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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2005**

 Lance  
Soll &  
Lunghard  
LLP  
*Certified Public Accountants*



Certified Public Accountants

Brandon W. Burrows  
Donald L. Parker  
Michael K. Chu  
David E. Hale  
A Professional Corporation  
Donald G. Slater  
Richard K. Kikuchi

Retired  
Robert C. Lance  
1914-1994  
Richard C. Soll  
Fred J. Lunghard, Jr.  
1928-1999

## 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, 2005 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 October 7, 2005 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, 2005 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*

October 7, 2005



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

Exhibit A

**BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Measure B 2000 Programs and Projects</u>			ACTA 1986 Measure B	<u>Totals</u>
	Streets and		Bikes and	<u>Funds</u>	
	<u>Paratransit</u>	<u>Roads</u>	<u>Pedestrians</u>		
<b>Assets:</b>					
Cash and investments	\$ 28,144	\$ 79,296	\$ 32,851	\$ 278,213	\$ 418,504
Interest receivable	23	90	21	177	311
Due from ACTIA	3,159	27,835	3,233	-	34,227
Prepays	7,578	-	-	-	7,578
<b>Total Assets</b>	<b>\$ 38,904</b>	<b>\$ 107,221</b>	<b>\$ 36,105</b>	<b>\$ 278,390</b>	<b>\$ 460,620</b>
<b>Liabilities:</b>					
Accounts payable	3,910	1,440	-	-	5,350
<b>Total Liabilities</b>	<b>3,910</b>	<b>1,440</b>	<b>-</b>	<b>-</b>	<b>5,350</b>
<b>Fund Balance:</b>					
Reserve for encumbrances	-	10,615	3,301	-	13,916
Unreserved:					
Designated for capital projects	34,994	95,166	32,804	278,390	441,354
<b>Total Fund Balance</b>	<b>34,994</b>	<b>105,781</b>	<b>36,105</b>	<b>278,390</b>	<b>455,270</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 38,904</b>	<b>\$ 107,221</b>	<b>\$ 36,105</b>	<b>\$ 278,390</b>	<b>\$ 460,620</b>

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

Exhibit B

**STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Measure B 2000 Programs and Projects</u>			ACTA 1986 Measure B	Totals
	Paratransit	Streets and Roads	Bikes and Pedestrians	Funds	
<b>Revenues:</b>					
Measure B revenue	\$ 20,447	\$ 173,144	\$ 18,573	\$ 1,741	\$ 213,905
Use of money	1,068	2,303	1,051	7,296	11,718
<b>Total Revenues</b>	<b>21,515</b>	<b>175,447</b>	<b>19,624</b>	<b>9,037</b>	<b>225,623</b>
<b>Expenditures:</b>					
Public works	-	138,190	26,954	-	165,144
Senior center	32,327	-	-	3,433	35,760
<b>Total Expenditures</b>	<b>32,327</b>	<b>138,190</b>	<b>26,954</b>	<b>3,433</b>	<b>200,904</b>
Excess of Revenues Over (Under) Expenditures	(10,812)	37,257	(7,330)	5,604	24,719
<b>Other Financing Sources (Uses):</b>					
Transfers out	-	-	-	(7,000)	(7,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,000)</b>	<b>(7,000)</b>
Net Change in Fund Balances	(10,812)	37,257	(7,330)	(1,396)	17,719
Beginning Fund Balance	45,806	68,524	43,435	279,786	437,551
<b>Ending Fund Balance</b>	<b>\$ 34,994</b>	<b>\$ 105,781</b>	<b>\$ 36,105</b>	<b>\$ 278,390</b>	<b>\$ 455,270</b>

*20,742  
Δ/m mtr/m*

*18,279  
Δ/m mtr/m*

*DIF - Transmittal  
- Ar 2/3/06*

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**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.

**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.

*Retired*

Robert C. Lance  
1914-1994  
Richard C. Soll  
Fred J. Lunghard, Jr.  
1928-1999

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, 2005. 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**

City management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to Measure B Funds. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on Measure B Funds in order to determine our auditing procedures for the purpose of expressing our opinion on compliance. Our consideration of the internal control over compliance would not necessarily disclose all matters of the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grant agreements that would be material in relation to Measure B Funds audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

**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.



Honorable Mayor and City Council  
City of Emeryville, California

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, 2005.

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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 & Lunghard, LLP*

October 7, 2005

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

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2005**

None noted.