

**CITY OF OAKLAND**

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

**FINANCIAL STATEMENTS  
JUNE 30, 2009**

**CITY OF OAKLAND  
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS  
June 30, 2009**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the Alameda County Transportation Improvement Authority (ACTIA) - Measure B Funds of the City of Oakland (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Oakland's management. Our responsibility is to express opinions 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 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 opinions.

As discussed in Note 1, the financial statements present only that portion of funds of the City that are attributable to the transactions of ACTIA Measure B Funds and do not purport to, and do not, present fairly the financial position of City of Oakland, California, as of June 30, 2009, the 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 respective financial position of the ACTIA Measure B Funds of the City of Oakland, California, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT (Continued)

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 11, 2009 on our consideration of the City of Oakland'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.

*Grant & Smith, LLP*

December 11, 2009  
Oakland, California



**CITY OF OAKLAND  
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2009**

	<u>Streets and Roads</u>	<u>Bike and Pedestrians</u>	<u>Paratransit</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash & Investments	\$ 11,042,469	\$ 2,521,323		\$ 13,563,792
Interest Receivable	22,328	4,818		27,146
Receivable for Measure B Allocation	1,183,552	143,775	\$ 123,099	1,450,426
Other Receivable	14,865	70,627	200,802	286,294
<b>TOTAL ASSETS</b>	<u>\$ 12,263,214</u>	<u>\$ 2,740,543</u>	<u>\$ 323,901</u>	<u>\$ 15,327,658</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 134,487	\$ 214,104	\$ 125,537	\$ 474,128
Due to Other Funds			182,263	182,263
<b>TOTAL LIABILITIES</b>	<u>134,487</u>	<u>214,104</u>	<u>307,800</u>	<u>656,391</u>
<b>FUND BALANCES:</b>				
Reserved for Encumbrances (Note 3)	1,294,798	31,426	16,101	1,342,325
Unreserved (Note 3)	10,833,929	2,495,013		13,328,942
<b>TOTAL FUND BALANCES</b>	<u>12,128,727</u>	<u>2,526,439</u>	<u>16,101</u>	<u>14,671,267</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 12,263,214</u>	<u>\$ 2,740,543</u>	<u>\$ 323,901</u>	<u>\$ 15,327,658</u>

*The accompanying notes and accountants' report are an integral part of these financial statement.*

**CITY OF OAKLAND  
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Streets and Roads</u>	<u>Bike and Pedestrians</u>	<u>Paratransit</u>	<u>Total</u>
<b>REVENUES:</b>				
Measure B Allocation	\$ 8,133,836	\$ 988,081	\$ 845,987	\$ 9,967,904
Interest on Investments	279,959	61,572		341,531
Charges on Services	14,355		108,902	123,257
Other	44,813	7,217	144,606	196,636
	<u>8,472,963</u>	<u>1,056,870</u>	<u>1,099,495</u>	<u>10,629,328</u>
<b>EXPENDITURES:</b>				
Transportation & Operation			1,120,453	1,120,453
Planning, Engineering & Construction	11,137,791	2,005,342		13,143,133
	<u>11,137,791</u>	<u>2,005,342</u>	<u>1,120,453</u>	<u>14,263,586</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(2,664,828)	(948,472)	(20,958)	(3,634,258)
<b>BEGINNING FUND BALANCES</b>	<u>14,793,555</u>	<u>3,474,911</u>	<u>37,058</u>	<u>18,305,524</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 12,128,727</u>	<u>\$ 2,526,439</u>	<u>\$ 16,100</u>	<u>\$ 14,671,266</u>

*The accompanying notes and accountants' report are an integral part of these financial statement.*

**CITY OF OAKLAND**  
**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY**  
**MEASURE B FUNDS**  
**Notes to Financial Statements**  
**June 30, 2009**

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

In November 2000 Alameda County voters approved Measure B, a ballot measure to continue the County's ½ cent sales tax for transportation through March 2022. Measure B also established the Alameda County Transportation Improvement Authority (ACTIA) to administer this sales tax effective April 1, 2002. Project funded by Measure B are as follows:

*Local Streets and Roads* – To maintain the City's local streets and roads. These funds help the City repave streets, fill pot holes, install traffic signals and street signs, speed bumps, as well as repair sidewalks and address traffic safety issues.

*Bike and Pedestrian Safety* – The City Council adopted a priority list of projects for Fiscal Years 2008-09 through 2012-13 which channels 65% of the City's bicycle/pedestrian funds to pedestrian safety projects and the remaining 35% earmarked for implementing the City's Bicycle Master Plan.

