

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013**

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE B FUNDS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Emeryville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Emeryville Alameda County Transportation Commission – Measure B Funds, which comprise of the balance sheet as of June 30, 2013, and the related statement of revenues, expenditures and change in fund balance for the year then ended, and the related notes to the financial statements.

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 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 entity'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 entity'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.



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

Opinions

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, 2013, 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.

Emphasis of Matter

As described in Note 1 to the financial statement, the financial statement is prepared in accordance with Alameda County Transportation Commission Measure B which requires a financial statement that presents only the Program and does not purport to, and does not, present fairly the financial position of the City of Emeryville as of June 30, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restriction of Use

Our report is intended solely for the information and use of the City of Emeryville and the Alameda County Transportation Commission and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2013, 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.

Lance, Soll & Loughard, LLP

November 7, 2013
Brea, California

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

Honorable Mayor and City Council
City of Emeryville, California

Report on 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, 2013.

Management's Responsibility

Management is responsible for compliance with the laws, regulations, contracts, and grant requirements applicable to its agreement with the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the 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 the Agreement with the Alameda County Transportation Commission dated March 15, 2012 that are applicable to its Measure B funds. 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. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City of Emeryville complied, in all material respects, with the requirements referred to above that are applicable to the Measure B funds for the year ended June 30, 2013.

Report on 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



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

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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 the internal control over compliance that we consider material weaknesses as defined above.

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 of the Agreement with the Alameda County Transportation Commission dated March 15, 2012 that are applicable to its Measure B funds. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Loughard, LLP

November 7, 2013
Brea, California

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B FUNDS

BALANCE SHEET
JUNE 30, 2013

| | <u>Paratransit</u> | <u>Local Streets and Roads</u> | <u>Bicycle and Pedestrian</u> | <u>Gap Grant</u> | <u>ACTA 1986 Measure B Funds</u> | <u>Totals</u> |
|--|--------------------|------------------------------------|-----------------------------------|------------------|--|-------------------|
| Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 10,571 | \$ 9,870 | \$ 111,354 | \$ - | \$ - | \$ 131,795 |
| Accounts Receivable | - | - | - | 76,821 | - | 76,821 |
| Interest Receivable | - | 3 | 2 | - | 3 | 8 |
| Due from ACTC | 6,224 | 60,783 | 7,329 | - | - | 74,336 |
| Total Assets | \$ 16,795 | \$ 70,656 | \$ 118,685 | \$ 76,821 | \$ 3 | \$ 282,960 |
| Liabilities, Deferred Inflows of Resources and Fund Balances: | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 1,323 | \$ 11,362 | \$ - | \$ 77,713 | \$ 3 | \$ 90,401 |
| Retentions Payable | - | 40,429 | - | - | - | 40,429 |
| Total Liabilities | 1,323 | 51,791 | - | 77,713 | 3 | 130,830 |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable Revenue | - | - | - | 44,335 | - | 44,335 |
| Total Deferred Inflows of Resources | - | - | - | 44,335 | - | 44,335 |
| Fund Balances: | | | | | | |
| Restricted for Measure B Programs and Projects | 15,472 | 18,865 | 118,685 | - | - | 153,022 |
| Unassigned | - | - | - | (45,227) | - | (45,227) |
| Total Fund Balance | 15,472 | 18,865 | 118,685 | (45,227) | - | 107,795 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 16,795 | \$ 70,656 | \$ 118,685 | \$ 76,821 | \$ 3 | \$ 282,960 |

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, 2013

| | <u>Paratransit</u> | <u>Local Streets and Roads</u> | <u>Bicycle and Pedestrian</u> | <u>Gap Grant</u> | <u>ACTA 1986 Measure B Funds</u> | <u>Totals</u> |
|---|--------------------|------------------------------------|-----------------------------------|--------------------|--|-------------------|
| Revenues: | | | | | | |
| Measure B Revenue | \$ 24,391 | \$ 238,217 | \$ 28,722 | \$ - | \$ - | \$ 291,330 |
| Intergovernmental | - | - | - | 32,483 | - | 32,483 |
| Interest | 18 | 865 | 326 | - | 665 | 1,874 |
| Total Revenues | 24,409 | 239,082 | 29,048 | 32,483 | 665 | 325,687 |
| Expenditures: | | | | | | |
| Public Works | - | 519,509 | 23,622 | - | 223,364 | 766,495 |
| Senior Center | 15,412 | - | - | 71,602 | - | 87,014 |
| Total Expenditures | 15,412 | 519,509 | 23,622 | 71,602 | 223,364 | 853,509 |
| Excess of Revenues Over (Under) Expenditures | 8,997 | (280,427) | 5,426 | (39,119) | (222,699) | (527,822) |
| Other Financing Sources (Uses): | | | | | | |
| Transfers Out | - | - | - | - | (7,000) | (7,000) |
| Total Other Financing Sources (Uses) | - | - | - | - | (7,000) | (7,000) |
| Net Change in Fund Balances | 8,997 | (280,427) | 5,426 | (39,119) | (229,699) | (534,822) |
| Fund Balances: | | | | | | |
| Beginning Fund Balance | 6,475 | 299,292 | 113,259 | (6,108) | 229,699 | 642,617 |
| Ending Fund Balance | \$ 15,472 | \$ 18,865 | \$ 118,685 | \$ (45,227) | \$ - | \$ 107,795 |

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013**

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 22.34% 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 AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

None noted.