

CITY OF PIEDMONT
ALAMEDA COUNTY
TRANSPORTATION IMPROVEMENT
AUTHORITY
MEASURE B FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

CITY OF PIEDMONT

**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT
AUTHORITY-MEASURE B FUNDS**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
of the City of Piedmont
Piedmont, California

We have audited the accompanying financial statements of Measure B Fund of the City of Piedmont, California, as of and for the year ended June 30, 2006, 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Measure B Fund, and do not purport to, and do not, present fairly the financial position and results of operations of the City of Piedmont, California 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 Measure B Fund of the City of Piedmont, California at June 30, 2006, and the results of its operations 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
September 8, 2006



INDEPENDENT AUDITORS' COMPLIANCE REPORT
(ACTA)

Honorable Mayor and Members of the City Council
of the City of Piedmont
Piedmont, California

We have audited the basic financial statements of the City of Piedmont as of and for the year ended June 30, 2006, and have issued our report thereon dated September 8, 2006. Our audits were made in accordance with auditing standards generally accepted in the United States of America and Section II, Paragraph 1 of the Agreement with the Alameda County Transportation Authority (ACTA) for distribution of Measure B Funds and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

During the year ended June 30, 2006, the City of Piedmont received \$3,687 in Measure B funds. During this same period, expended Measure B funds were allocated to the 2005-2006 Street Projects. The City of Piedmont spent the entire \$3,687 on street resurfacing.

These expenditures were made in compliance with two provisions of the agreement between the City of Piedmont and the Alameda County Transportation Authority dated July 20, 1987, which require that:

Measure B Funds cannot replace property tax funds. There have been no property tax funds allocated to the above projects.

Measure B Funds must be used for transportation purposes. As stated above, all Measure B funds expended during the year ended June 30, 2006, were allocated to the above project.

Based on our audits, we found that for the items tested, the City of Piedmont complied with Section II, Paragraph 1 of the Agreement referred to above. Further, based on our audits, for items not tested, nothing came to our attention to indicate that the City of Piedmont had not complied with the covenants of the agreement referred to above.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
September 8, 2006



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE B 2000
FUNDS AND INTERNAL CONTROL OVER COMPLIANCE
(ACTIA)

Honorable Mayor and Members of the City Council
of the City of Piedmont
Piedmont, California

Compliance

We have audited the compliance of the City of Piedmont (the City) with the certain requirements described in an Agreement with the Alameda County Transportation Improvement Authority dated March 4, 2002 that are applicable to its Measure B Funds for the year ended June 30, 2006. 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.

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. 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 Piedmont 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, 2006.

Internal Control Over Compliance

City management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants 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 in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants 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.

This report is intended for the information and use of the City Council, management, others within the City and operating agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vannetti, Tine, Dang & Co., LLP

Pleasanton, California
September 8, 2006

CITY OF PIEDMONT

**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT
AUTHORITY-MEASURE B FUNDS**

BALANCE SHEET

JUNE 30, 2006

	Special Revenue Funds			TOTAL
	ACTA Measure B	ACTIA Streets and Roads	ACTIA Bike and Pedestrian	
ASSETS				
Cash and investments			\$ 38,596	\$ 38,596
Other receivables	\$ 449	\$ 54,193	4,505	59,147
Total Assets	<u>\$ 449</u>	<u>\$ 54,193</u>	<u>\$ 43,101</u>	<u>\$ 97,743</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and other accrued liabilities		\$ 9,270		\$ 9,270
Due to City of Piedmont	\$ 449	65,789		66,238
Total Liabilities	<u>449</u>	<u>75,059</u>		<u>75,508</u>
FUND BALANCES				
Unreserved:				
Designated for capital projects			43,101	43,101
Undesignated		(20,866)		(20,866)
Total Fund Balances		<u>(20,866)</u>	<u>43,101</u>	<u>22,235</u>
Total Liabilities and Fund Balances	<u>\$ 449</u>	<u>54,193</u>	<u>\$ 43,101</u>	<u>\$ 97,743</u>

See accompanying notes to the financial statements.

CITY OF PIEDMONT

**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT
AUTHORITY-MEASURE B FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED JUNE 30, 2006

	Special Revenue Funds			TOTAL
	ACTA Measure B	ACTIA Streets and Roads	ACTIA Bike and Pedestrian	
REVENUES				
Taxes	\$ 3,687	\$ 348,565	\$ 28,978	\$ 381,230
EXPENDITURES				
Street resurfacing	3,687	536,953		540,640
Excess (Deficiency) of Revenues Over (Under) Expenditures		(188,388)	28,978	(159,410)
OTHER FINANCING SOURCES				
Transfers from the City of Piedmont		70,457		70,457
Net Change in Fund Balances		(117,931)	28,978	(88,953)
Fund Balances, Beginning of Year		97,065	14,123	111,188
Fund Balances, End of Year	\$ -	\$ (20,866)	\$ 43,101	\$ 22,235

See accompanying notes to the financial statements.

CITY OF PIEDMONT

**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT
AUTHORITY-MEASURE B FUNDS**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – All transactions of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Funds) of the City of Piedmont, California, are included as a separate special revenue fund 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 for eligible street, bicycle, and pedestrian projects. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position of the City or the results of its operations.

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.

Description of Funds – The accounts are maintained in the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts.

The following fund types are used:

Special Revenue Funds – To account for the proceeds of specific revenues that are legally restricted to be expended for specified purposes.

NOTE 2 - MEASURE B FUNDS

Under Measure B, approved by the voters of Alameda County in 1986, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. This Measure was adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid by property taxes but, rather would be used for additional projects and programs.

Measure B funds were received by the City from two different sources (*Old* and *New* Measure B). Old Measure B funding from the Alameda County Transportation Authority was replaced by the New Measure B funding from the Alameda County Transportation Improvement Authority during the fiscal year ended June 30, 2002.

Projects funded by Measure B were as follows:

Street Resurfacing Projects – To place overlays on various streets throughout the City.

CITY OF PIEDMONT

**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT
AUTHORITY-MEASURE B FUNDS**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2 - MEASURE B FUNDS, Continued

From a pool of funds held by the County, 22.33 percent 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.