

City of San Leandro

**Transportation Development Act
Article III Fund
San Leandro, California**

June 30, 2010

CITY OF SAN LEANDRO

**TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND
FOR THE YEAR ENDED JUNE 30, 2010**

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the City of San Leandro (City), California Transportation Development Act Article III Fund (TDA Fund) as of and for the year ended June 30, 2010, 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 auditing standards generally accepted in the United States of America. 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 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 presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in footnote 1, the financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position, results of operations and cash flows of the City of San Leandro in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TDA Fund as of June 30, 2010, and the results of its operations and change in fund balance for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
December 22, 2010

**CITY OF SAN LEANDRO
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**BALANCE SHEET
JUNE 30, 2010**

	<u>Capital Projects Fund</u>
ASSETS	
Grants receivable	\$ 73,896
Total assets	<u>\$ 73,896</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to Other Funds	\$ 73,896
Total liabilities	<u>73,896</u>
Fund Balances	
Total fund balances	<u>-</u>
Total liabilities and fund balances	<u>\$ 73,896</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SAN LEANDRO
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Capital Projects Fund</u>
REVENUES:	
Intergovernmental	<u>\$ 71,145</u>
EXPENDITURES:	
Pedestrian Accessibility Improvements	<u>71,145</u>
Total expenditures	<u>71,145</u>
REVENUES OVER (UNDER) EXPENDITURES	-
FUND BALANCE:	
Beginning of year	<u>-</u>
End of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SAN LEANDRO
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – The City of San Leandro, California (City) Transportation Development Act Article III Funds (TDA Funds) include the financial activities associated with allocations funded by the State of California Transportation Development Act (TDA). The State of California created a local transportation fund for each County funded by a portion of the State sales tax.

The TDA Funds are distributed through the Metropolitan Transportation Commission (MTC) which is the agency’s responsibility for allocation of funds to eligible claimants within the greater San Francisco Bay area.

The TDA grant is for Pedestrian/Bicycle Projects.

TDA Funds are part of the City and are included in the capital projects funds of the comprehensive annual financial report of the City.

These TDA Fund financial statements are not intended to present fairly the financial position, results of operations and cash flows of the City of San Leandro in conformity with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Fund Accounting – The accounts of the TDA Fund for the City are organized on the basis of funds, and is considered to be a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Fund is accounted for in a governmental capital projects fund. Capital projects 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.

Basis of Accounting – The accounting and reporting treatment applied to a fund is determined by its measurements focus. All governmental funds are accounted for on a spending or “current financial resources” measurement focus. Accordingly, only current asset and current liabilities generally are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**CITY OF SAN LEANDRO
TRANSPORTATION DEVELOPMENT ACT ARTICLE III FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

All governmental fund types are accounted for using the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred.

Revenue Recognition – Under the terms of the various grant agreements, the TDA Funds generally recognize revenues when approved expenditures are incurred. Accordingly, the accompanying financial statements present grants receivable and the corresponding intergovernmental revenues.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. TDA ARTICLE III REVENUE / EXPENDITURES

The following is a summary of the project grant revenues and total expenditures.

<u>Project Name</u>	<u>MTC Allocation #</u>	<u>TDA Grant</u>	<u>Summary of Prior Years Expenditures</u>	<u>Current Year Expenditures</u>
Ped Accessibility	08001099	\$ 76,537	\$ 71,918	\$ 4,619
Misc Traffic Safety	09001054	10,000	-	129
Ped Accessibility	09001054	85,939	7,118	62,562
Ped Safety Equip	10001092	52,640	-	3,835
Total		<u>\$ 521,035</u>	<u>\$ 362,280</u>	<u>\$ 71,145</u>



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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

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

We have audited the financial statements of the Transportation Development Act Article III Funds (TDA Funds) of The City of San Leandro, California (City) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 22, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In connection with our audit, we also read and performed the applicable audit steps in Sections 6666 and 6667 of the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act), and we have also read the Allocation Instructions of the Metropolitan Transportation Commission.

Compliance with laws, regulations, contracts and grants applicable to the TDA Funds of the City is the responsibility of the management of the City. As part of obtaining reasonable assurance about whether the TDA Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express an opinion.

The results of our test of compliance indicates that, with respect to the items tested, the TDA Funds of the City complied, in all material respects, with the provisions as set forth above. With respect to the items not tested, nothing came to our attention that caused us to believe that the TDA Funds had not complied in all material respects, with those provisions. Also, in our opinion, the funds allocated to the City for the year ended June 30, 2010 were expended, in all material respects, in compliance with the requirements contained in Section 6664 and 6667 of the Act and the Instructions of the Metropolitan Transportation Commission as set forth above.

This report is intended solely for the information and use of the Mayor, City Council Members, management, and the Metropolitan Transportation Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP.
Pleasanton, California
December 22, 2010