

**CITY OF PIEDMONT  
ALAMEDA COUNTY TRANSPORTATION  
IMPROVEMENT AUTHORITY  
MEASURE B 2000 FUNDS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2011**

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**CITY OF PIEDMONT  
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B 2000 FUNDS**

**Financial Statements  
For the Year Ended June 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds (Measure B Funds of the City of Piedmont, California) as of and for the year ended June 30, 2011 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 generally accepted auditing standards in the United States of America and the standards for 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 as to 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.

In accordance with *Government Auditing Standards*, we have also issued our report December 7, 2011 on our consideration of the City of Piedmont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of 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 considered in assessing the results of our audit.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Measure B Funds and are not intended to present fairly the financial position of the City and the results of its operations in conformity with generally accepted accounting principles.

As of July 1, 2010, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. The provisions of this statement affect the classification of fund balances reported in the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the Measure B Funds at June 30, 2011 and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Maze & Associates

December 7, 2011

CITY OF PIEDMONT  
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT  
AUTHORITY - MEASURE B FUNDS  
BALANCE SHEET  
JUNE 30, 2011

	<u>Measure B 2000 Programs &amp; Projects</u>			Total
	ACTA Measure B	ACTIA Streets and Roads	ACTIA Bike and Pedestrian	
<b>ASSETS</b>				
Cash and investments (Note 2)	\$2,374	\$488,595	\$98,730	\$589,699
Other receivables		88,596	7,118	95,714
<b>Total Assets</b>	<b>\$2,374</b>	<b>\$577,191</b>	<b>\$105,848</b>	<b>\$685,413</b>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities			\$4,469	\$4,469
<b>Total Liabilities</b>			<b>4,469</b>	<b>4,469</b>
<b>FUND BALANCES</b>				
Restricted for:				
Measure B programs & projects	\$2,374	\$577,191	101,379	680,944
<b>Total Fund Balances</b>	<b>2,374</b>	<b>577,191</b>	<b>101,379</b>	<b>680,944</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,374</b>	<b>\$577,191</b>	<b>\$105,848</b>	<b>\$685,413</b>

See accompanying notes to financial statements



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**CITY OF PIEDMONT**  
**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY – MEASURE B FUNDS**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Reporting Entity***

All transactions of the Alameda County Transportation Authority - Measure B Funds (Measure B Funds) of the City of Piedmont, California (City), are included as 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 under the City's streets and roads, and 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.

**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 increased (revenues and other financing sources) and decreased (expenditures and other financing uses) in net current assets.

**C. *Description of Fund***

The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts. The City uses Special Revenue Fund to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

**D. *Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments are maintained on a pooled basis with those of other funds of the City. The City did not enter into any reverse repurchase agreements during fiscal year 2011. All investments are stated at fair value. Pooled investment earnings are allocated semi-annually based on the average semi-annual cash and investment balances of the City's various funds.

See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

**CITY OF PIEDMONT**  
**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY – MEASURE B FUNDS**  
**Notes to Financial Statements**

**NOTE 3 – MEASURE B FUNDS**

Under Measure B, approved by the voters of Alameda County in 1986 and 2000, the City receives a portion of the proceeds of an additional on-half cent sales tax to be used for transportation-related expenditures. These measures were 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.

Projects funded by Measure B were as follows:

*Street Resurfacing* - To improve, repair, and overlay city streets.

*Bike and Pedestrian* - To provide sidewalk and ADA improvements and to implement the bikeway network.

The pool of funds held by the County 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. Funds allocated for streets and roads; bike lanes and pedestrian lanes are recorded as a special revenue fund.

During the fiscal year ended June 30, 2011, the City's Traffic Congestion Relief Special Revenue Fund transferred \$26,559 and \$127,815 to ACTIA Streets and Roads Fund and ACTIA Bike and Pedestrian Fund, respectively.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

The City participates in several grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**INDEPENDENT AUDITOR'S  
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***

Honorable Mayor and City Council  
City of Piedmont, California

We have audited the financial statements of Alameda County Transportation Improvement Authority - Measure B 2000 Funds of the City of Piedmont (Measure B Funds) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 7, 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***

Management of the City of Piedmont is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

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. However, we identified certain deficiencies in internal control over financial reporting described in a separate Memorandum on Internal Control dated December 7, 2011, which is an integral part of our audits and should be read in conjunction with this report, that we consider to be significant deficiencies in internal control over financial reporting as noted in the Schedule of Findings in the Memorandum on Internal Control. 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.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's 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. 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.

As part of our audit, we prepared and issued our separate Memorandum on Internal Control dated December 7, 2011.

This report is intended solely for the information and use of 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.

*More & Associates*

December 7, 2011

## INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

Honorable Mayor and City Council  
City of Piedmont, California

We have audited the financial statements of Alameda County Transportation Improvement Authority (ACTIA) – Measure B 2000 Funds of the City of Piedmont (Measure B Funds) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 7, 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

### *Compliance*

We have audited the City of Piedmont's compliance with the requirements of Alameda County Measure B 2000 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the City of Piedmont management. Our responsibility is to express an opinion on City of Piedmont'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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and requirements of Alameda County Measure B 2000. Those standards and requirements of Alameda County Measure B 2000 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 material effect on Measure B Funds. An audit includes examining, on a test basis, evidence about the City of Piedmont'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 of the City of Piedmont's compliance with those requirements.

In our opinion, the City of Piedmont complied, in all material respects, with the compliance requirements referred to above that are applicable to Measure B Funds for the year ended June 30, 2011.

### *Internal Control Over Compliance*

Management of the City of Piedmont is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City of Piedmont's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Piedmont's internal control over compliance.

A *deficiency in internal control over compliance* 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, noncompliance on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of City Council, Management, ACTIA, its Board and Committees, others within the entity, and members of the public that will examine compliance information and is not intended to be and should not be used by anyone other than these specified parties.

*Maize & Associates*

December 7, 2011