



REQUEST FOR PROPOSALS
FOR
PROFESSIONAL AUDITING SERVICES

Addendum #2 – February 29, 2024

Issue Date: February 16, 2024

Revised Proposal Due Date: March 8, 2024

3:00 P.M. (PST)

CITY OF PLEASANTON
FINANCE DEPARTMENT
123 MAIN STREET
P.O. BOX 520
PLEASANTON, CALIFORNIA 94566

This Addendum is hereby made a part of the Request for Proposal (RFP)

- What is the reason that you are considering changing the auditor?
The three (3) year auditing contract ended after completion of the FY2023 audit.
- Will your prior auditors be invited to bid?
The prior audit firm may submit a bid.
- How many staff did the audit team consist of in the past and when did the auditors come on site?
The audit team typically consisted of four (4) to five (5) individuals. The audit was performed remotely during the past three (3) years.
- Is the scope of the services requested the same as last year?
Yes
- Have there been any changes in your accounting system or software since last year?
No
- Do you expect to have any retirement or replacement of key employees?
No
- How many weeks did your prior auditors require for your last audit?
One week was scheduled for interim audit fieldwork, two weeks were scheduled for year-end audit fieldwork, and one week was scheduled for Single Audit fieldwork.
- How many weeks/hours were spent by the prior auditors in the field?
One week was scheduled for interim audit fieldwork, two weeks were scheduled for year-end audit fieldwork, and one week was scheduled for Single Audit fieldwork.
- When did the on-site fieldwork take place?
Both interim and year-end fieldwork were performed remotely. Interim audit dates were June 12th through June 16th and year-end audit dates were October 16th through October 27th.
- What is the current year budget for auditing services?
\$75,000
- When will a closed trial balance be available for the audit with all closing entries recorded?
A closed trial balance will be available in accordance with the agreed-upon audit timeline established by the City and the selected audit firm.

- Is there anything specific that you are looking for with the successor auditors?
The City seeks services, professionalism, and processes as outlined in the RFP.
- What are the things you liked and did not like about your current auditors?
The City seeks services, professionalism, and processes as outlined in the RFP.
- What are the things you liked and did not like in the audit process followed by your current auditors?
The City seeks services, professionalism, and processes as outlined in the RFP.
- How many adjusting entries did you have last year?
There were four (4) adjusting entries that were identified and provided by the auditors.
- Do you expect to have a single audit this year?
Yes
- How many major programs did you have last year?
There was one (1) major program in FY2023.
- How much were the total federal expenditures last year?
FY2023 federal expenditures were \$7,326,311.
- Could you please share copies of the FY2023 (or most recently issued) reports for the following:
 - Single Audit
Attached
 - Community Transit Services, Senior Citizens, and Disabled Transportation Program
Attached
 - TDA
Attached
 - Housing Authority Audit
The City did not issue a Housing Authority Audit report for FY2023.
- Does the City expect to require a TDA audit and Housing Authority audit in FY2024?
The City expects to have a TDA audit in FY2024; however, we do not anticipate a Housing Authority audit at this time.
- We noted the RFP is requesting final reports be delivered by December 1st, however the FY2023 ACFR was not issued until January 12th. Could you please describe any reasons for the delay?

Due to staffing vacancies during FY2023, the City needed additional time to implement GASB 96.

- Would the City be open to having the majority of the audit being performed remotely?
Yes
- What was the City's experience with remote auditing? Would you suggest any changes?
The City has had good experiences with remote auditing. We found it efficient both timewise and in the utilization of City staff time. The suggested changes would be dependent upon the selected firm's remote auditing processes and procedures.
- Are the majority of supporting documentation maintained electronically (e.g. PDF), such as checks, vendor invoices, cash receipts, timecards, personnel files?
Yes
- Do you permit your auditors to access the City's financial software remotely?
Yes



CITY OF PLEASANTON, CALIFORNIA
JUNE 30, 2023

SINGLE AUDIT REPORT

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CITY OF PLEASANTON, CALIFORNIA

Single Audit Report
June 30, 2023

CITY OF PLEASANTON, CALIFORNIA

Single Audit Report

June 30, 2023

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	3
Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2023	6
Notes to the Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2023	8
Summary Schedule of Prior Year Findings and Questioned Costs for the Fiscal Year Ended June 30, 2022	10



INDEPENDENT AUDITORS' 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 the City Council
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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pleasanton, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 12, 2024.

