

# City of Union City

## Measure B Funds

Union City, California

*Financial Statements and  
Independent Auditors' Reports*

*For the year ended June 30, 2010*

**City of Union City**  
**Alameda County Transportation Improvement Authority – Measure B Funds**  
**Financial Statements**  
**For the year ended June 30, 2010**

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Caporicci & Larson, Inc.  
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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Union City  
Union City, California

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds (Measure B Funds) of the City of Union City, California (City), as of and for the year ended June 30, 2010, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the City. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the financial statements of the Alameda County Transportation Improvement Authority Measure B Funds are intended to present the financial position, and changes in financial position of only that portion of the City of Union City, California that is attributable to Measure B funds. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2010 and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City's Measure B Funds as of June 30, 2010, and changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

To the Honorable Mayor and Members of City Council  
of the City of Union City  
Union City, California  
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In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010, on our consideration of the City's Measure B Funds internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts and grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing on 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 read in conjunction with this report in assessing the results of our audits.

The required supplementary information of budgetary comparisons on pages 11 to 14, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Caproni & Larson, Inc.*

San Francisco, California  
December 29, 2010

**City of Union City**  
**Alameda County Transportation Improvement Authority - Measure B Funds**  
**Combined Balance Sheets**  
**June 30, 2010**

	Special Revenue Fund		Enterprise Fund		Total
	ACTIA Streets & Roads	ACTIA Bike & Pedestrian	Measure B ACTIA Paratransit	Measure B ACTIA Mass Transit	
<b>ASSETS</b>					
Cash and investments	\$ 2,256,572	\$ 997,003	-	-	\$ 3,253,575
Receivables:					
Accounts	73	-	-	-	\$ 73
Intergovernmental	83,981	25,752	-	-	\$ 109,733
<b>Total assets</b>	<b>\$ 2,340,626</b>	<b>\$ 1,022,755</b>	<b>-</b>	<b>-</b>	<b>\$ 3,363,381</b>
<b>LIABILITIES AND NET ASSETS/FUND BALANCES</b>					
Accounts payable	\$ 12,592	\$ 1,060	-	-	\$ 13,652
<b>Total liabilities</b>	<b>12,592</b>	<b>1,060</b>	<b>-</b>	<b>-</b>	<b>13,652</b>
Net Assets/Fund Balance					
Fund Balance:					
Reserved:					
Encumbrances	29,845	80,929	-	-	\$ 110,774
Total reserved	29,845	80,929	-	-	110,774
Unreserved:					
Undesignated	2,298,189	940,766	-	-	\$ 3,238,955
Net Assets	-	-	-	-	-
<b>Total net assets/fund balances</b>	<b>2,328,034</b>	<b>1,021,695</b>	<b>-</b>	<b>-</b>	<b>3,349,729</b>
<b>Total liabilities and net assets/ fund balances</b>	<b>\$ 2,340,626</b>	<b>\$ 1,022,755</b>	<b>-</b>	<b>-</b>	<b>\$ 3,363,381</b>

See accompanying Notes to the Financial Statements

**City of Union City**  
**Alameda County Transportation Improvement Authority - Measure B Funds**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2010**

	Special Revenue Fund		Total
	ACTIA Streets & Roads	ACTIA Bike & Pedestrian	
<b>REVENUES:</b>			
Taxes and assessments	\$ 524,227	\$ 160,752	\$ 684,979
Investment earnings	25,438	11,633	37,071
Other revenues	1,992	-	1,992
<b>Total revenues</b>	<u>551,657</u>	<u>172,385</u>	<u>724,042</u>
<b>EXPENDITURES:</b>			
Capital outlay	200,303	51,582	251,885
<b>Total expenditures</b>	<u>200,303</u>	<u>51,582</u>	<u>251,885</u>
<b>REVENUES OVER EXPENDITURES</b>	351,354	120,803	472,157
<b>FUND BALANCES:</b>			
Beginning of year (as restated)	<u>1,976,680</u>	<u>900,892</u>	<u>2,877,572</u>
End of year	<u>\$ 2,328,034</u>	<u>\$ 1,021,695</u>	<u>\$ 3,349,729</u>

