

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, 2010

CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Financial Statements:	
Combined Balance Sheet.....	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances.....	4
Notes to Financial Statements	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8
Independent Auditors' Report on Measure B Compliance	10



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Funds) of the City of Albany, California (City), as of and for the year ended June 30, 2010, as listed in the foregoing 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 audit.

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. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 described in Note 1, the financial statements of the Alameda County Transportation Improvement Authority Measure B Funds are intended to present the financial position, and changes in financial position of only that portion of the City of Albany, California that is attributable to Measure B funds. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2010 and changes in its financial position for the year then ended 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 Measure B Funds of the City as of June 30, 2010, and the results of its operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles in the United States.

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

In accordance with *Government Auditing Standards*, we have also issued our report as of and for the year ended June 30, 2010, dated January 31, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
January 31, 2011

MEASURE B FUND FINANCIAL STATEMENTS

CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY MEASURE B FUNDS

COMBINED BALANCE SHEET

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>ACTIA Paratransit</u>	<u>ACTIA Streets and Roads</u>	<u>ACTIA Bicycle and Pedestrian</u>	<u>Combined</u>
ASSETS				
Receivables (Note 3)	<u>\$ 11,389</u>	<u>\$ 44,482</u>	<u>\$ 67,765</u>	<u>\$ 123,636</u>
Total assets	<u>\$ 11,389</u>	<u>\$ 44,482</u>	<u>\$ 67,765</u>	<u>\$ 123,636</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 974	\$ 31	\$ -	\$ 1,005
Accrued salaries and benefits	973	-	-	973
Due to other funds (Note 4)	<u>6,917</u>	<u>43,969</u>	<u>36,569</u>	<u>87,455</u>
Total liabilities	<u>8,864</u>	<u>44,000</u>	<u>36,569</u>	<u>89,433</u>
Fund balances	<u>2,525</u>	<u>482</u>	<u>31,196</u>	<u>34,203</u>
Total liabilities and fund balances	<u>\$ 11,389</u>	<u>\$ 44,482</u>	<u>\$ 67,765</u>	<u>\$ 123,636</u>

CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY MEASURE B FUNDS

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>ACTIA Paratransit</u>	<u>ACTIA Streets and Roads</u>	<u>ACTIA Bicycle and Pedestrian</u>	<u>Combined</u>
REVENUES				
Measure B Funds	\$ 23,209	\$ 277,662	\$ 36,689	\$ 337,560
Measure B Funds - Project specific	12,574	-	113,411	125,985
Other revenue	<u>4</u>	<u>513</u>	<u>68</u>	<u>585</u>
Total revenues	<u>35,787</u>	<u>278,175</u>	<u>150,168</u>	<u>464,130</u>
EXPENDITURES				
Contract operations	14,135	64,307	5,561	84,003
Non-contract operations	24,815	213,386	-	238,201
Capital outlay	<u>-</u>	<u>-</u>	<u>113,411</u>	<u>113,411</u>
Total expenditures	<u>38,950</u>	<u>277,693</u>	<u>118,972</u>	<u>435,615</u>
Revenues over (under) expenditures	(3,163)	482	31,196	28,515
Fund balances, beginning of year	<u>5,688</u>	<u>-</u>	<u>-</u>	<u>5,688</u>
Fund balances, end of year	<u>\$ 2,525</u>	<u>\$ 482</u>	<u>\$ 31,196</u>	<u>\$ 34,203</u>

THE CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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. Measure B Funds are used to account for the City's share of revenues earned and expenditures incurred under the City's paratransit, local streets and roads, and bicycle and pedestrian programs. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position of the City.

B. Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current periods. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Measure B Sales Taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures have been incurred.

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.

THE CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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
- Investment Trust of California (CalTrust)
- Repurchase agreements
- Corporate medium term notes
- Securities of the State of California or its agencies

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, 2010 is included in the Comprehensive Annual Financial Report of the City of Albany.

As of June 30, 2010, the Measure B Funds did not have any cash or investments pooled with other City funds.

NOTE 3 - Receivables

Paratransit - At June 30, 2010, receivables consist of ACTIA pass-through receivables of \$3,718, and Measure B GAP grant receivables in the amount of \$7,671.

Streets and Roads - At June 30, 2010, receivables consist of ACTIA pass-through receivables of \$44,482.

Bicycle and Pedestrian - At June 30, 2010, receivables consist of ACTIA pass-through receivables of \$5,878 and Measure B project specific grant receivables in the amount of \$61,887.

NOTE 4 - Due to Other Funds

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

THE CITY OF ALBANY

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - Measure B Funds

The voters of Alameda County passed Measure B, which authorized formation of the Alameda County Transportation Authority (ACTA) in 1986, and the formation of the Alameda County Transportation Improvement Authority (ACTIA) in 2000. These measures authorized the collection 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 for by property taxes but, rather, would be used for additional streets and programs. The City of Albany utilizes Measure B funds to maintain existing streets and to conduct special projects designed to improve traffic flows, pedestrian 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.



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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**

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

We have audited the basic financial statements of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Funds) of the City of Albany (City) as of and for the fiscal year ended June 30, 2010, as listed in the foregoing table of contents and have issued our report thereon dated January 31, 2011. 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 Measure B Funds' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure B Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Measure B Funds' 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Measure B Funds' financial statements will not be prevented, or detected and corrected on a timely basis.

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

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 Measure B Funds' basic financial statements are free of material misstatements, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

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. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
January 31, 2011



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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON MEASURE B COMPLIANCE

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

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds (Measure B Funds) of the City of Albany, California (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated January 31, 2011.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and 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 with laws and regulations, contracts and grants applicable to the City is the responsibility of City management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of City compliance with Measure B grant regulations as specified in the agreement between the City and Alameda County Transportation Improvement Authority for the year ended June 30, 2010.

Under Measure B, approved by the voters of Alameda County in 2000, the City has received under ACTIA Measure B a total of 12 months of revenue from July 2009 through June 2010. The Paratransit program has received \$35,783, Local Street and Roads program has received \$277,662, and the Bike and Pedestrian program has received \$150,100. This financial statement reflects twelve months of revenue for the Local Streets and Roads, and the Bike and Pedestrian programs.

In our opinion the City of Albany is materially in compliance with the laws and regulations, contracts and grant requirements related to Measure B 2000 funds as specified in the agreement between the City and Alameda County Transportation Improvement Authority. Our opinion is covering the period from July 1, 2009 through June 30, 2010.

This report is intended for the information 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 specific parties. However, this report is a matter of public record and its distribution is not limited.

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San Francisco, California
January 31, 2011