

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013

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**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Financial Statements
For the Year Ended June 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission Measure B Funds (Measure B Funds) of the City of Alameda (City), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Measure B Funds' financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

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 Funds as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the Measure B Fund's internal control over compliance 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 compliance, and compliance and the results of that testing, and not to provide an opinion on internal control over compliance, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure B's internal control over compliance, and compliance.

Maze & Associates

Pleasant Hill, California
November 27, 2013

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**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
BALANCE SHEET
JUNE 30, 2013**

ASSETS	Paratransit	Streets and Roads	Bikes and Pedestrians
Cash and Investments (Note 2)	\$51,580	\$2,455,358	
Due from Other Governments	40,751	406,709	\$53,632
Due from Other Funds		9,472	
Total Assets	\$92,331	\$2,871,539	\$53,632
LIABILITIES			
Due to Other Funds			\$9,472
Total Liabilities			\$9,472
FUND BALANCES			
Restricted for:			
Capital Projects	\$92,331	\$2,871,539	\$44,160
Total Liabilities and Fund Balances	\$92,331	\$2,871,539	\$53,632

See accompanying notes to financial statements

<u>ACTA</u> <u>Measure B Funds</u>	<u>Totals</u>
\$639,372	\$3,146,310
	501,092
	<u>9,472</u>
<u>\$639,372</u>	<u>3,656,874</u>
	<u>\$9,472</u>
	<u>\$9,472</u>
<u>\$639,372</u>	<u>\$3,647,402</u>
<u>\$639,372</u>	<u>\$3,656,874</u>

**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Paratransit</u>	<u>Streets and Roads</u>	<u>Bikes and Pedestrians</u>
REVENUES			
Pass-through Allocation (Note 3)	\$159,712	\$1,593,964	\$210,194
Use of Money and Property	<u>599</u>	<u>21,106</u>	<u>1,853</u>
Total Revenues	<u>160,311</u>	<u>1,615,070</u>	<u>212,047</u>
EXPENDITURES			
Engineering and Planning	11,596	483,774	71,596
Transportation and Construction	<u>143,705</u>	<u>1,855,115</u>	<u>368,847</u>
Total Expenditures	<u>155,301</u>	<u>2,338,889</u>	<u>440,443</u>
NET CHANGE IN FUND BALANCE	5,010	(723,819)	(228,396)
FUND BALANCES			
Beginning of year	<u>87,321</u>	<u>3,595,358</u>	<u>272,556</u>
End of year	<u><u>\$92,331</u></u>	<u><u>\$2,871,539</u></u>	<u><u>\$44,160</u></u>

See accompanying notes to financial statements

ACTA Measure B Funds	Totals
	\$1,963,870
	<u>23,558</u>
	<u>1,987,428</u>
\$5,744	572,710
<u>11,532</u>	<u>2,379,199</u>
<u>17,276</u>	<u>2,951,909</u>
(17,276)	(964,481)
<u>656,648</u>	<u>4,611,883</u>
<u>\$639,372</u>	<u>\$3,647,402</u>

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CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Alameda County Transportation Commission - Measure B Funds of the City of Alameda, California (City), are included as a separate special revenue fund in the basic financial statements of the City. Measure B 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, and bikes and pedestrian's safety program. 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.

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 deferred outflows of resources, and current liabilities, and deferred inflows of resources, 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 fund type is 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.

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.

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Financial Statements
For the Year Ended June 30, 2013

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-cent 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.

Local projects funded by Measure B revenues received during fiscal year 2012-13 were as follows:

Paratransit - \$159,712 – includes funding the costs of transportation services for paratransit and seniors.

Streets and Roads - \$1,593,964 pass-through allocation for the funding of the following streets and roads projects:

- ACTC Measure B Administration
- Annual Traffic Monitor Analysis
- Audible Pedestrian Signals
- Ballena Bridge Preventative Maintenance
- Bicycle Program
- Bike Racks/Lockers
- Bus Shelter Maintenance
- Congestion Management Program
- Estuary Crossing Marking
- LED Replacements of Cobra Heads
- Neptune Park Path
- 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 - \$210,194 – includes funding for the Citywide Sidewalk Safety Repair Program.

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
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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.

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INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

To the Honorable Members of the City Council
City of Alameda, California

Report on Compliance for Measure B Funds

We have audited, in accordance with the 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, the basic financial statements of the Alameda County Transportation Commission Measure B Funds of the City of Alameda (City), California, as of and for the year ended June 30, 2013 and the related notes to the financial statements, and have issued our report thereon date November 27, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure B Funds based on our audit of the types of compliance requirements referred to above. 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 specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure B Funds occurred. An audit includes examining, on a test basis, evidence about the City'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 on compliance for the Measure B Funds. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Measure B Funds

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Measure B Funds for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on Measure B Funds to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure B Funds and to test and report on internal control over 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Measure B Funds 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 type of compliance requirement of Measure B Funds will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of Measure B Funds that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
November 27, 2013