

**CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III PROJECTS
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012**

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**CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROJECTS
Financial Statements
For the Years Ended June 30, 2013 and 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council,
and City Auditor of the City of Alameda
Alameda, California

Report on Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Article III Projects (Projects) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Projects' basic financial statements as listed in the Table of Contents.

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 the 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 Projects' 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 Projects' 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.

As discussed in Note 1, the financial statements present only the Projects and are not intended to present fairly the financial positions and results of operations of the City in conformity with generally accepted accounting principles.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Projects as of June 30, 2013 and 2012, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the Program'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* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 27, 2013

CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROJECTS
BALANCE SHEET
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Accounts Receivable:		
Metropolitan Transportation Commission (Note 2)	\$11,535	\$35,206
Total Assets	11,535	35,206
LIABILITIES		
Due to City of Alameda	11,535	35,206
Total Liabilities	11,535	35,206
FUND BALANCE		
Restricted for Grant Programs		
Total Fund Balance	\$0	\$0

See accompanying notes to financial statements

CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROJECTS
STATEMENTS OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
REVENUES		
TDA Article 3.0	\$7,171	\$40,122
Total Revenues	7,171	40,122
EXPENDITURES		
Bicycle Paths and Pedestrian Projects	7,171	40,122
Total Expenditures	7,171	40,122
NET CHANGE IN FUND BALANCE		
FUND BALANCES		
Beginning of year	0	0
End of year	\$0	\$0

See accompanying notes to financial statements

**CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III PROJECTS
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2013 and 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alameda has developed the Transportation Development Act Article III Projects (Projects) under the Transportation Development Act (TDA), Article 3.0 for the construction of pedestrian pathways, wheelchair ramps, bicycle trails, and bicycle master plan studies. The Projects are funded by TDA grants. The projects are distributed through the Metropolitan Transportation Commission (MTC), which is the agency responsible for the allocation of funds to eligible claimants within the greater San Francisco Bay Area.

The following is a summary of significant accounting policies of the Projects which conform to generally accepted accounting principles in the United States of America as applicable to governments.

A. Basis of Accounting

Basis of accounting refers to the period when revenues and expenses or expenditures are recognized.

The Projects are accounted for in these financial statements are included as part of a capital projects fund in the basic financial statements of the City. They are accounted for using the modified accrual basis of accounting under which revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related liability is incurred.

NOTE 2 – TDA ARTICLE 3.0 RECEIVABLES

During the years ended June 30, 2013 and 2012, the City received allocation instructions from the Metropolitan Transportation Commission for the following projects:

Instruction#	Project Name	Grant Award	Receivables	
			2013	2012
12001063	Shoreline/Westline Bikeways	\$46,370	\$4,357	\$34,065
12001064	Neptune Park Path	53,176		1,141
12001065	Citywide Bike Parking/Outreach	10,000	7,178	
		<u>\$109,546</u>	<u>\$11,535</u>	<u>\$35,206</u>

**CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT
ARTICLE III PROJECTS
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2013 and 2012**

NOTE 3 - 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 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 to be immaterial.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING,
ON COMPLIANCE WITH THE TRANSPORTATION
DEVELOPMENT ACT AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council
and City Auditor of the City of Alameda
Alameda, California

We have audited, in accordance with the 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, the basic financial statements of the Transportation Development Act Article III Projects (Projects) of the City of Alameda, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Projects' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Projects' internal control. Accordingly, we do not express an opinion on the effectiveness of Projects' internal control.

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 Projects' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Projects' financial statements are free from 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. Our procedures included the applicable audit procedures contained in §6666 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. 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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control which is an integral part of our audit and should be read in conjunction with this report.

City's Reponse to Findings

City's response to the findings identified in our audit are described in our separately issued Memorandum on Internal Control which is an integral part of our audits and should be read in conjunction with this report. City's response was not subjected to the auditing procedures applied in an audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Projects' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Projects' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
November 27, 2013