See accompanying Notes to Financial Statements

**City of Union City**  
**Alameda County Transportation Improvement Authority - Measure B Funds**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the year ended June 30, 2010**

	Enterprise Fund		Total
	ACTIA Paratransit	ACTIA Mass Transit	
<b>OPERATING EXPENSES:</b>			
Personnel services	\$ 234,781	\$ 305,317	\$ 540,098
<b>Total operating expenses</b>	<b>234,781</b>	<b>305,317</b>	<b>540,098</b>
<b>OPERATING LOSS</b>	<b>(234,781)</b>	<b>(305,317)</b>	<b>(540,098)</b>
<b>NONOPERATING REVENUES:</b>			
Grants received	234,781	305,317	540,098
<b>Total nonoperating revenues</b>	<b>234,781</b>	<b>305,317</b>	<b>540,098</b>
<b>Change in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS:</b>			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements

**City of Union City**  
**Alameda County Transportation Improvement Authority - Measure B Funds**  
**Statement of Cash Flows**  
**For the year ended June 30, 2010**

	Enterprise Fund		Total
	ACTIA Paratransit	ACTIA Mass Transit	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash payment to employees for services	\$ (234,781)	\$ (305,317)	\$ (540,098)
<b>Net cash (used) by operating activities</b>	<b>(234,781)</b>	<b>(305,317)</b>	<b>(540,098)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Grant revenue received	234,781	305,317	540,098
<b>Net cash provided by noncapital financing activities</b>	<b>234,781</b>	<b>305,317</b>	<b>540,098</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating loss	\$ (234,781)	\$ (305,317)	\$ (540,098)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (234,781)</b>	<b>\$ (305,317)</b>	<b>\$ (540,098)</b>

See accompanying Notes to Financial Statements



**City of Union City**  
**Alameda County Transportation Improvement Authority – Measure B Funds**  
**Notes to Financial Statements**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

All transactions of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Funds) of the City of Union City, California (City), are included as separate special revenue and enterprise 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 paratransit, transit and capital programs. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position of the City.

***B. Basis of Accounting***

*Governmental Fund Financial Statements*

The accompanying financial statements of special revenue funds 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 increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

*Proprietary Fund Financial Statements*

The financial statements of the enterprise funds are prepared on the accrual basis of accounting. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

All proprietary funds are accounted for using the "economic resources" measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**City of Union City**  
**Alameda County Transportation Improvement Authority – Measure B Funds**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Fund Accounting**

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 Fund* – To account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

*Enterprise Fund* – To account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be recovered through user charges.

**D. 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 that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**E. Statement of Cash Flows**

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

**2. MEASURE B FUNDS**

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

**City of Union City**  
**Alameda County Transportation Improvement Authority – Measure B Funds**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**2. MEASURE B FUNDS, Continued**

Major projects funded by Measure B were as follows:

Paratransit Program – To help fund ADA (Americans with Disabilities Act) mandated service; to help fund the Union City “Paratransit Plus” program which offers an expanded service area, group trips for seniors and the disabled, as well as urgent medical trips; and to help fund extended weekday service hours.

Mass Transit Program – To help fund the operations of the City’s own bus system, Union City Transit. This system operates daily (except for holidays) and provides local transit service to major destinations within the City. Union City Transit makes connections with other transit systems including BART, AC Transit and the Dumbarton Express.

Streets and Roads Program – To help fund several small projects including the GIS program, paving maintenance and slurry seal, audible pedestrian signals, a new traffic signal and wheelchair ramps.

Bike and Pedestrian Program – To help fund pedestrian and bicycle access around the Union City BART Station area as part of the 11<sup>th</sup> Street Enhancement/Decoto Road Connector Project. In addition, funds were used towards development of a master bike and pedestrian path plan. Funding for this project came from Measure B sales tax and an ACTIA Bike and Pedestrian Path Discretionary grant.

