

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE B FUNDS
EMERYVILLE, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012**

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE B FUNDS
EMERYVILLE, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
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MEASURE B FUNDS

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Emeryville, California

We have audited the financial statements of the City of Emeryville Alameda County Transportation Commission - Measure B Funds, 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 of Emeryville, California'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 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 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 the 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 respective financial position of the City of Emeryville Alameda County Transportation Commission - Measure B Funds as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the City of Emeryville Alameda County Transportation Improvement Authority - 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 accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012, on our consideration of the City of Emeryville'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 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.

December 11, 2012
Brea, California



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Mayor and City Council
City of Emeryville, California

Compliance

We have audited the compliance of the City of Emeryville, California (the City) with the types of compliance requirements described in the Agreement with the Alameda County Transportation Commission dated March 15, 2012, that are applicable to its Measure B funds for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of the City of Emeryville'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 the Agreement with the Alameda County Transportation Commission dated March 15, 2012. Those standards 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 material effect on the Measure B Fund 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the Measure B Fund for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements listed above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the Measure B Fund in order to determine our 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 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 type of compliance requirement will not be prevented, or detected and corrected on timely basis.



To The Honorable Mayor and City Council
City of Emeryville, California

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider material weaknesses as defined above.

This report is intended for the information and use of the City Council, management, others within the City, 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.

Lance, Solt & Luykhard, LLP

December 11, 2012
Brea, California

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS

BALANCE SHEET
JUNE 30, 2012

	Measure B Programs and Projects				ACTA 1986	Totals
	Paratransit	Streets and Roads	Bikes and Pedestrians	Gap Grant	Measure B Funds	
Assets:						
Cash and Investments	\$ 4,229	\$ 300,772	\$ 113,780	\$ -	\$ 229,628	\$ 648,409
Accounts Receivable	20	-	-	26,960	-	26,980
Interest Receivable	2	118	43	-	71	234
Due from ACTC	3,961	36,334	4,390	-	-	44,685
Total Assets	\$ 8,212	\$ 337,224	\$ 118,213	\$ 26,960	\$ 229,699	\$ 720,308
Liabilities:						
Accounts Payable	\$ 1,737	\$ 916	\$ 4,954	\$ 30,780	\$ -	\$ 38,387
Retentions Payable	-	37,016	-	-	-	37,016
Deferred Revenue	-	-	-	2,288	-	2,288
Total Liabilities	1,737	37,932	4,954	33,068	-	77,691
Fund Balance:						
Restricted for Capital Projects	6,475	299,292	113,259	-	229,699	648,725
Unassigned	-	-	-	(6,108)	-	(6,108)
Total Fund Balance	6,475	299,292	113,259	(6,108)	229,699	642,617
Total Liabilities and Fund Balance	\$ 8,212	\$ 337,224	\$ 118,213	\$ 26,960	\$ 229,699	\$ 720,308

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	Measure B Programs and Projects					Totals
	Paratransit	Streets and Roads	Bikes and Pedestrians	Gap Grant	ACTA 1986 Measure B Funds	
Revenues:						
Measure B Revenue	\$ 24,274	\$ 222,675	\$ 26,906	\$ -	\$ -	\$ 273,855
Intergovernmental	-	-	-	62,914	-	62,914
Interest	54	4,301	1,506	(34)	2,150	7,977
Total Revenues	24,328	226,976	28,412	62,880	2,150	344,746
Expenditures:						
Public Works	-	404,747	81,071	-	2,568	488,386
Senior Center	23,757	-	-	65,202	-	88,959
Total Expenditures	23,757	404,747	81,071	65,202	2,568	577,345
Excess of Revenues Over (Under) Expenditures	571	(177,771)	(52,659)	(2,322)	(418)	(232,599)
Other Financing Sources (Uses):						
Transfers Out	-	-	-	-	(7,000)	(7,000)
Total Other Financing Sources (Uses)	-	-	-	-	(7,000)	(7,000)
Net Change in Fund Balances	571	(177,771)	(52,659)	(2,322)	(7,418)	(239,599)
Beginning Fund Balance	5,904	477,063	165,918	(3,786)	237,117	882,216
Ending Fund Balance	\$ 6,475	\$ 299,292	\$ 113,259	\$ (6,108)	\$ 229,699	\$ 642,617

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

All paratransit transactions of the Alameda County Transportation Commission - Measure B Funds (Measure B Funds) of the City of Emeryville, California (City), are included in separate special revenue funds 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 Measure B program.

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 measurable 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 account is 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 to account for Measure B activities:

Special Revenue Funds - to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specific purposes (specifically, the paratransit program).

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 deposit with banks, pooled investments and individual investments. 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 related to the 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 EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 3: Measure B Bonds

Measure B, approved by the voters of Alameda County in 2000, accounts for a pro-rata share of the one-half percent sales tax, funds to be collected for a duration of 20 years. The restrictive use of this fund, coupled with the formation of a Citizen's Watchdog Committee, embraces the principle of accountability. The categories of this fund are sub-divided as follows:

- Paratransit
- Local Streets and Roads
- Local Pass-Through Funds for Bicycle and Pedestrian Safety

Projects funded by Measure B were as follows:

Paratransit Program - to provide transit services for the elderly and the handicapped.

Local Streets and Roads - to repair various streets around the City.

Bike and Pedestrian - to provide sidewalk and ADA improvements and to implement the bikeway network.

1986 Measure B - Prior to Measure B 2000, voters approved the prior Measure in 1986, which was used to improve, repair and overlay City streets. In fiscal 2003, this program was replaced by the above programs funded under Measure B 2000.

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 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, bike safety and pedestrian safety are recorded in a special revenue fund.

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 and federal 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.

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

None noted.