



**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS
EMERYVILLE, CALIFORNIA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Lance Soll & Lunghard, LLP

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- Donald L. Parker, CPA
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Emeryville, California

We have audited the financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds (Measure B Funds of the City of Emeryville, California) as of and for the year ended June 30, 2010, 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 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 audit 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2010, on our consideration of the City's internal control structure and on its compliance with laws and regulations.

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 financial position of the Measure B Funds at June 30, 2010, and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Lance, Soll & Lunghard, LLP

September 22, 2010

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS

BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Measure B 2000 Programs and Projects</u>				ACTA 1986	<u>Totals</u>
	<u>Paratransit</u>	<u>Streets and Roads</u>	<u>Bikes and Pedestrians</u>	<u>Gap Grant</u>	<u>Measure B Funds</u>	
Assets:						
Cash and investments	\$ 7,130	\$ 274,808	\$ 137,641	\$ -	\$ 243,564	\$ 663,143
Interest receivable	13	54	12	-	107	186
Due from ACTIA	5,352	46,669	5,453	17,353	-	74,827
Total Assets	\$ 12,495	\$ 321,531	\$ 143,106	\$ 17,353	\$ 243,671	\$ 738,156
Liabilities:						
Accounts payable	\$ 2,582	\$ -	\$ -	\$ 21,078	\$ -	\$ 23,660
Retentions payable	-	4,776	-	-	-	4,776
Total Liabilities	2,582	4,776	-	21,078	-	28,436
Fund Balance:						
Reserve for encumbrances	-	4,776	4,997	40,455	-	50,228
Unreserved:						
Designated for capital projects	9,913	311,979	138,109	(44,180)	243,671	659,492
Total Fund Balance	9,913	316,755	143,106	(3,725)	243,671	709,720
Total Liabilities and Fund Balance	\$ 12,495	\$ 321,531	\$ 143,106	\$ 17,353	\$ 243,671	\$ 738,156

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Measure B 2000 Programs and Projects</u>				ACTA 1986	<u>Totals</u>
	<u>Paratransit</u>	<u>Streets and Roads</u>	<u>Bikes and Pedestrians</u>	<u>Gap Grant</u>	<u>Measure B Funds</u>	
Revenues:						
Measure B revenue	\$ 20,506	\$ 182,639	\$ 21,781	\$ 62,813	\$ -	\$ 287,739
Use of money	303	2,598	2,398	(376)	4,941	9,864
Total Revenues	20,809	185,237	24,179	62,437	4,941	297,603
Expenditures:						
Public works	-	-	2,500	-	4,367	6,867
Senior center	26,223	-	-	47,151	-	73,374
Total Expenditures	26,223	-	2,500	47,151	4,367	80,241
Excess of Revenues Over (Under) Expenditures	(5,414)	185,237	21,679	15,286	574	217,362
Other Financing Sources (Uses):						
Transfers out	-	-	-	-	(7,000)	(7,000)
Total Other Financing Sources (Uses)	-	-	-	-	(7,000)	(7,000)
Net Change in Fund Balances	(5,414)	185,237	21,679	15,286	(6,426)	210,362
Beginning Fund Balance	15,327	131,518	121,427	(19,011)	250,097	499,358
Ending Fund Balance	\$ 9,913	\$ 316,755	\$ 143,106	\$ (3,725)	\$ 243,671	\$ 709,720

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

All paratransit transactions of the Alameda County Transportation Authority - 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 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 IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

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.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Emeryville, California

We have audited the compliance of the City of Emeryville, California (the City) with the certain requirements described in an Agreement with the Alameda County Transportation Improvement Authority dated July 23, 2002, that are applicable to its Measure B Funds for the year ended June 30, 2010. Compliance with the requirements of laws, regulations, contracts and grants applicable to its Measure B Funds is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 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 City'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.



Honorable Mayor and City Council
City of Emeryville, California

Compliance

We conducted our audit of compliance 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 noncompliance with the 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. Our audit does not provide a legal determination on the City's compliance with those requirements. In our opinion, the City of Emeryville complied, in all material respects, with the requirements referred to above that are applicable to its Measure B Funds for the year ended June 30, 2010.

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, Soll & Lughard, LLP

September 22, 2010

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
IMPROVEMENT AUTHORITY
MEASURE B 2000 FUNDS**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

None noted.