

**ALAMEDA COUNTY  
PUBLIC WORKS AGENCY**

**ALAMEDA COUNTY TRANSPORTATION  
COMMISSION  
MEASURE B FUNDS**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2012**

**ALAMEDA COUNTY  
PUBLIC WORKS AGENCY**

**ALAMEDA COUNTY TRANSPORTATION  
COMMISSION  
MEASURE B FUNDS**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2012**

**TABLE OF CONTENTS**

	<u>Page No.</u>
Independent Auditors' Report.....	1
Financial Statements	
Balance Sheet.....	3
Statement of Revenues, Expenditures and Changes in Fund Balances.....	4
Notes to Financial Statements.....	5
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	8
Schedule of Findings and Questioned Costs.....	10
Status of Prior Year Findings and Recommendations.....	11



**INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Alameda County  
Oakland, California

We have audited the accompanying financial statements of the Alameda County Transportation Commission - Measure B Funds ("Measure B Funds") of the Alameda County Public Works Agency ("The County"), as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Alameda County Public Works Agency's management. 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 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 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 position of the County and the results of its operations in conformity with generally accounting principles accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alameda County Transportation Commission - Measure B Funds of the Alameda County Public Works Agency as of June 30, 2012, and the results of operations and changes in fund balances for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 12, 2012 on our consideration of the Alameda County Public Works Agency'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.

*Grant & Smith, LLP*

Oakland, California  
December 12, 2012

**ALAMEDA COUNTY  
PUBLIC WORKS AGENCY  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
MEASURE B FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

	<b>MEASURE B PROGRAMS &amp; PROJECTS</b>				
	<b>ACTA</b>	<b>Streets &amp; Roads</b>	<b>Bike &amp; Pedestrian</b>	<b>Bridges</b>	<b>Total</b>
<b>ASSETS</b>					
Cash & Cash Equivalents (Note 2 )	\$ -	\$ 2,002,342	\$ 1,605,801	\$ (108,476)	\$ 3,499,667
Accounts Receivable		277,649	61,528	108,476	447,653
<b>Total Current Assets</b>	<b>\$ -</b>	<b>\$ 2,279,991</b>	<b>\$ 1,667,329</b>	<b>\$ -</b>	<b>\$ 3,947,320</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
Temporarily Restricted Fund Balances	\$ -	\$ 2,279,991	\$ 1,667,329	\$ -	\$ 3,947,320
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ -</b>	<b>\$ 2,279,991</b>	<b>\$ 1,667,329</b>	<b>\$ -</b>	<b>\$ 3,947,320</b>

*See accompanying notes.*

**ALAMEDA COUNTY  
PUBLIC WORKS AGENCY  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
MEASURE B FUNDS  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>MEASURE B PROGRAMS &amp; PROJECTS</b>				<b>Total</b>
	<b>ACTA</b>	<b>Streets &amp; Roads</b>	<b>Bike &amp; Pedestrian</b>	<b>Bridges</b>	
<b>REVENUES</b>					
Measure B Revenue	\$ -	\$ 1,701,606	\$ 377,080	\$ 664,807	\$ 2,743,493
Inter-Organization Transfer	117,309	-	-	-	117,309
Interest	-	11,307	2,499	-	13,806
<b>Total Revenues</b>	<b>117,309</b>	<b>1,712,913</b>	<b>379,579</b>	<b>664,807</b>	<b>2,874,608</b>
<b>EXPENDITURES</b>					
Public Works	-	-	-	664,807	664,807
Professional & Specialized Services	-	8,321,590	602,929	-	8,924,519
<b>Total Expenditures</b>	<b>-</b>	<b>8,321,590</b>	<b>602,929</b>	<b>664,807</b>	<b>9,589,326</b>
Excess (Deficit) Revenues over Expenditures					
Net Change in Fund Balance	117,309	(6,608,677)	(223,350)	-	(6,714,718)
Beginning Fund Balances	(117,309)	8,888,668	1,890,679	-	10,662,038
Ending Fund Balances	<b>\$ -</b>	<b>\$ 2,279,991</b>	<b>\$ 1,667,329</b>	<b>\$ -</b>	<b>\$ 3,947,320</b>

*See accompanying notes.*

**ALAMEDA COUNTY  
PUBLIC WORKS AGENCY  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
MEASURE B FUNDS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Measure B, approved and reauthorized by the voters of Alameda County on November 07, 2000, authorized Alameda CTC to administer the proceeds from the continued one-half cent sales and use tax. The tax is effective until March 31, 2022. Transactions of the Alameda CTC Measure B Funds of the Alameda County Public Works Agency are included, as separate funds, in the basic financial statements of the County of Alameda. The Public Works Agency uses Measure B Funds to account for expenditures incurred in The County's *Local Streets and Roads, Bike and Pedestrian Ways* and *County Bridges* programs.

