

City of Pleasanton

Measure B Funds

Pleasanton, California

*Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2007

City of Pleasanton
Alameda County Transportation Improvement Authority - Measure B Funds

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Funds) of the City of Pleasanton, California (City), as of and for the year ended June 30, 2007, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Measure B Funds and are not intended to present fairly the financial position and results of its operations of the City.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Funds of the City as of June 30, 2007, and the results of its operations and changes in fund balance and cash flow for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of the Authority's internal control over financial reporting and 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 on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Caporicci & Larson

Oakland, California
December 14, 2007

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City of Pleasanton

Alameda County Transportation Improvement Authority - Measure B Funds

Combined Balance Sheet

June 30, 2007

	Special Revenue Fund		Enterprise Fund	Total
	Measure B Street Repair	Measure B Bike and Pathway	Transit	
ASSETS				
Cash and investments	\$ 811,159	\$ 475,307	\$ -	\$ 1,286,466
Receivables:				
Taxes	170,334	75,226	-	245,560
Interest	12,141	6,138	-	18,279
Total assets	\$ 993,634	\$ 556,671	\$ -	\$ 1,550,305
FUND BALANCES				
Fund Balances:				
Unreserved:				
Designated for capital projects	993,634	556,671	-	1,550,305
Total fund balances	993,634	556,671	-	1,550,305
Total liabilities and fund balances	\$ 993,634	\$ 556,671	\$ -	\$ 1,550,305

See accompanying Notes to Financial Statements.

City of Pleasanton

Alameda County Transportation Improvement Authority - Measure B Funds

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2007

	Special Revenue Fund		Total
	Measure B	Measure B	
	Street Repair	Bike and Pathway	
REVENUES:			
Use of money and property	\$ 46,548	\$ 14,028	\$ 60,576
Taxes other than property	673,500	182,770	856,270
Intergovernmental	6,612	181,287	187,899
Total revenues	726,660	378,085	1,104,745
EXPENDITURES:			
Public works	1,315,178	114,097	1,429,275
Total operating expenditures	1,315,178	114,097	1,429,275
REVENUES OVER (UNDER) EXPENDITURES	(588,518)	263,988	(324,530)
FUND BALANCES:			
Beginning of year	1,582,152	292,683	1,874,835
End of year	\$ 993,634	\$ 556,671	\$ 1,550,305

See accompanying Notes to Financial Statements.

City of Pleasanton

Alameda County Transportation Improvement Authority - Measure B Funds

Statement of Revenues, Expenses and Changes in Net Assets

For the year ended June 30, 2007

	Transit
OPERATING EXPENDITURES:	
Personnel services	86,941
Total operating expenditures	<u>86,941</u>
OPERATING LOSS	<u>(86,941)</u>
NONOPERATING REVENUES:	
Grants received	86,941
Total nonoperating revenues	<u>86,941</u>
NET ASSETS:	
Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

See accompanying Notes to Financial Statements.

City of Pleasanton
Alameda County Transportation Improvement Authority - Measure B Funds
Statement of Cash Flows
For the year ended June 30, 2007

	<u>Transit</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash payment to employees for services	\$ (86,941)
Net cash provided (used) by operating activities	<u>(86,941)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grant revenue received	86,941
Net cash provided (used) by noncapital financing activities	<u>86,941</u>
Net increase (decrease) in cash and cash equivalents	-
CASH AND CASH EQUIVALENTS:	
Beginning of year	-
End of year	<u>\$ -</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating loss	\$ (86,941)
Decrease (increase) in:	
Accounts receivable	-
Interest receivable	-
Increase (decrease) in:	
Accounts payable	-
Net cash provided (used) by operating activities	<u>\$ (86,941)</u>

See accompanying Notes to Financial Statements.

City of Pleasanton

Alameda County Transportation Improvement Authority – Measure B Funds

Notes to Financial Statements

For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

All transactions of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Funds) of the City of Pleasanton, California (City), are included as separate special revenue and enterprise funds in the basic financial statements of the City. Measure B Funds are used to improve the quality of existing roads by reconditioning existing pavement surfaces. Every two years the City's street pavements are evaluated and reconditioning decisions are managed through the City's computerized Pavement Management System. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position of the City and the results of its operations and cash flows of its proprietary fund type.

B. *Basis of Accounting*

Governmental Fund Financial Statements

The accompanying financial statements of special revenue funds are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available, and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a "current financial resources" measurement focus, wherein only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary Fund Financial Statements

The financial statements of the enterprise fund are prepared on the accrual basis of accounting. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

All proprietary funds are accounted for using the "economic resources" measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

C. *Description of Funds*

The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts.

City of Pleasanton

Alameda County Transportation Improvement Authority – Measure B Funds

Notes to Financial Statements, Continued

For the year ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Description of Funds, Continued

The following funds are used:

Special Revenue Fund – To account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

Enterprise Fund – To account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be recovered through user charges.

2. CASH AND INVESTMENTS

Cash and investments are maintained on a pooled basis with those of other funds of the City. Pooled cash and investments consist of U.S. government securities, deposits with banks, and participation in the California Local Agency Investment Fund. All investments are stated at fair value. Pooled investment earnings are allocated based on the average cash and investment balances of the various funds and related entities of the City.

See the City's Comprehensive Annual Financial Report for disclosures related to cash and investments and the related custodial risk categorization.

3. MEASURE B FUNDS

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

Major projects funded by Measure B were as follows:

Citywide Street Overlays – To apply asphalt overlay on selected streets throughout the City.

Paratransit Program – To provide transit services for the elderly and the handicapped.

From a pool of funds held by the County, 1.515% is allocated for distribution as a subsidy to cities with paratransit programs. Funds allocated to the City for the paratransit program are received separately from funds received for capital projects, and they are recorded in an enterprise fund.

An additional 22.33% of the pool is allocated among the cities in the County, based on the cities' populations and the number of roads within their city limits for other transportation-related projects. Funds allocated for streets and roads; bike lanes and pedestrian lanes are recorded as special revenue funds.



INDEPENDENT AUDITORS' REPORT ON MEASURE B COMPLIANCE

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

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds (Measure B Funds) of the City of Pleasanton, California (City), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 14, 2007.

We conducted our audit in accordance with generally accepted auditing standards in the United States and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations, contracts and grants applicable to the City is the responsibility of City management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of City compliance with Measure B grant regulations as specified in the agreement between the City and Alameda County Transportation Improvement Authority pertaining to the Street Repair and Bike and Pathway project which incurred project expenditures of \$1,429,276 for the year ended June 30, 2007.

Under Measure B, approved by the voters of Alameda County in 2000, the City has received under ACTIA Measure B a total of 12 months of revenue from July 2006 through June 2007. The Local Street and Roads program has received \$673,500, the Bike and Pedestrian program has received \$182,770, and the Paratransit program has received \$86,941. This financial statement reflects twelve months of revenue for the Local Streets and Roads, the Bike and Pedestrian, and the Paratransit programs.

In our opinion the City of Pleasanton is materially in compliance with the laws and regulations, contracts and grant requirements related to Measure B funds as specified in the agreement between the City and Alameda County Transportation Improvement Authority. Our opinion is covering the period from July 2006 through June 30, 2007.

This report is intended for the information of the City Council, management, and the Alameda County Transportation Improvement Authority. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson

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December 14, 2007

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