CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2011

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CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS
Financial Statements
For the Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

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 Alameda County Transportation Improvement Authority - Measure B Funds (Measure B 2000 Funds) of the City of Alameda, California, as of and for the year ended June 30, 2011, 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.

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the Measure B 2000 Funds at June 30, 2011, and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As of July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, on our consideration of the City'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.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Measure B 2000 Funds and are not intended to present fairly the financial position of the City and the results of its operations in conformity with generally accepted accounting principles.

Maze & Associates

November 18, 2011

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS
BALANCE SHEET
JUNE 30, 2011

	Projects and Programs		
	Transbay Ferry	Paratransit	Streets and Roads
ASSETS			
Cash and Investments (Note 2)	$4,018	$35,551	$2,804,136
Taxes Receivable - Measure B		38,831	360,073
Total Assets	$4,018	$74,382	$3,164,209
FUND BALANCE			
Restricted for:			
Capital Projects	$4,018	$74,382	$3,164,209
Total Liabilities and Fund Balance	$4,018	$74,382	$3,164,209

See accompanying notes to financial statements

Projects and Programs		
Bikes and Pedestrians	ACTA Measure B Funds	Totals
$248,689	$676,522	$3,768,916
47,609		446,513
$296,298	$676,522	4,215,429
$296,298	$676,522	$4,215,429
$296,298	$676,522	$4,215,429

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Projects and Programs		
	Transbay Ferry	Paratransit	Streets & Roads
REVENUES			
Measure B allocation (Note 3)	$513,204	$147,695	$1,369,569
Use of Money and Property	19,013	1,925	53,694
Total Revenues	532,217	149,620	1,423,263
EXPENDITURES			
Engineering and Planning	207,239	35,704	458,517
Transportation and Construction	592,226	168,402	711,311
Total Expenditures	799,465	204,106	1,169,828
EXCESS OF REVENUES OVER EXPENDITURES	(267,248)	(54,486)	253,435
Transfer To other Agencies (Note 5)	(1,231,499)		
Beginning Fund Balance	1,502,765	128,868	2,910,774
Ending Fund Balance	$4,018	$74,382	$3,164,209

See accompanying notes to financial statements

Projects and Programs		
Bikes and Pedestrians	ACTA Measure B Funds	Totals
$181,083		$2,211,551
2,939	$5,237	82,808
184,022	5,237	2,294,359
	5,022	706,482
122,120		1,594,059
122,120	5,022	2,300,541
61,902	215	(6,182)
		(1,231,499)
234,396	676,307	5,453,110
$296,298	$676,522	$4,215,429

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CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY –
MEASURE B 2000 FUNDS
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

All transactions of the Alameda County Transportation Authority - Measure B Funds (Measure B 2000 Funds) of the City of Alameda, California (City), are included as separate special revenue fund in the basic financial statements of the City. Measure B 2000 Funds are 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 pedestrians safety and mass transit program. The accompanying financial statements are for Measure B 2000 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*

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 FUNDS

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 during Fiscal Year 2010-11 were as follows:

Transbay Ferry - $513,204 – includes funding a portion of the costs of operations for the Oakland Alameda Ferry and the Harbor Bay Ferry. As discussed in Note 5, this project was transferred to the San Francisco Bay Area Water Emergency Transportation Authority (WETA) on April 29, 2011. Measure B allocation to this project subsequent to the transfer date is not reflected in the City's Measure B 2000 Fund's financial statements.

Paratransit - $147,695 – includes funding the costs of transportation services for paratransit and seniors.

Streets and Roads - $1,369,569 – includes the funding of the following streets and roads projects:

- Accessibility (ADA) Upgrade
- ACTIA Measure B Administration
- Annual Traffic Monitor Analysis
- Bicycle Program
- Bike Racks Various Locations
- Buena Vista Avenue Rehabilitation
- Bus Shelter Maintenance
- City TSM/TDM Plan
- Congestion Management Program
- Park Street Reconfiguration at Oakland Triangle
- Pothole Patching
- Regional Transportation Coordination Project
- Safe Routes & Transit Evaluation
- Sidewalk Repair
- TCMP Analysis
- Traffic Operations
- Traffic Signal Controller Replacement
- Traffic Signal LED Replacement
- Traffic Striping and Sign Maintenance
- Transit Support
- Transportation Commission (TC) Support

Bicycle and Pedestrian - $181,083 – 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 – WETA TRANSFER

On February 25, 2011, the City of Alameda (the City), the Alameda Reuse and Redevelopment Authority (ARRA), and the San Francisco Bay Area Water Emergency Transportation Authority (WETA) entered into a Ferry Service Operations Transfer Agreement (the Agreement) in which the City and ARRA agreed to transfer the Alameda/Oakland Ferry Service and the Alameda/Harbor Bay Ferry Service to WETA. Under the Agreement, the City conveyed its unspent cash from Ferry operations and water side ferry operations assets; such as ferries, pilings, ramps, floats, and channel markers; assigned its grant, service and other contracts; assigned certain access rights and transferred obligations arising from Ferry operations to WETA. The City, ARRA and other entities retain landside assets such as rip-rap, shorelines and trails, parking lots and Ferry Terminals. On April 29, 2011 escrow closed and Ferry Services were transferred to WETA.

