CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III PROJECTS
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2012 AND 2011

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CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROJECTS
IFinancial Statements
For the Years Ended June 30, 2012 and 2011

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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 accompanying financial statements of the Transportation Development Act Article III Projects (Projects) as of and for the years ended June 30, 2012 and 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 audit.

We conducted our audit in accordance with auditing standards generally accepted 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 of America. 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 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Projects and are not intended to present fairly the financial positions and results of operations of the City in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Projects as of June 30, 2012 and 2011, and the respective changes in the program for the years 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 Program'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 that 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

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CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROJECTS
BALANCE SHEET
JUNE 30, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011

	2012	2011
ASSETS		
Accounts Receivable:		
Metropolitan Transportation Commission (Note 2)	$35,206	$40,000
Total Assets	35,206	40,000
LIABILITIES		
Due to City of Alameda	35,206	40,000
Total Liabilities	35,206	40,000
NET ASSETS		
Restricted for Grant Programs		
Total Net Assets	$0	$0

See accompanying notes to financial statements

CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROJECTS
STATEMENTS OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BICYCLE PATHS AND PEDESTRIAN PROJECTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
REVENUES		
TDA Article 3.0	$40,122	$40,000
Total Revenues	40,122	40,000
EXPENDITURES		
Professional services	40,122	40,000
Total Expenditures	40,122	40,000
EXCESS OF REVENUES OVER EXPENDITURES		
Fund Balance Beginning of Year	0	0
Fund Balance at end of Year	$0	$0

See accompanying notes to financial statements

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CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III PROJECTS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alameda has developed the Transportation Development Act Article III Projects (Projects) under the Transportation Development Act (TDA), Article 3.0 for the construction of pedestrian pathways, wheelchair ramps, bicycle trails, and bicycle master plan studies. The Projects are funded by TDA grants. The projects are distributed through the Metropolitan Transportation Commission (MTC), which is the agency responsible for the allocation of funds to eligible claimants within the greater San Francisco Bay Area.

The following is a summary of significant accounting policies of the Projects which conform to generally accepted accounting principles in the United States of America as applicable to governments.

A. Basis of Accounting

Basis of accounting refers to the period when revenues and expenses or expenditures are recognized.

The Projects are accounted for in these financial statements as part of the Fund which is used to account for financial resources to be used for the project. They are accounted for using the modified accrual basis of accounting under which revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related liability is incurred.

NOTE 2 – TDA ARTICLE 3.0 REVENUE

During the year ended June 30, 2012, the City received allocation instructions from the Metropolitan Transportation Commission for the following projects:

Instruction#	Project Name	Grant Award	Receivable
11001055	Class II Bikeways	$8,926	
12001063	Shoreline/Westline Bikeways	46,370	$34,065
12001064	Neptune Park Path	53,176	1,141
12001065	Citywide Bike Parking/Outreach	10,000	
		$118,472	$35,206

CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III PROJECTS
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - 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 to be immaterial.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT 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
Alameda, California

We have audited the financial statements of the Transportation Development Act Article III Projects (Projects), 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 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 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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. Our procedures included the applicable audit procedures contained in §6666 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act 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 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 the Metropolitan Transportation Commission, management, City Council, others within the City, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

December 3, 2012