**3. CASH AND INVESTMENTS**

Measure B funds are pooled with the City’s cash and investments in order to generate optimum interest income.

The City pools its available cash for investment purposes. The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Measure B Funds had the following cash and investments at June 30, 2010:

Cash and Investments	\$3,253,575
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**B. Risk Disclosures**

*Interest Risk:* Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City’s portfolio not to exceed five years.

**City of Union City**  
**Alameda County Transportation Improvement Authority – Measure B Funds**  
**Notes to Financial Statements, Continued**  
**For the year ended June 30, 2010**

**3. CASH AND INVESTMENTS, Continued**

*C. Risk Disclosures, Continued*

*Credit Risk.* The risk of loss of value of an investment due to a downgrade of its rating or the failure or impairment of its issuer. It is the City's policy to limit its investments in these investment types to the top rating issued by nationally recognized statistical rating organizations (NRSROs), including raters Standard & Poor's and Moody's Investor's Service. At June 30, 2010, the City's credit risks, expressed on a percentage basis, were as follows:

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
<b>U.S. Agencies</b>		
Federal Home Loan Bank	Aaa	AAA
Federal Home Loan Mortgage Corporation	Aaa	AAA
Federal National Mortgage Association	Aaa	AAA
Federal Farm Credit Bureau	Aaa	AAA
Treasury Notes	Aaa	AAA
<b>Medium Term Notes</b>		
GE Capital Credit	Aaa	AAA
<b>External Pool</b>		
State of California - Local Agency Investment Fund	Not Rated	Not Rated

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

**4. INTERGOVERNMENTAL RECEIVABLES**

The intergovernmental receivables represent the Measure B sales tax revenues for the fiscal year received from the Alameda County Transportation Improvement Authority after June 30, 2010.

**5. RESTATEMENT**

The City restated its Measure B Funds by \$14,322, for expenditures incorrectly charged to the Streets and Roads Measure B Fund instead of being charged to the Gas Tax Fund. The effect of this restatement is as follows:

Fund Financial Statements

	<u>Fund Balance, as Previously Reported</u>	<u>Prior Period Adjustment Expenditures</u>	<u>Fund Balance, as Restated</u>
<b>Governmental Funds:</b>			
ACTIA Streets & Roads Special Revenue Fund	\$ 1,962,358	\$ 14,322	\$ 1,976,680

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Union City**  
**Alameda County Transportation Improvement Authority – Measure B Funds**  
**Required Supplementary Information**  
**For the year ended June 30, 2010**

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**1. BUDGETARY BASIS OF ACCOUNTING**

**A. *Budgetary Control and Budgetary Accounting***

The City Council adopts a two-year operating budget for the General Fund, Special Revenue funds and Debt Service funds. Each year the operating budget is effective July 1 and lapses the following June 30. Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is controlled at the department level in the General Fund and at the fund level for all other funds. The City's five-year capital improvement plan serves as the basis for the capital project budgets. Appropriations for Capital Project Funds are approved at the same time operating budgets are adopted. These appropriations are made in the fiscal year the capital project is scheduled to commence and are effective for the life of the project. Amendments to capital budgets may be approved by Council at any time during the project's life. As a result, budget to actual schedules are not presented.

The City Council may amend the budget by resolution during the fiscal year. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. There were certain amendments made to the budget during the year for changes in employee compensation plans and to address variances between the original budget and actual activities. These adjustments are reflected in the final budget information presented in the comparison schedules.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are carried forward into the following fiscal year.

**City of Union City**  
**Alameda County Transportation Improvement Authority - Measure B Funds**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2010**

**1. BUDGETARY BASIS OF ACCOUNTING, Continued**

The following are the budget comparison schedules for the ACTIA Streets & Roads Special Revenue Fund and the ACTIA Bike and Pedestrian Special Revenue Fund.

