

**CITY OF DUBLIN
ALAMEDA COUNTY TRANSPORTATION COMMISSION-
MEASURE B FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

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**CITY OF DUBLIN
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
For the Year Ended June 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council of the City of Dublin
Dublin, California

We have audited the financial statements of the Alameda County Transportation Commission - Measure B Funds (Measure B Funds) of the City of Dublin, 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 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.

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, 2012, and the respective changes in fund balances for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, on our consideration of the City of Dublin'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.

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive, stylized font.

October 26, 2012

City of Dublin
Alameda County Transportation Commission - Measure B Funds
Combined Balance Sheet
For the year ended June 30, 2012

	Special Revenue Funds			Total
	Measure B Local Streets	Measure B Bike and Pedestrian	Alamo Canal Trail Under I580	
ASSETS				
Cash and investments	\$ 792,041	\$ 189,629	\$ -	\$ 981,670
Accounts receivable	51,810	178,355	-	230,165
Total assets	843,851	367,984	-	1,211,835
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	-	23	-	23
Total expenditures	-	23	-	23
Fund Balances:				
Restricted	843,851	367,961	-	1,211,812
Total fund balances	843,851	367,961	-	1,211,812
Total Liabilities and fund balances	\$ 843,851	\$ 367,984	\$ -	\$ 1,211,835

See accompanying Notes to Financial Statements

City of Dublin

Alameda County Transportation Commission - Measure B Funds

Combined Statement of Revenues, Expenditures and Changes In Fund Balance For the year ended June 30, 2012

	Special Revenue Funds			Total
	Measure B Local Streets	Measure B Bike and Pedestrian	Alamo Canal Trail Under I580	
REVENUES:				
Measure B Pass-through Revenue	\$ 345,525	\$ 122,883	\$ -	\$ 468,408
Interest	7,556	3,337	-	10,893
Measure B Grants	-	-	153,733	153,733
Total revenues	353,081	126,220	153,733	633,034
EXPENDITURES:				
Current:				
Highway and Streets	-	12,732	-	12,732
Capital Outlay:				
Street Overlay Program	186,447	-	-	186,447
Sidewalk Safety Program	-	8,884	-	8,884
Slurry Seal Program	-	-	-	-
Traffic Signal Improvements	-	224,904	-	224,904
Alamo Canal Trail Under I580	-	-	153,733	153,733
Total expenditures	186,447	246,520	153,733	586,700
OTHER FINANCING (USES)				
Transfers out	-	-	-	-
	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	\$ 166,634	\$ (120,300)	\$ -	\$ 46,334
FUND BALANCES:				
Beginning of year	677,217	488,261	-	1,165,478
End of year	\$ 843,851	\$ 367,961	\$ -	\$ 1,211,812

See accompanying Notes to Financial Statements

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CITY OF DUBLIN
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Notes to Financial Statements
For the year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Alameda County Transportation Commission - Measure B Funds (Measure B Funds) of the City of Dublin, California (City), are included as a 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 local streets, bikes and pedestrians and capital projects programs. 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 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. Pooled cash and investments consist of U.S. government securities, deposits with banks, mutual funds and participation in the California Local Agency Investment Fund. 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. This may be obtained from the City of Dublin, 100 Civic Plaza, Dublin, California 94568.

CITY OF DUBLIN
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS
Notes to Financial Statements
For the year ended June 30, 2012

NOTE 3 – RECEIVABLES

The receivables represent the Measure B sales tax revenues and project reimbursements for the fiscal year received from the Alameda County Transportation Commission after June 30, 2012.

NOTE 4 – MEASURE B PROGRAM

Under Measure B, approved by the voters of Alameda County in 1986 (Old Measure B) and in 2000, Alameda CTC 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.

Local projects funded by Measure B were as follows:

Street Resurfacing Projects - To place overlays on various streets throughout the City.

Bicycle and Pedestrian Safety - To fund various bicycle and pedestrian safety projects throughout the City.

- Highways & Streets (Public Works Admin) Bicycle Master Plan Program Implementation
- Sidewalk Safety Repair Project #949102 - A portion of a larger project was partially funded with Measure B funds. The improvements were adjacent to Dublin High School and adjacent bus stops. These improvements were also partially funded by General Fund sources.
- Slurry Seal Program Project #969202 (Bicycle Master Plan Striping Component). Measure B provided funding associated with replacement and installation of pavement markings in conformance with the adopted Bicycle Master Plan.
- Traffic Signal Improvements Project #96022 (Shannon Avenue / San Ramon Road School Crossing Component). Measure B provided funding associated with the implementation of a controlled left turn signal at a major intersection which is a primary pedestrian route to two schools. The control of the left turn movement eliminated conflicts with pedestrians and turning vehicles.

From a pool of funds held by the County, 26.88 percent 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 a special revenue funds.

Regional capital projects not using Local Funds, being constructed under contract administered by the City of Dublin were as follows:

Alamo Canal Trail Under 1-580 - This project is a multi-agency partnership including Measure B as well as funding provided by the East Bay Regional Park District and the Cities of Dublin and Pleasanton. The project is independent of local funds provided as part of the Local Bike and Pedestrian funding.

CITY OF DUBLIN
ALAMEDA COUNTY TRANSPORTATION COMMISSION
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For the year ended June 30, 2012

NOTE 5 - 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 6 - RESERVES

Measure B Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the City is to expend Measure B funds expeditiously. For the purposes of the Funding Agreement, 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 funds. 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 retained to fund capital projects was allocated as follows:

<u>Project</u>	Measure B		Total
	<u>Local Streets</u>	<u>Measure B Bike/Ped</u>	
#960027 - Golden Gate Drive	\$165,836	\$288,602	\$454,438
#969103 - Fiscal Year 2012 Overlay (carryover)	112,953		112,953
#969104 - FY 2012 Overlay (portion)	565,062		565,062
Total Capital Reserve	\$843,851	\$288,602	\$1,132,453

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 City of Dublin classified the Measure B – Bike Ped Operations Fund Reserve to be \$79,359 and no funds were designated as part of the Measure B – Local Streets Program.

CITY OF DUBLIN
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NOTE 6 – RESERVES (Continued)

This maximum Operations Fund Reserve is to be based on 50% of the combined total of anticipated revenue. Combined revenue budgeted in Fiscal Year 2012/2013 for Measure B – Local Streets; Measure B – Bike/Ped; ACTC VRF totals \$656,920. Therefore, 50% of this amount or \$328,460 is the maximum Operations Fund Reserve.

Actual allocations made by the City total \$312,489 is comprised of \$233,130 VRF and \$79,359 in the Measure B – Bike/Ped.

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 City did not allocate any funds to an Undesignated Fund Reserve Capital Reserve.

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

Honorable Mayor, and Members of the City Council of the City of Dublin
Dublin, California

We have audited the financial statements of the Alameda County Transportation Commission Measure B Funds (Measure B Funds) of the City of Dublin (City) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 26, 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 Commission, 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 the 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; 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 the 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.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with 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, Management, the Alameda County Transportation Commission, 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.

Mage & Associates

October 26, 2012