*Paratransit* – To provide transit services for the elderly and people with disabilities.

Measure B Funds are accounted for in special revenue funds of the City of Oakland's (the City) financial accounting records. The financial statements of the Measure B funds present only the financial activities of the Measure B Funds and are not intended to fairly present the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America.

**Measurement Focus and Basis of Accounting**

The accompanying 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 available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 120 days after the end of the current fiscal year. Expenditures are recorded when the liability is incurred and is expected to be liquidated with expendable available resources.

**Cash and Investments**

Cash and investments for Measure B Funds are maintained in the City's cash and investment pool. Funds are invested according to the investment policy adopted by the City Council. Investments are generally carried at fair value. Relevant information about the separate portion of the investment pool related to Measure B is not available. Information regarding the characteristics of the entire investment pool can be found in the City's June 30, 2009 Comprehensive Annual Financial Report (CAFR) under the basic financial statements.

**CITY OF OAKLAND**  
**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY**  
**MEASURE B FUNDS**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Cash and Investments – (Continued)**

Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds based on their proportionate share of the average daily cash balance.

**Due From/Due to Other Funds**

During the course of operations, some transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds”.

**Fund Balances**

Reservations of fund balances indicate those portions of fund equity that are not available for appropriation for expenditure or which have been legally restricted to specific use. Encumbrances outstanding at fiscal year end are reported as reservation of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

**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 certain reported balances. Accordingly, actual results could differ from those estimates.

**NOTE 2 – SELF INSURANCE**

The City of Oakland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City is self-insured for its general liability, worker’s compensation, malpractice liability, general and auto liability and has excess reinsurance with the California State Association of Counties.

**NOTE 3 – COMMITMENTS AND CONTINGENCIES**

As of June 30, 2009, \$1,294,798 of ACTIA Measure B Streets and Roads Funds, \$31,426 of ACTIA Measure B Bike and Pedestrian Funds and \$16,101 of ACTIA Measure B Paratransit Funds were committed to cover anticipated costs of completing various projects and programs.



**CITY OF OAKLAND**  
**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY**  
**MEASURE B FUNDS**  
**Notes to Financial Statements**  
**June 30, 2009**

**NOTE 3 – COMMITMENTS AND CONTINGENCIES – (Continued)**

Of the unreserved ACTIA Measure B funds of \$13,328,942, the City has appropriated \$11,481,673 for various capital improvements projects. These amounts may or may not result in actual expenditures.

**NOTE 4 – MEASURE B FUNDS IN THE CITY’S BASIC FINANCIAL STATEMENTS**

Measure B funds are grouped with other funds and grouped under “Traffic Safety and Control” as a part of Non Major Governmental Funds (Special Revenue Funds) in the City’s June 30, 2009, Comprehensive Annual Financial Report (CAFR) under the basic financial statements. That report may be obtained by writing to the Financial Management Agency, Accounting Division City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

Cash and Investments of Measure B Funds as reported in the City’s June 30, 2009, basic financial statements and as reported in the current financial statements are the same.

Fund balances of Measure B Funds as reported in the City’s June 30, 2009, basic financial statements and as reported in the current financial statements are not the same. The difference is mainly due to adjustments of revenue based on subsequent receipts and adjustments of unrecorded expenses based on the subsequent invoices submitted by the Vendors/Contractors after the City’s books are closed.



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE B FUNDS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the Measure B Funds of the City of Oakland (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2009. 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 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE B FUNDS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (Continued)***

**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. Our audit included tests of compliance with provisions of the Measure B grant requirements. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In our opinion, the City of Oakland is materially in compliance with the laws and regulations, contracts and grant requirements related to Measure B funds as specified in the agreement between the City and Alameda County Transportation Improvement Authority. Our opinion is covering the period from July 1, 2008 through June 30, 2009.

This report is intended solely for the information and use of the Honorable Mayor and Members of the City Council of the City of Oakland and the City's management, State Controller's Office and officials of the Alameda County Transportation Improvement Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Grant & Smith, LLP*

December 11, 2009  
Oakland, California

**CITY OF OAKLAND**  
**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY**  
**MEASURE B FUNDS**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2009**

No findings or questioned costs were noted during the current year's audit.

**CITY OF OAKLAND  
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS  
Status of Prior Year Findings  
June 30, 2009**

There were no findings for FYE 6/30/08.