

CITY OF PLEASANTON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III FUND PROGRAM
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017

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**CITY OF PLEASANTON
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND PROGRAM
BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements of the Pleasanton Transportation Development Act Article III Fund Program (Program) of the City of Pleasanton, California (City), as of and for the year ended June 30, 2017, 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 Program's preparation and fair presentation of the financial statements 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 Program'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 Program as of June 30, 2017, 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 Program and do not purport to, and do not present fairly the financial position of the City as of June 30, 2017, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted 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 8, 2017 on our consideration of the Program'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 Program's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 8, 2017

**CITY OF PLEASANTON
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III FUND PROGRAM
SPECIAL REVENUE FUND**

**BALANCE SHEET
JUNE 30, 2017**

	Allocation Instruction # 17001062
ASSETS	
Due from Metropolitan Transportation Commission	<u>\$205,675</u>
LIABILITIES	
Due to City of Pleasanton	<u>\$205,675</u>

See accompanying notes to financial statements

**CITY OF PLEASANTON
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III FUND PROGRAM
SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES AND EXPENDITURES
For the year ended June 30, 2017**

	Allocation Instruction # 17001062
REVENUES	
T.D.A. Article 3.0 (Note 3)	<u>\$205,675</u>
EXPENDITURES	
Bicycle and Pedestrian Program (Note 3)	<u>205,675</u>
Total Expenditures	<u>205,675</u>
Excess (Deficiency) of Revenues Over Expenditures	<u><u>\$0</u></u>

See accompanying notes to financial statements

CITY OF PLEASANTON
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND PROGRAM
NOTES TO BASIC FINANCIAL STATEMENTS
For The Year Ended June 30, 2017

NOTE 1 - DESCRIPTION OF REPORTING ENTITY

The City of Pleasanton (City) Transportation Development Act Article III Fund Program (Program) includes the financial activities associated with the projects funded by the State of California Transportation Development Act (TDA). The State of California created a local transportation fund for each County funded by one-quarter of a cent of the 7% state sales tax. Article 3 of the TDA permits local agencies to spend a portion of that money (not to exceed 2%) on facilities provided for the exclusive use of pedestrians and bicycles. The projects 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.

During the year ended June 30, 2017, the City incurred expenditures that will be reimbursed by the Transportation Development Act Grant for the project's costs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the City that conform to generally accepted accounting principles as applicable to governments.

A. Fund Accounting

The Program is part of the City and is included in the special revenue funds of the basic financial statements of the City. A fund is a set of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized. The Program is accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. TDA Article 3.0 revenues are recognized when qualifying project expenditures are incurred. Expenditures are generally recognized when they are incurred.

NOTE 3 - TDA ARTICLE REVENUE/EXPENSE

During the year ended June 30, 2017, the City received allocation instructions from the Metropolitan Transportation Commission for the following project:

Project Name	Allocation Instruction #	Grant Amount	Expended from Inception to 6/30/2017	Revenue received Inception to 6/30/2017
Pedestrian/Bicycle Plan - Stanley Boulevard Reconstruction	17001062	\$225,000	\$205,675	\$0

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

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 financial statements of the Pleasanton Transportation Development Act Article III Fund Program (Program) of the City of Pleasanton, California (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 Program'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 statement amounts. Our procedures included the applicable audit procedures contained in §6666 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported *under Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated December 8, 2017 which is an integral part of our audit and should be read in conjunction with this report.

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 result of that testing, and not to provide an opinion on the effectiveness of the Program'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 Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Metropolitan Transportation Commission, management, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report, which is a matter of public record.



Pleasant Hill, California
December 8, 2017