

**CITY OF PLEASANTON**

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**TRANSPORTATION DEVELOPMENT ACT  
ARTICLE III FUND  
PLEASANTON, CALIFORNIA**

**JUNE 30, 2011**

**CITY OF PLEASANTON**

**TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Transportation Development Act Article III Program (TDA Program) of the City of Pleasanton, California (City), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the City'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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TDA Program's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements of the TDA Program are intended to present the financial position, and changes in financial position of only that portion of the City of Pleasanton, California that is attributable to the TDA Program. They do not purport to, and do not present fairly the financial position of the City as of June 30, 2011 and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Program as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report and considered in assessing the results of our audits.

*Vavrinek, Trine, Day & Co., LLP.*

Pleasanton, California  
December 23, 2011

**CITY OF PLEASANTON  
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**BALANCE SHEET  
JUNE 30, 2011**

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	<u>Special Revenue Fund</u>
<b>ASSETS</b>	
Grants receivable	\$ -
Total assets	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable	-
Due to other funds	-
Total liabilities	<u>-</u>
<b>Fund Balances</b>	
Total fund balance	<u>-</u>
 Total liabilities and fund balances	 <u>\$ -</u>

See the accompanying notes to the financial statements.

**CITY OF PLEASANTON  
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2011**

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	<u>Special Revenue Fund</u>
<b>REVENUES:</b>	
Intergovernmental	\$ 43,707
Total revenues	<u>43,707</u>
<b>EXPENDITURES:</b>	
Capital outlay	<u>43,707</u>
Total expenditures	<u>43,707</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-
<b>FUND BALANCE:</b>	
Beginning of year	<u>-</u>
End of year	<u><u>\$ -</u></u>

See the accompanying notes to the financial statements.

**CITY OF PLEASANTON  
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**1. DESCRIPTION OF REPORTING ENTITY**

**Reporting Entity** – The City of Pleasanton, California (City) Transportation Development Act Article III Funds (TDA Funds) include the financial activities associated with allocation instruction number 10001096 funded by the State of California Transportation Development Act (TDA). The State of California created a local transportation fund for each County funded by a portion of the State sales tax.

The TDA Funds are distributed through the Metropolitan Transportation Commission (MTC) which is the agency responsible for allocation of funds to eligible claimants within the greater San Francisco Bay area.

The TDA grant is for Bicycle Detection Improvements and Racks project.

The use of TDA Funds is part of the City and is included in the Special Revenue funds of the comprehensive annual financial report of the City.

These TDA Funds are separate funds of the City. The financial statements are intended to present the financial position and results of operation for the TDA Funds, and not those of the City as a whole.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting** – The operations of the TDA program are accounted for in a special revenue fund. A fund is a separate entity with a set of self-balancing accounts which comprise their assets, liabilities, fund equity, revenues, and expenditures.

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

All governmental fund types are accounted for using the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred.

**Revenue Recognition** – Under the terms of the various grant agreements, the TDA Fund generally recognizes revenues when approved expenditures are incurred. Accordingly, the accompanying financial statements present grants receivable and the corresponding intergovernmental revenues.

**CITY OF PLEASANTON  
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

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**3. TDA ARTICLE III REVENUE / EXPENDITURES**

The following is a summary of the project grant revenues and total expenditures.

<u>Project Name</u>	<u>MTC Allocation for #10001096</u>	<u>TDA Grant</u>	<u>Summary of Prior Year Expenditures</u>	<u>Current Year Expenditures</u>
Bicycle Detection Improvements & Racks	FY 2007-2008	\$ 50,000	\$ 46,453	\$ -
	FY 2009-2010	110,449	5,457	43,707
Project Total		<u>\$ 160,449</u>	<u>\$ 51,910</u>	<u>\$ 43,707</u>



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

We have audited the accompanying financial statements of the Transportation Development Act Article III Program (TDA Program) of the City of Pleasanton, California (City) as of and for the year ended June 30, 2011, as listed in the foregoing table of contents and have issued our report thereon dated December 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 TDA Program's internal control over financial reporting as a basis for designing our audit 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 TDA Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TDA Program's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the TDA Program's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the TDA Program'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 statements. 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 result of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of the Mayor, City Council, Management, and the Metropolitan Transportation Commission, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California

December 23, 2011



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**INDEPENDENT AUDITOR’S COMPLIANCE REPORT ON THE  
TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROGRAM**

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

We have audited the financial statements of the Transportation Development Act Article III Program (Program) of the City of Pleasanton with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA Program is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Audit Standards issued by the Comptroller General of the United States; the Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Those standards 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 TDA Program. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City’s compliance with those requirements.

In our opinion the TDA funds allocated to and received by the City pursuant to the Act were expended in conformance with the applicable statutes, rules and regulations of the Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission.

This report is intended solely for the information and use of the Mayor, City Council Members, Management, and the Metropolitan Transportation Commission, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Vavrinek, Trine, Day & Co., LLP.*  
Pleasanton, California  
December 23, 2011