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 opinions 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 entity'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 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*.



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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Lughard, LLP

Sacramento, California
January 12, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Pleasanton, California (the "City")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 each major federal 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 City's federal programs.

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 generally accepted auditing standards,



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

Government Auditing Standards, and the Uniform Guidance 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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Uniform Guidance, 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 type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 of a federal program 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 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 were not identified.

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.



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

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 of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 12, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Lance, Solt & Lughard, LLP".

Sacramento, California
January 12, 2024

CITY OF PLEASANTON
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Unique Entity ID</i>	<i>Total Federal Expenditures</i>
CDBG - Entitlement Grants Cluster			
Department of Housing and Urban Development Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	\$ 401,052
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Not Applicable	23,000
Community Development Block Grants/Entitlement Grants Beginning Loan Balance	14.218	Not Applicable	435,742
Subtotal - Assistance Listing Number 14.218			<u>859,794</u>
Total CDBG - Entitlement Grants Cluster			<u>859,794</u>
Other Programs			
Development of Housing and Urban Development Pass-Through Programs from:			
County of Alameda, Housing and Community Development			
Home Investment Partnership Program	14.239	DAGVVDNMJL55	123,118
Home Investment Partnerships Program Beginning Loan Balance	14.239	DAGVVDNMJL55	1,763,987
Subtotal - Assistance Listing Number 14.239			<u>1,887,105</u>
Total Department of Housing and Urban Development			<u>1,887,105</u>
Department of the Treasury Pass-Through Programs from:			
County of Alameda			
COVID-19 Coronavirus Relief State and Local Fiscal Recovery Funds*	21.027	UPVLXN4NFBE8	4,345,930
California Department of Community and Development COVID-19 Coronavirus Relief State and Local Fiscal Recovery Funds*	21.027	F4LGDJEVBFK4	40,157
Subtotal - Assistance Listing Number 21.027			<u>4,386,087</u>
Total Department of Treasury			<u>4,386,087</u>
Department of Homeland Security Pass-Through Programs from:			
County of Alameda			
Homeland Security Grant Program	97.067	Not Applicable	168,000
Disaster Relief Public Assistance Program	97.036	Not Applicable	25,325
Total Department of Homeland Security			<u>193,325</u>
Total Other Programs			<u>6,466,517</u>
Total Expenditures of Federal Awards			<u>\$ 7,326,311</u>

* Major Program
There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.
The amount provided to subrecipients during the year was \$0.

CITY OF PLEASANTON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Pleasanton, California, that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2: LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs require servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the City has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2023, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2023:

Federal Assistance Listing #	Program Title	June 30,2023
14.218	Community Development Block Grant	\$ 435,742
14.239	Home Investment Partnership Loan Program	1,763,987
		<u>\$ 2,199,729</u>

CITY OF PLEASANTON
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

THE CITY OF



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**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

No matters were reported.



CITY OF PLEASANTON, CALIFORNIA
COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND DISABLED
TRANSPORTATION PROGRAM FUND
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

FINANCIAL STATEMENTS

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CITY OF PLEASANTON, CALIFORNIA

COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND DISABLED
TRANSPORTATION PROGRAM FUND

Financial Statements

For The Years Ended June 30, 2023 and 2022

CITY OF PLEASANTON, CALIFORNIA
COMMUNITY TRANSIT SERVICES,
SENIOR CITIZEN, AND DISABLED
TRANSPORTATION PROGRAM FUND

Financial Statements

For The Years Ended June 30, 2023 and 2022

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Net Position	4
Statements of Revenues, Expenses, and Changes in Net Position	5
Statements of Cash Flows.....	6
Notes to the Financial Statements	7
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10
Independent Auditors' Report on Compliance and on Internal Control Over Compliance	12



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund (the Program) of the City of Pleasanton, California (the "City"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Program's 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 Program of the City, as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof, for the years 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Program are intended to present the financial position, the changes in financial position, and cash flows of only the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023 and 2022, the changes in its financial position, or its cash flows for the years 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

Required Supplementary Information

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.



