

City of Pleasanton

Measure B Funds

Pleasanton, California

*Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2005

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

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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, 2005, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit 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, 2005, and the results of its operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles in the United States.

Caporicci & Larson

Oakland, California
October 14, 2005

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City of Pleasanton
Alameda County Transportation Improvement Authority - Measure B Funds
Combined Balance Sheet
June 30, 2005

| | Special Revenue Fund | | Enterprise Fund | Total |
|--|-------------------------------|----------------------------------|--------------------|---------------------|
| | Measure B Street Repair | Measure B Bike and Pathway | Transit | |
| | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 1,738,803 | \$ 403,173 | \$ - | \$ 2,141,976 |
| Receivables: | | | | |
| Accounts | 98,129 | 26,077 | - | 124,206 |
| Interest | 16,809 | 3,804 | - | 20,613 |
| Total assets | \$ 1,853,741 | \$ 433,054 | \$ - | \$ 2,286,795 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 24,653 | \$ 359 | \$ - | \$ 25,012 |
| Total liabilities | 24,653 | 359 | - | 25,012 |
| Fund Balances: | | | | |
| Unreserved: | | | | |
| Designated for capital projects | 1,829,088 | 432,695 | - | 2,261,783 |
| Total fund balances | 1,829,088 | 432,695 | - | 2,261,783 |
| Total liabilities and fund balances | \$ 1,853,741 | \$ 433,054 | \$ - | \$ 2,286,795 |

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, 2005**

| | Special Revenue Fund | | Total |
|---|-------------------------------|----------------------------------|----------------|
| | Measure B Street Repair | Measure B Bike and Pathway | |
| REVENUES: | | | |
| Use of money and property | \$ 39,719 | \$ 8,529 | \$ 48,248 |
| Intergovernmental | 610,404 ✓ | 162,210 ✓ | 772,614 |
| Total revenues | 650,123 | 170,739 | 820,862 |
| EXPENDITURES: | | | |
| Public works | 83,895 | 656 | 84,551 |
| Total operating expenditures | 83,895 | 656 | 84,551 |
| REVENUES OVER (UNDER) EXPENDITURES | 566,228 | 170,083 | 736,311 |
| FUND BALANCES: | | | |
| Beginning of year | 1,262,860 | 262,612 | 1,525,472 |
| End of year | \$ 1,829,088 | \$ 432,695 | \$ 2,261,783 |

See accompanying Notes to Financial Statements.

City of Pleasanton

Alameda County Transportation Improvement Authority - Measure B Funds

Statement of Revenues, Expenditures and Changes in Net Assets

For the year ended June 30, 2005

| | Transit |
|-------------------------------------|-----------------|
| OPERATING REVENUES: | |
| Charges for services | \$ - |
| Total operating revenues | - |
| OPERATING EXPENDITURES: | |
| Personnel services | 77,644 |
| Total operating expenditures | 77,644 |
| OPERATING INCOME (LOSS) | (77,644) |
| NONOPERATING REVENUES: | |
| Grants received * | 77,644 |
| Total nonoperating revenues | 77,644 |
| NET ASSETS: | |
| Beginning of year | - |
| End of year | \$ - |

✓ TIES TO REVENUE

** NOT GRANT - THIS IS A PASS-THRU FOR PARATransit
 → NEED TO SEE RESIDUAL FUND BALANCE FOR PARATransit FUND
 - Az 3/3/06*

City of Pleasanton
Alameda County Transportation Improvement Authority - Measure B Funds
Statement of Cash Flows
For the year ended June 30, 2005

| | <u>Transit</u> |
|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash payment to employees for services <i>/payroll?</i> | \$ (77,644) |
| Net cash provided (used) by operating activities | <u>(77,644)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | |
| Grant revenue received | <u>77,644</u> |
| Net cash provided (used) by noncapital financing activities | <u>77,644</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 | \$ (77,644) |
| Decrease (increase) in: | |
| Accounts receivable | - |
| Interest receivable | - |
| Increase (decrease) in: | |
| Accounts payable | - |
| Net cash provided (used) by operating activities | <u>\$ (77,644)</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, 2005

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.

City of Pleasanton**Alameda County Transportation Improvement Authority - Measure B Funds****Notes to Financial Statements, Continued****For the year ended June 30, 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**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.

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.

City of Pleasanton**Alameda County Transportation Improvement Authority - Measure B Funds****Notes to Financial Statements, Continued****For the year ended June 30, 2005**

3. MEASURE B FUNDS, Continued

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.

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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 basic financial statements of the City of Pleasanton, California (City), as of and for the year ended June 30, 2005, and have issued our report thereon dated October 14, 2005.

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 Arroyo Mocho Trail project which incurred project expenditures of \$656 for the year ended June 30, 2005.

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 2004 through June 2005. The Local Street and Roads program has received \$610,404, the Bike and Pedestrian program has received \$162,210, and the Paratransit program has received \$77,644. 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 2004 through June 30, 2005.

