CITY OF HAYWARD
PEDESTRIAN AND BICYCLE PROGRAM
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2006 AND 2005

CITY OF HAYWARD
BICYCLE AND PEDESTRIAN PROGRAM
A COMPONENT OF THE CITY OF HAYWARD, CALIFORNIA
FOR THE YEARS ENDED
JUNE 30, 2006 AND 2005

Pedestrian and Bicycle Program
(A Component of the City of Hayward, California)

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
of the City of Hayward, California

We have audited the accompanying financial statements of the City of Hayward Pedestrian and Bicycle Program (the Program), a component of the City of Hayward, California (the City), as of June 30, 2006, and for the year then ended, as listed in the 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. The prior year summarized information has been derived from the fiscal 2005 financial statements, and in our report dated October 28, 2005 we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America and the standards prescribed by the Transportation Development Act. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Program and are not intended to present fairly the financial position results of total operations of the City in conformity with generally accepted accounting principles 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 Program as of June 30, 2006, and the results of the Program's operations for the year then ended in conformity with generally accepted accounting principles in the United States of America.

Maze + Associates

October 27, 2006

City of Hayward
Bicycle and Pedestrian Program
(A Component of the City of Hayward, California)

BALANCE SHEETS, JUNE 30, 2006
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2005

	Allocation Instruction#		2006	2005
	05001120	6001100	Total	Total
ASSET				
Due from Metropolitan Transportation Commission (Note 3)		$1,052	$1,052	$1,083
LIABILITY				
Due to City of Hayward		$1,052	$1,052	$1,083

See notes to financial statements

City of Hayward
Bicycle and Pedestrian Program
(A Component of the City of Hayward, California)

STATEMENTS OF REVENUES AND EXPENDITURES -
YEAR ENDED JUNE 30, 2006
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2005

	Allocation Instruction#		2006	2005
	5001120	6001100	Total	Total
REVENUES:				
T.D.A. Article 3.0 (Note 3)	$87,842	$1,052	$88,894	$21,781
City of Hayward Contribution (Note 4)	46,155		46,155	43,763
Total Revenues	133,997	1,052	135,049	65,544
EXPENDITURES:				
Wheelchair Ramps	133,997	1,052	135,049	65,544
Total Expenditures	133,997	1,052	135,049	65,544
Excess of Revenues Over Expenditures				

See notes to financial statements

CITY OF HAYWARD
BICYCLE AND PEDESTRIAN PROGRAM
A COMPONENT OF THE CITY OF HAYWARD, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF REPORTING ENTITY

The City of Hayward, California (the City) Pedestrian and Bicycle Program (the Program) includes the financial activities associated with the projects funded by the State of California Transportation Development Act (TDA). The State of California created a local transportation fund for each County funded by one-quarter of a cent of the 7% state sales tax. Article 3 of the TDA permits local agencies to spend a portion of that money (not to exceed 2%) on facilities provided for the exclusive use of pedestrians and bicycles.

The projects are distributed through the Metropolitan Transportation Commission (MTC), which is the agency responsible for allocation of funds to eligible claimants within the greater San Francisco Bay Area. Eligibility is contingent upon the cities having adopted a comprehensive bicycle master plan. The City of Hayward adopted a comprehensive master plan in April 1994 (Resolution 94-076).

The Program is for the construction of wheelchair ramps, bicycle trails, and pedestrian crosswalk push buttons in various locations throughout the City. Individual project funds are generally expended over a two or three year period. There were $109,309 and $88,925 in funds allocated by MTC for the years ended June 30, 2006 and 2005 respectively.

The Program is part of the City and is included in the special revenue funds of the basic financial statements of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The projects are accounted for as part of a Capital Projects Fund of the City. A fund is a set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized. The projects are accounted for in a governmental fund type and the modified accrual basis of accounting is used. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. TDA Article 3.0 revenues are recognized when qualifying project expenditures are incurred. Expenditures are generally recognized when they are incurred.

NOTE 3 - TDA ARTICLE REVENUE/EXPENSE

Project Name	Allocation Instruction #	Grant	Expended to June 30, 2006	Revenue in fiscal 2005/06	Due from MTC
Wheelchair Ramps	5001120	$88,925	$88,925	$87,842	
Wheelchair Ramps	6001100	109,309	1,052	1,052	$1,052
				$88,894	$1,052

NOTE 4 – CITY OF HAYWARD CONTRIBUTION

During fiscal 2006, the projects had disbursements that exceeded the maximum grant moneys available. These disbursements were paid by the City and have been reflected as City contributions in the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH RULES AND REGULATIONS OF THE TRANSPORTATION DEVELOPMENT ACT

Honorable Members of the City Council of the
City of Hayward, California

We have audited the financial statements of the City of Hayward Pedestrian and Bicycle Program (the Program) as of and for the year ended June 30, 2006. Our audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances. This report is given in compliance with Public Utilities Code 99245 contained in the Transportation Development Act as enacted and amended by statute in January 1987.

In conjunction with our audit, we performed tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instruction and resolution and the rules and regulations of the Metropolitan Transportation Commission as required by Title 21 of the California Code of Regulations section 6666.

In our opinion, based on the audit procedures described in the preceding paragraph, the funds allocated to the Project were expended in conformance with the applicable laws, rules and regulations of the Transportation Development Act issued by the State of California Department of Transportation, and allocation instruction of the Metropolitan Transportation Commission.

Maze & Associates

October 27, 2006