

**CITY OF SAN PABLO
PEDESTRIAN AND BICYCLE PROGRAM
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009**

**CITY OF SAN PABLO
PEDESTRIAN AND BICYCLE PROGRAM
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the City of San Pablo Pedestrian and Bicycle Program (the Program) as of June 30, 2010 and 2009 and for the years then ended, as listed in the 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 audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America and the standards prescribed by the Transportation Development Act. Those standards require that we plan and perform the audits 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Program and are not intended to present fairly the financial position or results of operations of the City in conformity with generally accepted accounting principles 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 Program as of June 30, 2010 and 2009, and the results of the Program's operations for the years then ended in conformity with generally accepted accounting principles in the United States of America.



December 21, 2010

CITY OF SAN PABLO
PEDESTRIAN AND BICYCLE PROGRAM
BALANCE SHEETS
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
	Allocation Instruction # 08001054	Allocation Instruction # 07001069
ASSETS		
Due from Metropolitan Transportation Commission (Note 2)	<u>\$160,000</u>	<u>\$33,000</u>
LIABILITIES		
Due to City of San Pablo	<u>\$160,000</u>	<u>\$33,000</u>

See accompanying notes to financial statements

CITY OF SAN PABLO
 PEDESTRIAN AND BICYCLE PROGRAM
 STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
	Allocation Instruction # 08001054	Allocation Instruction # 07001069
REVENUES		
T.D.A. Article 3.0 (Note 2)	\$160,000	\$33,000
Total Revenues	<u>160,000</u>	<u>33,000</u>
EXPENDITURES:		
Amador to San Pablo Dam Road Sidewalk Gap Closure		33,000
El Portal Gateway Project	<u>160,000</u>	
Total Expenditures	<u>160,000</u>	<u>33,000</u>
Excess of Revenues Over Expenditures		
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See accompany notes to financial statements

**CITY OF SAN PABLO
PEDESTRIAN AND BICYCLE PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of San Pablo has developed the Pedestrian and Bicycle Program (Program) under the Transportation Development Act (TDA), Article 3.0, for the construction of pedestrian pathways and wheelchair ramps and bicycle master plan studies. The Program is funded by TDA grants.

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

A. Fund Accounting

The Program is accounted for as part of the Public Works Capital Projects Fund of the City of San Pablo. This Fund is a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized. The Program is accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when they are incurred.

NOTE 2 - TDA 3.0 REVENUES

The City received allocation instructions from the Metropolitan Transportation Commission for the following projects:

Allocation Instruction #	Project Name	Grant	Expended to June 30, 2010	Revenue in fiscal 2009/10	Revenue to Date
	Amador to San Pablo Dam Road				
07001069	Sidewalk Gap Closure	\$33,000	\$33,000	\$0	\$33,000
08001054	El Portal Gateway Project	160,000	160,000	160,000	160,000
09001101	Connector Trail to Davis Park	127,972	0	0	0

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**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***

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

We have audited the financial statements of the City of San Pablo Pedestrian and Bicycle Program (the Program) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 21, 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 Program's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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. 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.

This report is intended solely for the information and use of the Metropolitan Transportation Commission, management, City Council, others within the City, and 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.

Mane & Associates

December 21, 2010