ARRA agreed to sell its title and interest in the YC Float, a barge, to WETA for $90,000, plus closing costs. As of June, 30, 2011, title to the YC float was transferred to WETA for its use. However, escrow has not yet been closed due to pending certain improvements.

Both the City and WETA have post-transfer continuing obligations which are summarized below:

Post- transfer administrative costs: WETA is to reimburse the City for certain costs incurred after escrow closes.

Infrastructure Maintenance and Capital Program costs: WETA is obligated to reimburse the City for certain maintenance and capital costs of the landside assets; as well as maintenance expenses the City incurs on waterside assets. Costs associated with remediation of any environmental conditions are excluded.

During fiscal 2010-11, WETA reimbursed the City $402,953 for the Alameda Ferry Service Spare Vessels capital project, $152,638 for the transition plan, and $76,513 for other eligible reimbursable capital projects and operating costs.

TIF/LLAD Equivalents: The City has a continuing obligation to remit up to $500,000 annually in certain Traffic Improvement Funds and up to $78,194 in certain Lighting and Landscape District Funds to WETA for its use in subsidizing costs. During fiscal 2010-11, the City remitted $115,514 to WETA for TIF moneys.

NOTE 5 – WETA TRANSFER (Continued)

As of June 30, 2011, the City had conveyed its ferry service assets to WETA, as shown in the table below:

	Balance at June 30, 2010	Additions and retirements	Balance at June 30, 2011 before transfer	Conveyed from City to WETA	Balance at June 30, 2011 after transfer
Ferry Enterprise Fund Nondepreciable Capital Assets					
CIP #90931 - Bay Breeze Engine	-	$79,004	$79,004	($79,004)	-
CIP #90932 - Harbor Bay Barge Replacement	-	707,617	707,617	(707,617)	-
CIP #91035 - Peralta Port Radar	-	14,826	14,826	(14,826)	-
Total nondepreciable capital assets		801,447	801,447	(801,447)	-
Ferry Enterprise Fund Depreciable Capital Assets					
Ferry boat bay breeze	$3,602,490		3,602,490	(3,602,490)	-
Ferry boat east end express II	1,153,657		1,153,657	(1,153,657)	-
Ferry boat encinal	2,375,000		2,375,000	(2,375,000)	-
Ferry boat - peralta	5,500,000		5,500,000	(5,500,000)	-
Marine transmission	63,551		63,551	(63,551)	-
Marine transmission	63,551		63,551	(63,551)	-
Diesel engine - peralta	274,704		274,704	(274,704)	-
Diesel engine - peralta	274,704		274,704	(274,704)	-
Ferry generator	51,563		51,563	(51,563)	-
Less: accumulated depreciation	(5,295,540)	(488,689)	(5,784,229)	5,784,229	-
Net depreciable capital assets	8,063,680	(488,689)	7,574,991	(7,574,991)	-
Total	$8,063,680	$312,758	$8,376,438	($8,376,438)	

In addition, the City had conveyed the following cash balances to WETA, as shown in the table below as of June 30, 2011:

Ferry Enterprise Fund Cash Transfer	
Alameda/Oakland Operating Fund Balance	$261,833
Alameda Harbor Bay Operating Fund Balance	48,193
Reserve TIF	115,514
Reserve Measure B	1,231,499
	$1,657,039

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INDEPENDENT AUDITOR'S 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*

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 Alameda County Transportation Improvement Authority – Measure B 2000 Funds of the City of Alameda (Measure B 2000 Funds) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. The report included a consistency paragraph discussing the implementation of a new accounting principle. 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.

Internal Control over Financial Reporting

Management of the City of Alameda is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

As part of our audit, we prepared and issued our separate Memorandum on Internal Control, which is an integral part of our audit and should be read in conjunction with this report.

This report is intended solely for the information and use of City Council, Management, ACTIA, 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.

November 18, 2011

Maze & Associates

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INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

Honorable Mayor and City Council
City of Alameda, California

We have audited the financial statements of Alameda County Transportation Improvement Authority – Measure B 2000 Funds of the City of Alameda (Measure B 2000 Funds) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. 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.

Compliance

We have audited the City of Alameda's compliance with the requirements of Alameda County Measure B 2000 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the City of Alameda management. Our responsibility is to express an opinion on City of Alameda'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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and requirements of Alameda County Measure B 2000. Those standards and requirements of Alameda County Measure B 2000 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on Measure B 2000 Funds. An audit includes examining, on a test basis, evidence about the City of Alameda's compliance with those 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 of Alameda's compliance with those requirements.

In our opinion, the City of Alameda complied, in all material respects, with the compliance requirements referred to above that are applicable to Measure B 2000 Funds for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Alameda is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City of Alameda'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 of Alameda'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, Management, ACTIA, 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

November 18, 2011