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 19, 2023, on our consideration of the City's internal control over the Program's 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 Program's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over the Program's financial reporting and compliance.

Lance, Soll & Lughard, LLP

Sacramento, California
December 19, 2023

**CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
Statements of Net Position
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and investments	\$ 602,902	\$ 361,607
Intergovernmental receivables	113,770	116,272
Interest receivable	1,181	648
Total current assets	<u>717,853</u>	<u>478,527</u>
Noncurrent assets:		
Capital assets, depreciable, net	43,087	58,113
Total noncurrent assets	<u>43,087</u>	<u>58,113</u>
Total Assets	<u>760,940</u>	<u>536,640</u>
LIABILITIES		
Accounts payable	81,300	294
Payroll payable	285	1,487
Due to City of Pleasanton	-	1,150
Unearned revenue	1,555	27,278
Total Liabilities	<u>83,140</u>	<u>30,209</u>
NET POSITION		
Invested in capital assets	43,087	58,113
Restricted for Community Transit Services activity	634,713	448,318
Total Net Position	<u>\$ 677,800</u>	<u>\$ 506,431</u>

**CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
OPERATING EXPENSES		
Personnel services	\$ 29,710	\$ 66,856
Transportation	66,066	32,575
Repairs and maintenance	30,219	-
Materials, supplies, and services	386,215	285,961
Depreciation	15,026	15,026
Total Operating Expenses	<u>527,236</u>	<u>400,418</u>
Operating Loss	<u>(527,236)</u>	<u>(400,418)</u>
NONOPERATING REVENUES		
Metropolitan Transportation Commission Grant	79,088	58,843
Measure B Paratransit pass-through funds	-	112,603
Measure BB Paratransit pass-through funds	641,605	379,868
Interest income and loss on fair market value of investments	<u>(22,088)</u>	<u>(12,477)</u>
Total Nonoperating Revenues	<u>698,605</u>	<u>538,837</u>
CHANGES IN NET POSITION	171,369	138,419
NET POSITION		
Beginning of Year	<u>506,431</u>	<u>368,012</u>
End of Year	<u><u>\$ 677,800</u></u>	<u><u>\$ 506,431</u></u>

**CITY OF PLEASANTON
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND
DISABLED TRANSPORTATION PROGRAM FUND
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash paid to customers and users	\$ (23,221)	\$ (9,657)
Cash paid to suppliers for goods and services	(401,494)	(341,522)
Cash paid to others	(30,912)	(67,790)
Net Cash Used by Operating Activities	<u>(455,627)</u>	<u>(418,969)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Metropolitan Transportation Commission grant received	79,088	58,843
Measure B Paratransit pass-through funds received	-	112,603
Measure BB Paratransit pass-through funds received	641,605	379,868
Repayment made to City of Pleasanton	(1,150)	(25,629)
Net Cash Provided by Noncapital Financing Activities	<u>719,543</u>	<u>525,685</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income and loss on fair market value of investments	(22,621)	(12,522)
Net Cash Used by Investing Activities	<u>(22,621)</u>	<u>(12,522)</u>
Net Increase in Cash and Cash Equivalents	241,295	94,194
CASH AND CASH EQUIVALENTS:		
Beginning of year	361,607	267,413
End of year	<u>\$ 602,902</u>	<u>\$ 361,607</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (527,236)	\$ (400,418)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	15,026	15,026
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	2,502	(36,935)
Increase (decrease) in accounts payable	81,006	(22,769)
Decrease in payroll payable	(1,202)	(1,151)
Increase (decrease) in unearned revenue	(25,723)	27,278
Net Cash Used by Operating Activities	<u>\$ (455,627)</u>	<u>\$ (418,969)</u>