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

Oakland, California
October 14, 2005

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OK
3/3/06

THE CITY OF



PLEASANTON.

FAX TRANSMISSION

| | | |
|--------------------|---------------------------------------|-------------------|
| Date: 3-3-06 | No. of Pages (including this one): 15 | |
| To: Anees AZAD | Phone: 510-267-6101 | Fax: 510-893-6489 |
| From: Sally Madrid | Phone: 925-931-5423 | Fax: 925-461-6855 |

MESSAGE:

Here is the Paratransit Report that shows Measure B revenue as just one source of revenue to the program.

CLARIFICATION ON PARATRANSIT FUND

**City of Pleasanton
Community Transit
Services, Senior Citizen,
and Handicapped
Transportation Program**

Pleasanton, California

*Financial Statements and
Independent Auditors' Reports*

For the years ended June 30, 2005 and 2004

C&L
Caporicci & Larson
Certified Public Accountants

**City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
For the years ended June 30, 2005 and 2004**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Community Transit Services, Senior Citizen, and Handicapped Transportation Program (Program), a fund of the City of Pleasanton, California (City), as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 described in Note 1, the financial statement presents only the Program and does not purport to, and does not, present fairly the changes in financial position of the City as of June 30, 2005 and 2004, and the changes in financial position for the years then ended in conformity with generally accepted accounting principles in the United States.

In our opinion, the June 30, 2005 and 2004 financial statements referred to above present fairly, in all material respects, the financial position of the business type activities of the Program as of June 30, 2005 and 2004, and the respective changes in its financial position and cash flows for the years 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 October 14, 2005, on our consideration of the Program's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. 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 audit.

Caporicci & Larson

Oakland, California
October 14, 2005

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FINANCIAL STATEMENTS

City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
Statements of Net Assets
June 30, 2005 and 2004

| | <u>2005</u> | <u>2004</u> |
|---|------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,309 | \$ 4,065 |
| Vehicles and equipment, less accumulated depreciation | 34,728 | 43,495 |
| Total assets | <u>37,037</u> | <u>47,560</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Deferred revenue | 1,756 | 709 |
| Total current liabilities | <u>1,756</u> | <u>709</u> |
| NET ASSETS | | |
| Invested in capital assets | 34,728 | 43,495 |
| Unrestricted | 553 | 3,356 |
| Total net assets | <u>\$ 35,281</u> | <u>\$ 46,851</u> |

See accompanying Notes to the Financial Statements.

**City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
Statements of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2005 and 2004**

| | 2005 | 2004 |
|--|--------------------|------------------|
| OPERATING REVENUES: | | |
| Farebox revenue | \$ 43,077 | \$ 34,362 |
| Total operating revenues | <u>43,077</u> | <u>34,362</u> |
| OPERATING EXPENSES: | | |
| Personnel services: | | |
| Salaries | 318,425 | 392,081 |
| Fringe benefits | 114,746 | 95,266 |
| Transportation | 23,517 | 25,956 |
| Repairs and maintenance | - | 1,281 |
| Materials, supplies and services: | | |
| Telephone | 69 | 737 |
| Miscellaneous | 9,952 | 3,598 |
| Depreciation | 8,767 | 19,699 |
| Total operating expenses | <u>475,476</u> | <u>538,618</u> |
| Operating income (loss) | <u>(432,399)</u> | <u>(504,256)</u> |
| NONOPERATING REVENUES: | | |
| Program contributions - City of Pleasanton | 300,504 | 375,744 |
| Metropolitan Transportation Commission grant | 42,681 | 36,708 |
| Measure B funds ✓ | 77,644 ✓ | 71,396 |
| Total nonoperating revenues | <u>420,829</u> | <u>483,848</u> |
| Changes in net assets | <u>(11,570)</u> | <u>(20,408)</u> |
| NET ASSETS: | | |
| Beginning of year | 46,851 ✓ | 67,259 |
| End of year | <u>\$ 35,281 ✓</u> | <u>\$ 46,851</u> |

See accompanying Notes to the Financial Statements.

**City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
Statements of Cash Flows
For the years ended June 30, 2005 and 2004**

| | 2005 | 2004 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipt from customers | \$ 43,077 | \$ 34,362 |
| Payments to employees | (433,171) | (487,347) |
| Payments to suppliers and vendors | (32,491) | (30,957) |
| Net cash provided by (used in) operating activities | (422,585) | (483,942) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| City of Pleasanton contribution receipts | 300,504 | 375,744 |
| Metropolitan Transportation Commission grant received | 42,681 | 36,708 |
| Measure B funds received | 77,644 | 71,396 |
| Change in amount due to City of Pleasanton | - | - |
| Net cash provided by (used in) noncapital financing activities | 420,829 | 483,848 |
| Net increase (decrease) in cash and cash equivalents | (1,756) | (94) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 4,065 | 4,159 |
| End of year | \$ 2,309 | \$ 4,065 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ (432,399) | \$ (504,256) |
| Adjustments to reconcile operating income (loss) to net cash used in operating activities: | | |
| Depreciation | 8,767 | 19,699 |
| Increase (decrease) in deferred revenue | 1,047 | 615 |
| Net cash provided by (used in) operating activities | \$ (422,585) | \$ (483,942) |

See accompanying Notes to the Financial Statements.

