

City of Albany

Transportation Development Act Fund

Albany, California

*Financial Statements and
Independent Auditors' Reports*

For the years ended June 30, 2014 and 2013

**City of Albany Transportation Development Act Fund
Financial Statements
For the year ended June 30, 2014 and 2013**

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act Fund (TDA Fund) of the City of Albany, California (City), as of and for the year ended June 30, 2014 and 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Fund of the City as of June 30, 2014 and 2013, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2014 and 2013, and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of the City's internal control over financial reporting in relation to the TDA Fund 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Badawi & Associates
Certified Public Accountants
Oakland, California
December 29, 2014

City of Albany
Transportation Development Act Fund
Balance Sheet
June 30, 2014 and 2013

	2014	2013
ASSETS		
Intergovernmental receivables	\$ -	\$ 26,225
Total assets	\$ -	\$ 26,225
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Due to general fund	\$ -	\$ 26,225
Total liabilities	-	26,225
Deferred inflows of resources:		
Unavailable revenue	-	26,225
Total deferred inflows of resources	-	26,225
Fund Balances:		
Unassigned	-	(26,225)
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 26,225

See accompanying Notes to Financial Statements.

City of Albany
Transportation Development Act Fund
Statement of Revenues, Expenditures and Change in Fund Balances
For the Fiscal Years Ended June 30, 2014 and 2013

	2014	2013
Revenues:		
TDA Revenues	\$ 26,225	\$ -
Total Revenues	<u>26,225</u>	<u>-</u>
Expenditures:		
Capital improvement	-	14,421
Total Expenditures	<u>-</u>	<u>14,421</u>
Net change in fund balances	<u>-</u>	<u>-</u>
Fund Balances:		
Beginning of year	(26,225)	(11,804)
End of year	<u>\$ -</u>	<u>\$ (26,225)</u>

See accompanying Notes to Financial Statements.

City of Albany Transportation Development Act Fund
Notes to Financial Statements
For the year ended June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Albany (City) has developed the Handicap Ramps Program under the Transportation Development Act (TDA), Article 3.0 which provides funding for such purpose. The Program is funded by the Metropolitan Transportation Commission (MTC). All transactions of the Transportation Development Act Fund (TDA Fund) of the City of Albany (City) are included as a separate special revenue fund in the basic financial statements of the City. The financial statements are intended to present the TDA Fund, and not the financial position and the changes in fund balances of the City as a whole.

B. *Basis of Accounting and Measurement Focus*

The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available (generally 60 days after year-end), 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 sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

C. *Fund Accounting*

The operations of the TDA Fund are accounted for in a separate special revenue fund. The fund is a separate accounting entity with a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenses.

D. *Deferred inflows of resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The TDA fund has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the balance sheet. The fund report unavailable revenues from one source: TDA Article 3.0 revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

E. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures during the reporting period. Actual results could differ from those estimates.

City of Albany Transportation Development Act Fund
Notes to Financial Statements
For the year ended June 30, 2014 and 2013

2. TDA ARTICLE 3.0 REVENUES

Revenues of \$26,225 that were recognized in FY13/14 represent receipts of reimbursements claimed for expenditures incurred in prior fiscal years; FY11/12 (\$11,804) and FY12/13 (\$14,421).



**INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the Transportation Development Act Fund (TDA Fund) of the City of Albany, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting in relation to TDA Fund (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

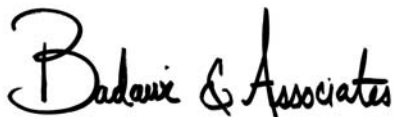
To the Honorable Mayor and Members of City Council
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Albany, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA Fund's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates
Certified Public Accountants
Oakland, California
December 29, 2014



INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION DEVELOPMENT ACT FUND COMPLIANCE

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

Compliance

We have audited the City of Albany's (City) compliance with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission that could have a direct and material effect on the City's Transportation Development Act Fund (TDA Fund), for the year ended June 30, 2014.

Management's Responsibility

Management of the City is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its TDA Fund.

Auditor's Responsibility

Our responsibility is to express an opinion on 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Those standards and the agreements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Fund. 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 on compliance for TDA Fund. However, our audit does not provide a legal determination of the City's compliance.

Opinion on TDA Fund

In our opinion, the City complied, in all material respects, with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission for the year ended June 30, 2014.

To the Honorable Mayor and Members of City Council

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Albany, California
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The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The lettering is cursive and fluid, with the "B" being particularly large and stylized.

Badawi & Associates
Certified Public Accountants
Oakland, California
December 29, 2014