The accompanying financial statements are for Measure B Funds only, and are not intended to fairly present the financial position of the County of Alameda and the results of its operations and changes in fund balances.

**Basis of Accounting**

The accompanying financial statements are presented 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 modified accrual basis of accounting is not intended to present financial information in conformity with generally accepted accounting principles.

The accounting and financial reporting treatment applied to a fund is the "current financial resources" measurement focus, wherein only current assets and current liabilities are generally included on the balance sheet. The operating statement of the fund presents increasing (revenues and other financing sources) and decreasing sources (expenditures and other financing uses) in net current assets of the fund. Encumbrances for projects already under a signed contractual agreement are presented as reserves, and not yet included in the project expenditures.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**COUNTY OF ALAMEDA  
PUBLIC WORKS AGENCY  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
MEASURE B FUNDS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Measure B activities are accounted for in the Road Fund. This fund is used to account for state and local tax apportionments and other authorized revenues, the expenditure of which is restricted to street, road, highway and bridge purposes.

NOTE 2 CASH AND INVESTMENTS WITH COUNTY TREASURER

Measure B funds received by the Public Works Agency are deposited with the Treasurer of the County of Alameda. The Treasurer invests pooled cash and investments in accordance with policy guidelines established by the County. Information pertaining to the pooled cash and investments held by the Treasurer is included in the June 30, 2012 Comprehensive Annual Financial Report of the County. These investments are subject to various types of risk. The required disclosure on risks and fair values for these investments is made in the notes to the Comprehensive Annual Financial Report. Interest on pooled cash and investments is allocated quarterly to individual funds based on investment income and the average daily balance maintained by each fund.

NOTE 3 BICYCLE AND PEDESTRIAN WAYS EXPENDITURES

Expenditure plans for Bicycle and Pedestrian Ways projects are subject to pre-approval via a public meeting process.

NOTE 4 DESCRIPTIONS OF FUNDS AND FUND BALANCES

Under Measure B, Alameda CTC allocates to the Public Works Agency a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures.

Measure B was originally adopted and reauthorized with the intention that the proceeds generated by the additional sales tax would not fund expenditures previously paid for by property taxes, but rather would be used for additional projects and programs.



**COUNTY OF ALAMEDA  
PUBLIC WORKS AGENCY  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
MEASURE B FUNDS  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**

NOTE 4 DESCRIPTIONS OF FUNDS AND FUND BALANCES (Continued)

Projects funded by Measure B were as follows:

Local Streets and Roads - To improve, repair, and overlay streets throughout the County

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

Alameda County Bridges - To improve, and repair bridges throughout the County

Projects funded by Measure B and the amounts expended during the fiscal year ended June 30, 2012 were as follows:

ACTA Carry Forward Projects	\$ -
Local Streets and Roads	8,321,590
Bicycle and Pedestrian Ways	602,929
Alameda County Bridges	<u>664,807</u>
 Total	 <u>\$ 9,589,326</u>

At June 30, 2012, \$3,947,320 of Measure B fund balance was temporarily restricted for use in programs imposed by Alameda CTC stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of Alameda CTC. Upon expiration, satisfaction or removal, the associated net assets are released from temporary restriction and reported as unrestricted fund balances.

NOTE 5 COMMITMENTS AND CONTINGENCIES

Occasionally, the County of Alameda is involved in legal actions arising from normal business activities. Management, upon advice of legal counsel handling such actions, believes that the ultimate resolution of any such actions will not have a material adverse effect on the Public Works Agency's financial position or results of operations.



**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***

To the Board of Supervisors  
Alameda County  
Oakland, California

We have audited the financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds ("Measure B Funds") of the Alameda County Public Works Agency ("The County"), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 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 County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The County'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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The County'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

**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 (CONTINUED)***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The County'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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In our opinion, the County of Alameda is materially in compliance with the laws and regulations, contracts and grant requirements related to Measure B funds as specified in the grant agreement between The County and Alameda County Transportation Commission. Our opinion is covering the period from July 01, 2011 through June 30, 2012.

This report is intended solely for the information and use of management, the Alameda County Transportation Commission, and federal awarding agencies and pass-through entities, and members of the public, and is not intended to be and should not be used by anyone other than these specified parties.

*Grant & Smith, LLP*

Oakland, California  
December 12, 2012

**ALAMEDA COUNTY  
PUBLIC WORKS AGENCY  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
MEASURE B FUNDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

No findings or questioned costs were noted during the current year's audit.

**ALAMEDA COUNTY  
PUBLIC WORKS AGENCY  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
MEASURE B FUNDS  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
YEAR ENDED JUNE 30, 2012**

There were no prior year findings and recommendations.