

CITY OF SAN LEANDRO

**MEASURE B PROGRAM
FINANCIAL STATEMENTS
SAN LEANDRO, CALIFORNIA**

FOR THE YEAR ENDED JUNE 30, 2012

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**CITY OF SAN LEANDRO
MEASURE B PROGRAM
Financial Statements
For the year ended June 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council
and City Auditor of the City of San Leandro, California

We have audited the financial statements of the Measure B Program of the City of San Leandro, California 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'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 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.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Measure B Program and is 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 Program as of June 30, 2012, and changes in fund balance for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report December 14, 2012, on our consideration of the City of San Leandro'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.

A handwritten signature in black ink, appearing to read "Maze & Associates", is written over the date.

December 14, 2012

CITY OF SAN LEANDRO
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE B FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2012

	Special Revenue Fund	Capital Projects Funds				Total Capital Projects	Total
	Paratransit	ACTA Measure B	Streets & Roads	Reimbursed Construction	Bike & Pedestrian		
ASSETS							
Cash and Investments			\$1,601,777	\$86,440	\$1,101,986	\$2,790,203	\$2,790,203
Intergovernmental Receivables	\$83,868		201,193		44,011	245,204	329,072
Interest Receivable			5,482		1,370	6,852	6,852
Due From Other Funds			315,882			315,882	315,882
Total Assets	\$83,868		\$2,124,334	\$86,440	\$1,147,367	\$3,358,141	\$3,442,009
LIABILITIES							
Accounts Payable	\$15,755		\$177,903	\$425	\$63	\$178,391	\$194,146
Due to Other Funds				315,882		315,882	315,882
Total Liabilities	15,755		177,903	316,307	63	494,273	510,028
FUND BALANCES							
Restricted for:							
Paratransit Programs	68,113						68,113
Capital Project			1,946,431		1,147,304	3,093,735	3,093,735
Unassigned				(229,867)		(229,867)	(229,867)
Total Fund Balances	68,113		1,946,431	(229,867)	1,147,304	2,863,868	2,931,981
Total Liabilities and Fund Balances	\$83,868		\$2,124,334	\$86,440	\$1,147,367	\$3,358,141	\$3,442,009

See accompanying notes to financial statements.

CITY OF SAN LEANDRO
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE B FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

	Special	Capital Projects Funds				Total Capital Projects	Grand Total
	Revenue Fund	ACTA Measure B	Streets & Roads	Reimbursed Construction	Bike & Pedestrian		
	Paratransit						
REVENUES:							
Intergovernmental - Measure B:							
Pass-through Allocations	\$263,091		\$1,168,567		\$226,756	\$1,395,323	\$1,658,414
Grants	70,873			\$124,991		124,991	195,864
Use of money and property			14,889		3,195	18,084	18,084
Sidewalk Repair			56,798		37,866	94,664	94,664
Miscellaneous	6,240		2,058			2,058	8,298
Total Revenues	340,204		1,242,312	124,991	267,817	1,635,120	1,975,324
EXPENDITURES:							
Paratransit	325,394						325,394
Sidewalk Repair			120,958		112,201	233,159	233,159
Paratransit					4,906	4,906	4,906
Engineering & Transportation Training			1,068			1,068	1,068
Drainage Improvements			1,024			1,024	1,024
Administrative Charges (8000)			40,569			40,569	40,569
Overlay/Rehabilitation		\$57,761	613,723			671,484	671,484
Street Sealing			323,189			323,189	323,189
Access Ramp Installation			22,923			22,923	22,923
Monarch Bay Bridge Repair			980			980	980
E 14th/Hesperian/150th Improvements				58,606		58,606	58,606
Westgate Parkway				18,469		18,469	18,469
Westgate Parkway PH II				4,161		4,161	4,161
Roadway Drainage Repair			40,163			40,163	40,163
Bridge Maintenance & Repair			10,541			10,541	10,541
Wicks Blvd Walkway					12,538	12,538	12,538
Annual Bicycle & Pedestrian Improvements					72,993	72,993	72,993
San Leandro Blvd Pedestrian Interface					1,772	1,772	1,772
BART-Downtown Pedestrian Improvements			51,522		3,840	55,362	55,362
SL High Signal (SRS2) 136th/Bancroft					560	560	560
Total Expenditures	325,394	57,761	1,226,660	81,236	208,810	1,574,467	1,899,861
REVENUES OVER/UNDER EXPENDITURES:	14,810	(57,761)	15,652	43,755	59,007	60,653	75,463
FUND BALANCES:							
Beginning Fund Balance	53,303	57,761	1,930,779	(273,622)	1,088,297	2,803,215	2,856,518
Ending Fund Balance	\$68,113		\$1,946,431	(\$229,867)	\$1,147,304	\$2,863,868	\$2,931,981

See accompanying notes to financial statements.