**City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
Notes to the Financial Statements
For the years ended June 30, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The City of Pleasanton (City) has developed a program to provide transportation services to residents who are over 59 years of age or handicapped. The program is funded in part by a grant under the Transportation Development Act, Article 4.5, or farebox revenue. The City subsidizes the program for all costs not recoverable under the grant agreement or farebox revenue.

The Community Transit Services, Senior Citizen, and Handicapped Transportation Program (Program) is a single enterprise fund within the City's basic financial statements. The 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 conformity with generally accepted accounting principles in the United States (GAAP).

B. 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.

The Program has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Authority has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989.

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 revenues and expenses.

C. Cash and Cash Equivalents

Cash amounts are pooled with the cash and investments of the City. The pooled funds are invested in accordance with the City's investment policy established pursuant to State law. Refer to the City's basic financial statements for disclosures of cash and investments and related custodial credit risk categorization.

**City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
Notes to the Financial Statements, Continued
For the years ended June 30, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 | 6 - 8 years |
| Equipment | 3 - 10 years |

E. Deferred Revenue

Deferred revenue consists of unredeemed bus ride vouchers. Revenue is recognized at the time services are provided.

F. 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.

G. Estimates

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

H. Reclassifications

Certain amounts presented for the prior year may have been reclassified in order to be consistent with the current year's presentation.

**City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
Notes to the Financial Statements, Continued
For the years ended June 30, 2005 and 2004**

2. VEHICLE AND EQUIPMENT

A summary of the Program's capital assets at June 30, 2005 and 2004 are as follows:

| | Balance July 1, 2004 | Additions | Balance June 30, 2005 |
|--|-------------------------|-------------------|--------------------------|
| Capital assets, being depreciated: | | | |
| Vehicles | \$ 131,943 | \$ - | \$ 131,943 |
| Equipment | 30,972 | - | 30,972 |
| Total capital assets, being depreciated | <u>162,915</u> | <u>-</u> | <u>162,915</u> |
| Less accumulated depreciation for: | | | |
| Vehicles | (89,098) | (8,637) | (97,735) |
| Equipment | <u>(30,322)</u> | <u>(130)</u> | <u>(30,452)</u> |
| Total accumulated depreciation | <u>(119,420)</u> | <u>(8,767)</u> | <u>(128,187)</u> |
| Total capital assets, being depreciated, net | <u>\$ 43,495</u> | <u>\$ (8,767)</u> | <u>\$ 34,728</u> |

| | Balance July 1, 2003 | Additions | Balance June 30, 2004 |
|--|-------------------------|--------------------|--------------------------|
| Capital assets, being depreciated: | | | |
| Vehicles | \$ 131,943 | \$ - | \$ 131,943 |
| Equipment | 30,972 | - | 30,972 |
| Total capital assets, being depreciated | <u>162,915</u> | <u>-</u> | <u>162,915</u> |
| Less accumulated depreciation for: | | | |
| Vehicles | (73,349) | (15,749) | (89,098) |
| Equipment | <u>(26,372)</u> | <u>(3,950)</u> | <u>(30,322)</u> |
| Total accumulated depreciation | <u>(99,721)</u> | <u>(19,699)</u> | <u>(119,420)</u> |
| Total capital assets, being depreciated, net | <u>\$ 63,194</u> | <u>\$ (19,699)</u> | <u>\$ 43,495</u> |

3. ALLOCATION STATUS

| | 2005 | 2004 |
|---|------------------|------------------|
| Metropolitan Transportation Commission allocations received | <u>\$ 42,681</u> | <u>\$ 36,708</u> |

**City of Pleasanton Community Transit Services
Senior Citizen, and Handicapped Transportation Program
Notes to the Financial Statements, Continued
For the years ended June 30, 2005 and 2004**

4. 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 COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE
TRANSPORTATION DEVELOPMENT ACT**

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

We have audited the financial statement of the Community Transit Services, Senior Citizen, and Handicapped Transportation Program (Program), a fund of the City of Pleasanton, California (City), as of and for the years ended June 30, 2005 and 2004, and have issued our report thereon dated October 14, 2005. 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 Audit Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act funds allocated to and received by the City were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act, including Section 6666, and 6667 of Title 21, of the California Code of Regulations, and the allocation instructions and resolutions of the Metropolitan Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards* and the Transportation Development Act.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Program's internal control over the City's financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that material misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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To the Honorable Mayor and Members of the City Council
of the City of Pleasanton
Pleasanton, California
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This report is intended solely for the information and use of the City Council, Management, the Metropolitan Transportation Commission and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Capricci & Larson

Oakland, California
October 14, 2005