

CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

FINANCIAL STATEMENTS

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WITH INDEPENDENT AUDITORS' REPORTS

FISCAL YEAR ENDED JUNE 30, 2006

CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2006

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of City Council
City of Albany, California

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority – Measure B Funds (“Measure B Funds”) as of and for the year ended June 30, 2006, as listed in the accompanying 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Measure B Funds and are not intended to present fairly the financial position and results of operations of the City.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Funds of the City as of June 30, 2006 and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

San Francisco, California
Xxxxxx, 2006

MEASURE B FUND FINANCIAL STATEMENTS

THE CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

All transactions of the Alameda County Transportation Improvement Authority – Measure B Funds (“Measure B Funds”) of the City of Albany, California (the “City”), are included as separate special revenue funds in the basic financial statements of the City. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position of the City and the results of its operations and cash flows of its proprietary fund type.

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

C. 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. Special Revenue funds are funds which are used to account for revenues derived from specific sources, and for which expenditures are restricted to specific purposes. The City uses Special Revenue Funds to account for the Measure B Funds revenue and expenditures.

NOTE 2 – Cash and Investments

Cash and investments are maintained on a pooled basis with those of other funds of the City. In accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. government or its agencies
- Bonds issued by the City or other local California agencies
- Negotiable certificates of deposit
- Bankers’ acceptances
- Commercial paper
- Local Agency Investment Fund (State Pool) deposits
- Repurchase agreements
- Corporate medium term notes
- Securities of the State of California or its agencies

NOTE 2 – Cash and Investments (Continued)

THE CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the average month-end balances. The credit risk, carrying amount and market value of pooled cash and investments at June 30, 2006 is included in the Comprehensive Annual Financial Report of the City of Albany.

NOTE 3 – Receivables

Receivables at June 30, 2006 consist of ACTIA distributions for May and June, received in July and August 2006, and an ACTA distribution for April, received in July 2006.

NOTE 4 – Due to other funds

Amounts due to other funds arise from payments of current year expenditures, utilizing General Fund cash, to be reimbursed to the General Fund after the close of the fiscal year.

NOTE 5 - Measure B Funds

The voters of Alameda County passed Measure B in November 1986, which authorized the collection of an additional one-half cent sales tax to be used for transportation-related expenditures, and was for a period which began in April 1987 and ran through March 31, 2002. The City of Albany utilizes Measure B fund to maintain existing streets and to conduct special projects designed to improve traffic flows, traffic safety and on-street parking. Major projects such as street repaving, traffic studies and median design are contracted to outside firms that specialize in the work to be performed. Recurring maintenance work such as pothole patching, street sign replacement and median island maintenance is performed by City maintenance workers, under the supervision of the City's Public Works Manager. The Alameda County Transportation Authority ("ACTA") was created to oversee the expenditures of these funds, and the funds were distributed to the cities and county based on city population and road miles.

In 2000, the voters re-authorized the Measure B initiative originally authorized in 1986. Also in 2000, the Alameda County Transportation Improvement Authority ("ACTIA") was created to oversee expenditures of the Measure B funds. The one-half cent sales tax will be in effect from April 1, 2002 through March 30, 2022.

INDEPENDENT AUDITORS' REPORT
ON MEASURE B FUNDS COMPLIANCE

To the Honorable Mayor and
Members of City Council
City of Albany, California

We have audited the basic financial statements of the City of Albany, California (the "City"), as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated October 5, 2006. 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 of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the City are free of material misstatement, we performed tests of its compliance with Measure B Fund requirements as specified in the agreement between the City and the Alameda County Transportation Improvement Authority.

In our opinion, the City of Albany is materially in compliance with the laws, regulations, contracts and grant requirements related to Measure B Funds as specified in the agreement between the City and the Alameda County Transportation Improvement Authority.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a 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 misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by City staff in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and the Alameda County Transportation Improvement Authority and is not intended to be and should not be used by anyone other than these specified parties.

San Francisco, California
October 5, 2006

CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY MEASURE B FUNDS

COMBINED BALANCE SHEET

JUNE 30, 2006

	<u>Paratransit</u>	<u>Streets & Roads/Bicycle & Pedestrian</u>			
	<u>ACTIA Paratransit</u>	<u>ACTIA Streets & Roads</u>	<u>ACTIA Bicycle & Pedestrian</u>	<u>ACTA Streets/Bicycle Pedestrian</u>	<u>Total</u>
ASSETS					
Receivables	\$ 4,151	\$ 52,191	\$ 6,823	\$ 441	\$ 63,606
Total assets	<u>\$ 4,151</u>	<u>\$ 52,191</u>	<u>\$ 6,823</u>	<u>\$ 441</u>	<u>\$ 63,606</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,543	\$ 1,656	\$ 2,385	\$ 441	\$ 7,025
Due to other funds	1,608	-	4,153	-	5,761
Total liabilities	<u>4,151</u>	<u>1,656</u>	<u>6,538</u>	<u>441</u>	<u>12,786</u>
Fund balances	<u>-</u>	<u>50,535</u>	<u>285</u>	<u>-</u>	<u>50,820</u>
Total liabilities and fund balances	<u>\$ 4,151</u>	<u>\$ 52,191</u>	<u>\$ 6,823</u>	<u>\$ 441</u>	<u>\$ 63,606</u>

CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY MEASURE B FUNDS

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Paratransit</u>	<u>Streets & Roads/Bicycle & Pedestrian</u>			
	<u>ACTIA Paratransit</u>	<u>ACTIA Streets & Roads</u>	<u>ACTIA Bicycle & Pedestrian</u>	<u>ACTA Streets/Bicycle & Pedestrian</u>	<u>Total</u>
REVENUES					
Measure B Funds	\$ 33,407	\$ 335,681	\$ 43,888	\$ 3,628	\$ 416,604
Other revenue	988	2,199	285	-	3,472
Total revenues	<u>34,395</u>	<u>337,880</u>	<u>44,173</u>	<u>3,628</u>	<u>420,076</u>
EXPENDITURES					
Contract operations	17,464	31,567	47,625	-	96,656
Non-contract operations	20,943	278,517	-	3,628	303,088
Total expenditures	<u>38,407</u>	<u>310,084</u>	<u>47,625</u>	<u>3,628</u>	<u>399,744</u>
Revenues over (under) expenditures	(4,012)	27,796	(3,452)	-	20,332
Fund balances, beginning of year	<u>4,012</u>	<u>22,739</u>	<u>3,737</u>	<u>-</u>	<u>30,488</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 50,535</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 50,820</u>