CITY OF ALAMEDA

ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2012

This Page Left Intentionally Blank

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
Financial Statements
For the Year Ended June 30, 2012

Table of Contents

Page

INDEPENDENT AUDITOR'S REPORT 1

FINANCIAL STATEMENTS

Balance Sheet 2

Statement of Revenues, Expenditures and Changes in Fund Balances 4

Notes to Financial Statements 7

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE 11

This Page Left Intentionally Blank

MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council,
and City Auditor of the City of Alameda
Alameda, California

We have audited the financial statements of the Measure B Program of the City of Alameda (City), California, as of and for the year ended June 30, 2012, 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 audits.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for 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 audits to obtain reasonable assurance as to whether the financial statements are free of 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 to the financial statements, the financial statements referred to above present only the Measure B Program and is not intended to present fairly the financial position of the City and the results of its operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Measure B Program as of June 30, 2012, and the respective changes in fund balance for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the City of Alameda's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

Maze & Associates

December 3, 2012

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
BALANCE SHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Transbay Ferry	Paratransit	Streets and Roads
ASSETS			
Cash and Investments (Note 2)		$61,581	$3,352,141
Measure B Receivables		25,740	243,217
Total Assets		$87,321	$3,595,358
FUND BALANCE			
Restricted for:			
Capital Projects		$87,321	$3,595,358
Total Liabilities and Fund Balance		$87,321	$3,595,358

See accompanying notes to financial statements

Bikes and Pedestrians	ACTA Measure B Funds	Totals
$240,408	$656,648	$4,310,778
32,148		301,105
$272,556	$656,648	4,611,883
$272,556	$656,648	$4,611,883
$272,556	$656,648	$4,611,883

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Transbay Ferry	Paratransit	Streets & Roads
REVENUES			
Pass-through Allocation (Note 3)		$157,749	$1,490,584
Pass-through Interest	$60	924	39,637
Subtotal Pass-through Revenues	60	158,673	1,530,221
OTHER MEASURE B REVENUES			
Other Measure B Revenues			
Subtotal Other Measure B Revenues			
Total Revenues	60	158,673	1,530,221
EXPENDITURES			
Engineering and Planning		21,564	745,804
Transportation and Construction	4,078	124,170	353,268
Total Expenditures	4,078	145,734	1,099,072
EXCESS OF REVENUES OVER EXPENDITURES	(4,018)	12,939	431,149
Beginning Fund Balance	4,018	74,382	3,164,209
Ending Fund Balance		$87,321	$3,595,358

See accompanying notes to financial statements

Bikes and Pedestrians	ACTA Measure B Funds	Totals
$197,025		$1,845,358
4,523		45,144
201,548		1,890,502
289,352		289,352
289,352		289,352
490,900		2,179,854
	$18,765	786,133
514,642	1,109	997,267
514,642	19,874	1,783,400
(23,742)	(19,874)	396,454
296,298	676,522	4,215,429
$272,556	$656,648	$4,611,883

This Page Left Intentionally Blank

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Alameda County Transportation Commission - Measure B Program of the City of Alameda, California (City), are included as separate special revenue fund in the basic financial statements of the City. Measure B Program is used to account for the City's share of revenues earned and expenditures incurred under the City's paratransit local streets and roads, bikes and pedestrian's safety and mass transit program. The accompanying financial statements are for Measure B Program 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

The accompanying financial statements 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 increased (revenues and other financing sources) and decreased (expenditures and other financing uses) in net current assets.

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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments are maintained on a pooled basis with those of other funds of the City. All investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average monthly 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.

NOTE 3 – MEASURE B PROGRAM

Measure B, approved by the voters of Alameda County in 2000, accounts for a pro-rata share of the one-half sales tax, funds to be collected for a duration of 20 years. 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

From a pool of funds held by the County, 10.45% 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 a special revenue fund.

An additional 20.34% 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, and for bike and pedestrian safety are each recorded in a special revenue fund.

Local projects funded by Measure B revenues received during fiscal year 2011-12 were as follows:

Paratransit - $157,749 – includes funding the costs of transportation services for paratransit and seniors.

Streets and Roads - $1,490,584 pass-through allocation for the funding of the following streets and roads projects:

- ACTIA Measure B Administration
- Annual Traffic Monitor Analysis
- Ballena Bridge Preventative Maintenance
- Bicycle Master Plan
- Bicycle Program
- Bike and Pedestrian Facility Upgrades
- Bus Shelter Maintenance
- Congestion Management Program
- LED In-Pavement Replacement
- Neptune Park Path
- Park Street Reconfiguration at Oakland Triangle
- Park Street Streetscape Phase II
- Pothole Patching
- Regional Transportation Coordination Project
- Safe Routes and Transit Evaluation
- Sidewalk Repair
- Street Resurfacing
- TCMP Analysis
- Traffic Operations
- Traffic Signal Controller Replacement
- Traffic Signal LED Replacement
- Traffic Striping and Sign Maintenance
- Transit Support
- Transportation Commission Support
- Webster Street SMART Crosswalks

Bicycle and Pedestrian - $197,025 – includes funding for the Citywide Sidewalk Safety Repair Program.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 5 - RESERVES

Measure B Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the City is to expend Measure B Program expeditiously and no unexpended funds beyond those included in reserves as defined in the Agreement are allowed to be retained by the City. Specific reserves are described as follows:

Capital Fund Reserve – The City may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of Measure B Program. The City may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

As of June 30, 2012, the City's Capital Fund Reserve amounted to $0 and has not been retained to fund any capital projects.

Operations Fund Reserve - The City may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from Measure B and VRF funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. As of June 30, 2012, the Operations Fund Reserve amounted to $848,891. The maximum balance allowed amounted to $1,119,083.

Undesignated Fund Reserve - The City may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2012, the Undesignated Fund Reserve amounted to $159,061. The maximum balance allowed amounted to $223,817.

This Page Left Intentionally Blank

MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

Honorable Mayor, Members of the City Council,
and City Auditor of the City of Alameda
City of Alameda, California

We have audited the financial statements of the Measure B Program of the City of Alameda, California (City), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with generally accepted auditing standards 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.

Compliance

We have audited the City's compliance with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, between the City and Alameda County Transportation Authority, for the year ended June 30, 2012. Compliance with the Measure B Requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

We conducted our audit of compliance 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 and Measure B Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with Measure B Requirements could have a material effect on Measure B Program. An audit includes examining, on a test basis, evidence about the City's compliance with Measure B Requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with Measure B Requirements.

In our opinion, the City complied, in all material respects, with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, that are applicable to the City's Measure B Program for the year ended June 30, 2012.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Measure B Requirements. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* 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, noncompliance on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of City Council, City Auditor, Management, Alameda County Transportation Authority, its Board and Committees, others within the entity, and members of the public that will examine compliance information and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

December 3, 2012