**CITY OF PLEASANTON, CALIFORNIA
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND DISABLED
TRANSPORTATION PROGRAM FUND
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE 1: DESCRIPTION OF PROGRAM

The City of Pleasanton (City) has developed a program to provide transportation services to residents who are 70 years of age or older or to residents 18 – 69 years of age who meet the Americans with Disabilities Act (ADA) eligibility. The program is funded in part by a grant under the Transportation Development Act (TDA) Article 4.5, Measure B funds, and Measure BB funds. The receipt of Measure B funds from the Alameda County Transportation Commission ended on March 31, 2022. The City subsidizes the program for all costs not recoverable under the grant agreement, Measure B funds, or Measure BB funds. In December of 2020, the City awarded an operator agreement to Black Tie Transportation, LLC to assume management and daily operations of the City's Paratransit Service (PPS) effective February 1, 2021.

Beginning on January 1, 2023, the City relinquished 50 percent of its FY 2022/23 TDA Article 4.5 allocation to the Livermore Amador Valley Transportation Authority (LAVTA) to provide ADA transportation services to residents of the City. In addition, the City entered into a Memorandum of Understanding with LAVTA and transferred 12.5 percent of its Measure BB funds to them for the same services. The percentage allocations will increase to 100 percent for TDA Article 4.5 funds and 30 percent for Measure BB funds in FY 2023/24.

The Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund (Program) is reported as a single enterprise fund within the City's basic financial statements. These financial statements are not intended to present fairly the financial position of the City and the changes in its financial position and cash flows thereof in accordance with generally accepted accounting principles in the United States (GAAP).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial activities of the Program are accounted for in a separate enterprise fund. Enterprise funds account for activities where the costs of providing services, including capital costs (such as depreciation or debt service), are recovered with fees and charges, rather than with taxes or similar revenues. Enterprise funds use the accrual basis of accounting and recognize revenues when earned and expenses when incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Program's principal ongoing operations. The principal operating revenue of the Program is revenue received for transportation services. Operating expenses for the program include the cost of administering the services. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

B. Cash and Equivalents

Cash amounts are pooled with cash and investments of the City. The pooled funds are invested in accordance with the City's investment policy established pursuant to State law. For purposes of the Statement of Cash Flows of the Program, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account. As of June 30, 2023 and 2022, the Program had \$602,902 and \$361,607, respectively, pooled with the City.

**CITY OF PLEASANTON, CALIFORNIA
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND DISABLED
TRANSPORTATION PROGRAM FUND
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Statement of Cash Flows

For purposes of the statement of cash flows, the Program considers all cash deposited in the City's investment pool to be cash and cash equivalents.

D. Vehicles and Equipment

Vehicles and equipment purchases are capitalized at historical cost. Depreciation is provided on such equipment using the straight-line method over estimated lives as follows:

Vehicles	8 years
Equipment	5-20 years

E. Unearned Revenue

Unearned revenue consists of unused grant funds received from the Metropolitan Transportation Commission.

F. 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.

G. Estimates

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

**CITY OF PLEASANTON, CALIFORNIA
COMMUNITY TRANSIT SERVICES, SENIOR CITIZEN, AND DISABLED
TRANSPORTATION PROGRAM FUND
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

NOTE 3: CAPITAL ASSETS

A summary of the Program’s capital assets at June 30, 2023 and 2022 is as follows:

