June 30, 2025.

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 City’s compliance with the Agreement for the year ended June 30, 2025.

Basis for Opinion on Alameda County Transportation Commission Measure BB Program

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 (“*Government Auditing Standards*”); and the audit requirements of the Agreement. Our responsibilities under those standards and the Agreement 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Program. Our audit does not provide a legal determination of the City’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 the Program.

To the Honorable Mayor and the Members of the City Council

of the City of Pleasanton

Pleasanton, California

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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 occurred, 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, *Government Auditing Standards*, and the Agreement 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 City's compliance with the requirements of the Agreement as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Agreement, 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

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 compliance requirement 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 of the Agreement 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness 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 may exist that were not identified.

To the Honorable Mayor and the Members of the City Council

of the City of Pleasanton

Pleasanton, California

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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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Agreement. Accordingly, this report is not suitable for any other purpose.

The Riv Group, LLP

Santa Ana, California

December 22, 2025

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