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CITY OF SAN LEANDRO
MEASURE B PROGRAM
Notes to the Financial Statements
For the year ended June 30, 2012

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Program) of the City of San Leandro, California (City), are included as separate special revenue fund and capital project funds in the basic financial statements of the City. Measure B Program is used to account for the City’s share of revenues earned and expenditures incurred under the City paratransit, streets and roads, and bike and pedestrian programs.

The accompanying financial statements are for the Measure B Program only and are not intended to fairly present the financial position, results of operations and cash flows of the City in conformity with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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 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 presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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.

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 (specifically, the paratransit program).

Capital Project Funds – Capital project funds are utilized to account for resources used for the acquisition and construction of capital facilities by the City, with the exception of those assets financed by proprietary funds.

Use of Estimates - Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**CITY OF SAN LEANDRO
MEASURE B PROGRAM
Notes to the Financial Statements
For the year ended June 30, 2012**

3. 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 U.S. government securities, bankers' acceptances, commercial paper, medium term notes, repurchase agreements, deposits with banks, and participation in the California Local Agency Investment Fund. 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 and related entities of the City.

See the City's Comprehensive Annual Financial Report (CAFR) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board Statement No. 40. The CAFR may be obtained from the City of San Leandro, 835 East 14th Street, San Leandro, California 94577-3767.

4. MEASURE B PROGRAM

Under Measure B, approved by the voters of Alameda County in 1986, 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 would not fund expenditures previously paid for by property taxes but, rather, would be used for additional projects and programs.

Projects funded by Measure B were as follows:

Paratransit Program – To provide transit services for the elderly and the handicapped.

City-Wide Overlay Measure B (Old) – To place overlays on various streets throughout the City. In fiscal year 2001/02, this fund was replaced by two funds, a) Measure B ACTIA – Streets and Roads, and b) Measure B ACTIA – Bike and Pedestrian

5. RESERVES

As of June 30, 2012, management plans to use unreserved Measure B Fund Balance and fiscal 2012-13 Measure B allocations on projects planned for fiscal 2012-13.

Measure B Program Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the City is to expend Measure B Program funds expeditiously and no unexpended funds beyond those described above or as included in reserves as defined in the Agreement are allowed to be retained by the City. Specific reserves are described as follows:

Capital Fund Reserve – The City may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of Measure B funds. The City may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

As of June 30, 2012, the City's Capital Fund Reserve amounted to \$449,753 and has been retained to fund Bicycle and Pedestrian capital projects.

**CITY OF SAN LEANDRO
MEASURE B PROGRAM
Notes to the Financial Statements
For the year ended June 30, 2012**

5. RESERVES (Continued)

Operations Fund Reserve - The City may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from Measure B and VRF funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. As of June 30, 2012, the Operations Fund Reserve amounted to \$68,533 in Paratransit.

Undesignated Fund Reserve - The City may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2012, there is no Undesignated Fund Reserve.

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**INDEPENDENT AUDITOR'S
REPORT ON MEASURE B COMPLIANCE**

Honorable Mayor, Members of the City Council
and City Auditor of the City of San Leandro, California

We have audited the financial statements of the Measure B Program of the City of San Leandro, California (City) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with generally accepted auditing standards 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.

Compliance

We have audited the City's compliance with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, between the City and Alameda County Transportation Commission, for the year ended June 30, 2012. Compliance with the Measure B Requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on 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; and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Measure B Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with Measure B Requirements could have a material effect on the Measure B Program. An audit includes examining, on a test basis, evidence about the City's compliance with Measure B 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 Measure B Requirements.

In our opinion, the City complied, in all material respects, with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, that are applicable to the City's Measure B Program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with Measure B Requirements. In planning and performing our audit, we considered the City's internal control over compliance to determine the 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 and correct, 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City Council, management, the Alameda County Transportation Commission, its Board and Committees, others within the entity, and members of the public that will examine compliance information and is not intended to be and should not be used by anyone other than these specified parties.



December 14, 2012