	Balance June 30, 2022	Adjustments*	Additions	Deletions	Balance June 30, 2023
Depreciable assets:					
Vehicles	\$ 603,859	\$ (53,807)	\$ -	\$ (252,731)	\$ 297,321
Equipment	33,223	-	-	-	33,223
Total depreciable assets	<u>637,082</u>	<u>(53,807)</u>	<u>-</u>	<u>(252,731)</u>	<u>330,544</u>
Less accumulated depreciation					
Vehicles	(545,746)	53,807	(15,026)	252,731	(254,234)
Equipment	(33,223)	-	-	-	(33,223)
Total accumulated depreciation	<u>(578,969)</u>	<u>53,807</u>	<u>(15,026)</u>	<u>252,731</u>	<u>(287,457)</u>
Total depreciable assets, net	<u>\$ 58,113</u>	<u>\$ -</u>	<u>\$ (15,026)</u>	<u>\$ -</u>	<u>\$ 43,087</u>

* Adjustments pertain to a previously disposed of vehicle that was inadvertently omitted from prior financial statements. There is no fund balance impact of this adjustment.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Depreciable assets:				
Vehicles	\$ 603,859	\$ -	\$ -	\$ 603,859
Equipment	33,223	-	-	33,223
Total depreciable assets	<u>637,082</u>	<u>-</u>	<u>-</u>	<u>637,082</u>
Less accumulated depreciation				
Vehicles	(530,720)	(15,026)	-	(545,746)
Equipment	(33,223)	-	-	(33,223)
Total accumulated depreciation	<u>(563,943)</u>	<u>(15,026)</u>	<u>-</u>	<u>(578,969)</u>
Total depreciable assets, net	<u>\$ 73,139</u>	<u>\$ (15,026)</u>	<u>\$ -</u>	<u>\$ 58,113</u>

NOTE 4: ALLOCATION STATUS

	2023	2022
Metropolitan Transportation Commission allocations received	\$ 79,088	\$ 86,121

NOTE 5: CONTINGENT LIABILITIES

Grants have been received by the City for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement for expenses disallowed under the terms of the grant. The amount, if any, of expenses that may be disallowed under the terms of the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.



INDEPENDENT AUDITORS' 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 the City Council
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 Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund ("the Program") of the City of Pleasanton, California ("the City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 19, 2023.

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 the Program's financial reporting (internal control) as a basis for designing 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 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 entity'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from 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 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*.



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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Lughard, LLP

Sacramento, California
December 19, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance

Opinion

We have audited the Community Transit Services, Senior Citizen, and Disabled Transportation Program Fund (“the Program”) of the City of Pleasanton, California’s (“the City”) compliance with the types of compliance requirements described in Section 6667 of the *Rules and Regulation 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 for the year ended June 30, 2023.

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 Act for the year ended June 30, 2023.

Basis for Opinion

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 the audit requirements of the Act. Our responsibilities under those standards and the Act 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.

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 generally accepted auditing standards, *Government Auditing Standards*, and the Act 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.



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

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 Act as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Act, 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 Act, 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 type of compliance requirement of the Act on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Act 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 of the Act 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 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 were not identified.

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 of internal control over compliance and the results of that testing based on the requirements of the Act. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 19, 2023



CITY OF PLEASANTON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III FUND PROGRAM
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

FINANCIAL STATEMENTS

Focused
on YOU



CITY OF PLEASANTON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III FUND PROGRAM

Financial Statements

For the Years Ended June 30, 2023 and 2022

CITY OF PLEASANTON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III FUND PROGRAM

Financial Statements

For the Years Ended June 30, 2023 and 2022

Table of Contents

Page

Independent Auditors' Report	1
Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to the Financial Statements	6
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7
Independent Auditors' Report on Compliance and on Internal Control Over Compliance	9



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Article III Fund Program (the Program) of the City of Pleasanton, California (the "City"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Program's 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 Program of the City, as of June 30, 2023 and 2022, and the respective changes in financial position for the years 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Program are intended to present the financial position, the changes in financial position, and cash flows of only the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023 and 2022, the changes in its financial position, or its cash flows for the years 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison schedules 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 opinions on the basic financial statements are not affected by this missing information.



