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CITY OF PIEDMONT

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

FOR THE YEAR ENDED JUNE 30, 2005

CITY OF PIEDMONT
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT
AUTHORITY-MEASURE B FUNDS

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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, 2005, and have issued our report thereon dated August 26, 2005. 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, 2005, the City of Piedmont received \$3,259 in Measure B funds. During this same period, expended Measure B funds were allocated to the 2004-2005 Street Projects. The City of Piedmont spent the entire \$3,259 on street resurfacing.

These expenditures were made in compliance with two provisions of the agreement between the City of Piedmont and 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, 2005, 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 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
August 26, 2005



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, 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.

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, 2005.

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 system 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.

Vavreck, Trinkl, Day & Co., LLP

Pleasanton, California
August 26, 2005

CITY OF PIEDMONT

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

BALANCE SHEET

JUNE 30, 2005

	Special Revenue Funds			
	ACTA Measure B	ACTIA Streets and Roads	ACTIA Bike and Pedestrian	TOTAL
ASSETS				
Cash and investments		\$ 46,305	\$ 9,783	\$ 56,088
Other receivables		52,460	4,340	56,800
Total Assets	\$ -	\$ 98,765	\$ 14,123	\$ 112,888
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payable and other accrued liabilities		\$ 1,700		\$ 1,700
Total Liabilities	-	1,700	-	1,700
 FUND BALANCES				
Unreserved:				
Designated for capital projects		97,065	\$ 14,123	111,188
Total Fund Balances	-	97,065	14,123	111,188
Total Liabilities and Fund Balances	\$ -	\$ 98,765	\$ 14,123	\$ 112,888

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, 2005

	Special Revenue Funds			TOTAL
	ACTA Measure B	ACTIA Streets and Roads	ACTIA Bike and Pedestrian	
REVENUES				
Taxes	\$ 3,259	\$ 326,320	\$ 26,995	\$ 356,574
Total Revenues	3,259	326,320	26,995	356,574
EXPENDITURES				
Street resurfacing	3,259	296,896		300,155
Sidewalk grinding			41,160	41,160
Total Expenditures	3,259	296,896	41,160	341,315
REVENUES OVER EXPENDITURES		29,424	(14,165)	15,259
Fund Balance, Beginning of Year	-	67,641	28,288	95,929
Fund Balance, End of Year	\$ -	\$ 97,065	\$ 14,123	\$ 111,188

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CITY OF PIEDMONT

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

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.

Bicycle and Pedestrian Safety – To fund various bicycle and pedestrian safety projects throughout the City.

CITY OF PIEDMONT

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

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.