Budgetary Comparison Schedule, ACTIA Streets & Roads Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 521,500	\$ 521,500	\$ 524,227	\$ 2,727
Investment earnings	66,700	66,700	25,438	(41,262)
Other revenues	-	-	1,992	1,992
<b>Total revenues</b>	<b>588,200</b>	<b>588,200</b>	<b>551,657</b>	<b>(36,543)</b>
<b>EXPENDITURES:</b>				
Capital outlay	1,442,000	2,887,038	200,303	2,686,735
<b>Total expenditures</b>	<b>1,442,000</b>	<b>2,887,038</b>	<b>200,303</b>	<b>2,686,735</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ (853,800)</b>	<b>\$ (2,298,838)</b>	<b>351,354</b>	<b>\$ 2,650,192</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,976,680	
End of year			<b>\$ 2,328,034</b>	

**City of Union City**  
**Alameda County Transportation Improvement Authority - Measure B Funds**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2010**

**1. BUDGETARY BASIS OF ACCOUNTING, Continued**

Budgetary Comparison Schedule, ACTIA Bike & Pedestrian Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 174,000	\$ 174,000	\$ 160,752	\$ (13,248)
Investment earnings	33,000	33,000	11,633	(21,367)
<b>Total revenues</b>	<b>207,000</b>	<b>207,000</b>	<b>172,385</b>	<b>(34,615)</b>
<b>EXPENDITURES:</b>				
Capital outlay	10,000	356,190	51,582	304,608
<b>Total expenditures</b>	<b>10,000</b>	<b>356,190</b>	<b>51,582</b>	<b>304,608</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>\$ 197,000</b>	<b>\$ (149,190)</b>	<b>120,803</b>	<b>\$ 269,993</b>
<b>FUND BALANCES:</b>				
Beginning of year			900,892	
End of year			<b>\$ 1,021,695</b>	





Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants

**INDEPENDENT AUDITORS' 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 Honorable Mayor and Members of City Council  
of the City of Union City  
Union City, California

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds (Measure B Funds) of the City of Union City (City) as of and for the year ended June 30, 2010, as listed in the foregoing table of contents and have issued our report thereon dated December 29, 2010. 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**

In planning and performing our audit, we considered the City's Measure B Fund's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's Measure B Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's Measure B Fund'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 City's Measure B Fund'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 Members of City Council  
of the City of Union City  
Union City, California  
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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's Measure B Funds 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, and the Alameda County Transportation Improvement Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Caproni & Larson, Inc.*  
San Francisco, California  
December 29, 2010



Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT ON MEASURE B COMPLIANCE

To the Honorable Mayor and Members of City Council  
of the City of Union City  
Union City, California

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds (Measure B Funds) of the City of Union City, California (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010

We conducted our audit in accordance with auditing standards generally accepted in the United States and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the State of California 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.

Compliance with laws and regulations, contracts and grants applicable to the City is the responsibility of City management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of City compliance with Measure B grant regulations as specified in the agreement between the City and Alameda County Transportation Improvement Authority for the year ended June 30, 2010.

Under Measure B, approved by the voters of Alameda County in 2000, the City has received under ACTIA Measure B a total of 12 months of revenue from July 2009 through June 2010. The Local Street and Roads program has received \$524,227, the Bike and Pedestrian program has received \$160,752, the Paratransit program received \$234,781, and the Mass Transit program has received \$305,317. This financial statement reflects twelve months of revenue for the Local Streets and Roads, the Bike and Pedestrian, the Paratransit, and the Mass Transit Measure B programs.

In our opinion the City of Union City is materially in compliance with the laws and regulations, contracts and grant requirements related to Measure B funds as specified in the agreement between the City and Alameda County Transportation Improvement Authority. Our opinion is covering the period from July 1, 2009 through June 30, 2010.

This report is intended for the information of the City Council, management, and the Alameda County Transportation Improvement Authority. However, this report is a matter of public record and its distribution is not limited.

*Caporicci & Larson, Inc.*

San Francisco, California  
December 29, 2010