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 19, 2023, on our consideration of the City's internal control over the Program's 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 Program's financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over the Program's financial reporting and compliance.

Lance, Soll & Lughard, LLP

Sacramento, California
December 19, 2023

CITY OF PLEASANTON
TRANSPORTATION DEVELOPMENT ACT - ARTICLE III FUND PROGRAM
Balance Sheets
June 30, 2023 (with comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets		
Due from Metropolitan Transportation Commission	\$ 104,957	\$ 20,163
Total Assets	<u>\$ 104,957</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 50,827	\$ -
Due to City of Pleasanton	54,130	20,163
Total Liabilities	<u>104,957</u>	<u>20,163</u>
Deferred Inflows of Resources		
Unavailable revenue	<u>104,957</u>	-
Total Deferred Inflows of Resources	<u>104,957</u>	-
Total Liabilities and Deferred Inflows of Resources	209,914	20,163
Fund Balance (Deficit)		
Unassigned (deficit)	<u>(104,957)</u>	-
Total Fund Balance (Deficit)	<u>(104,957)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	<u>\$ 104,957</u>	<u>\$ 20,163</u>

CITY OF PLEASANTON
TRANSPORTATION DEVELOPMENT ACT - ARTICLE III FUND PROGRAM
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023 (with comparative totals for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Expenditures		
Bicycle and Pedestrian Program (Note 3)	\$ 104,957	\$ -
Miscellaneous	20,163	-
Total Expenditures	<u>125,120</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(125,120)	-
Other Financing Sources		
Transfers In	20,163	-
Total Other Financing Sources	<u>20,163</u>	<u>-</u>
Net Change in Fund Balance	(104,957)	-
Fund Balance, Beginning of Year	-	-
Fund Balance (Deficit), End of Year	<u><u>\$ (104,957)</u></u>	<u><u>\$ -</u></u>

**CITY OF PLEASANTON, CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT - ARTICLE III FUND PROGRAM
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022**

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 percent state sales tax. Article 3 of the TDA permits local agencies to spend a portion of that money (not to exceed 2 percent) 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.

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, liabilities, 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 III revenues are recognized when qualifying project expenditures are incurred. Expenditures are generally recognized when they are incurred.

NOTE 3: TDA ARTICLE III REVENUE/EXPENSE

No allocation instructions were received in Fiscal Year 2021/22. The City received allocation instructions from the Metropolitan Transportation Commission in Fiscal Year 2022/23 for the project shown below.

<u>Project Name</u>	<u>Allocation Instruction #</u>	<u>Grant Amount</u>	<u>Expended from Inception to 6/30/2023</u>	<u>Revenue received Inception to 6/30/2023</u>
Bike and Pedestrian Improvements Various Projects	23001088	\$ 173,734	\$ 104,957	\$ -

In addition, the City recognized \$20,163 of miscellaneous expenditures which represent the write-off of prior years' TDA allocations that have since been rescinded.



INDEPENDENT AUDITORS' 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 the City Council
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 Transportation Development Act Article III Fund Program ("the Program") of the City of Pleasanton, California ("the City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated December 19, 2023.

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 the Program's financial reporting (internal control) as a basis for designing 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 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 entity'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from 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 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*.



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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Lughard, LLP

Sacramento, California
December 19, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance

Opinion

We have audited the Transportation Development Act Article III Fund Program (“the Program”) of the City of Pleasanton, California’s (“the City”) compliance 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 for the year ended June 30, 2023.

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 Act for the year ended June 30, 2023.

Basis for Opinion

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 the audit requirements of the Act. Our responsibilities under those standards and the Act 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.

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 generally accepted auditing standards, *Government Auditing Standards*, and the Act will always detect material noncompliance when it exists. The risk of



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

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 Act as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Act, 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 Act, 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 type of compliance requirement of the Act on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Act 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 of the Act 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 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 were not identified.

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.



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

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 of the Act. Accordingly, this report is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Sacramento, California
December 19, 2023