

**CITY OF BERKELEY**

ALAMEDA COUNTY TRANSPORTATION  
IMPROVEMENT AUTHORITY  
MEASURE B FUNDS

Financial Statements

For the Year Ended June 30, 2006

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**CITY OF BERKELEY**

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS

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**C. G. UHLENBERG LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

ROBERT E. BARSANTI (RETIRED) • PEGGY H. CHEN, C.P.A. • JEFFREY J. IRA, C.P.A. • KATHERINE CHAO, C.P.A. • JULIE LIN, C.P.A. • SHELDON D. CHAVAN, C.P.A.

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of the City Council  
City of Berkeley, California

We have audited the financial statements of the Alameda County Transportation Improvement Authority - Measure B Funds of the City of Berkeley, California (the "City") for the year ended June 30, 2006. 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 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 opinion.

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, 2006 and the results of operations and changes in fund balances for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2006 on our consideration of the internal control over financial reporting and our tests of its compliance with certain laws provisions of 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 interval 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 ours audit.

*C. G. Uhlenberg LLP*

November 15, 2006  
Redwood City, California

**CITY OF BERKELEY**  
**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY**  
**MEASURE B FUNDS**

**BALANCE SHEET**  
**JUNE 30, 2006**

	<u>ACTIA Streets and Roads</u>	<u>ACTIA Bike and Pedestrian</u>	<u>ACTIA Paratransit</u>	<u>Totals</u>
<b><u>ASSETS:</u></b>				
Cash and investments	\$ -	\$ 787,515	\$ -	\$ 787,515
Accounts receivable	357,071	42,602	27,679	427,352
 Total Assets	 <u>\$ 357,071</u>	 <u>\$ 830,117</u>	 <u>\$ 27,679</u>	 <u>\$ 1,214,867</u>
<b><u>LIABILITIES AND FUND BALANCE:</u></b>				
Liabilities:				
Accounts payable	\$ 9,034	\$ -	\$ 2,401	\$ 11,435
Accrued salaries & fringe	118,144	2,783	5,186	126,113
Interfund payable	756,441	-	52,142	808,583
 Total Liabilities	 <u>883,619</u>	 <u>2,783</u>	 <u>59,729</u>	 <u>946,131</u>
Fund Balance:				
Unreserved, designated for capital projects	(526,548)	827,334	(32,050)	268,736
 Total Fund Balances	 <u>(526,548)</u>	 <u>827,334</u>	 <u>(32,050)</u>	 <u>268,736</u>
 Total Liabilities and Fund Balances	 <u>\$ 357,071</u>	 <u>\$ 830,117</u>	 <u>\$ 27,679</u>	 <u>\$ 1,214,867</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BERKELEY**  
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2006

	ACTIA Streets and Roads	ACTIA Bike and Pedestrian	ACTIA Paratransit	Totals
<b><u>REVENUES:</u></b>				
Measure B sales taxes	\$ 2,296,638	\$ 274,010	\$ 178,030	\$ 2,748,678
Interest income	44,164	28,526	-	72,690
Total Revenues	<u>2,340,802</u>	<u>302,536</u>	<u>178,030</u>	<u>2,821,368</u>
<b><u>EXPENDITURES:</u></b>				
Operating expenditures	2,538,369	87,716	209,888	2,835,973
Capital outlay	-	155,520	-	155,520
Total Expenditures	<u>2,538,369</u>	<u>243,236</u>	<u>209,888</u>	<u>2,991,493</u>
Changes in fund balances	<u>(197,567)</u>	<u>59,300</u>	<u>(31,858)</u>	<u>(170,125)</u>
Fund balances as of June 30, 2005	1,541,385	768,034	(192)	2,309,227
Prior period adjustment	<u>(1,870,366)</u>	<u>-</u>	<u>-</u>	<u>(1,870,366)</u>
Fund balances as of June 30, 2005, as restated	<u>(328,981)</u>	<u>768,034</u>	<u>(192)</u>	<u>438,861</u>
Fund balances as of June 30, 2006	<u><u>\$ (526,548)</u></u>	<u><u>\$ 827,334</u></u>	<u><u>\$ (32,050)</u></u>	<u><u>\$ 268,736</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF BERKELEY**

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED JUNE 30, 2006

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**1. GENERAL DESCRIPTION OF FUND OPERATIONS**

During the general election of November 4, 1986, the voters of Alameda County approved Measure B, an ordinance providing for the creation of the Alameda County Transportation Authority, and imposing a one-half of one percent transactions and use tax. Measure B contained the Alameda County Transportation Expenditure Plan, authorizing the collection and distribution by the Transportation Authority of a half-cent transaction and use tax using the Mayor's conference formula for gas tax that allocates the money evenly based on population and road miles. The plan's duration was fifteen years.

The Sales Tax Street Improvement Fund (the Fund) for the City of Berkeley (the "City") was established on April 21, 1987, by the passage of Resolution No. 53/705-N.S., by the City Council. The Fund was established to comply with the provisions of the California Constitution Article 13B and the Alameda County Ordinance No. 0-87-97 which required that all Fund receipts be expended exclusively to improve, construct, maintain, and operate certain transportation projects and facilities contained in the Transportation Expenditure Plan adopted by the Board of Supervisors of Alameda County.

Alameda County voters reauthorized Measure B on November 7, 2000. The new Measure B began the collection of the half-cent sales tax on April 1, 2002, effectively supplanting the 1986 approved measure. The Alameda County Transportation Improvement Authority was established to administer the voter approved Measure B transportation improvement program.

**2. SIGNIFICANT ACCOUNTING POLICIES**

Measure B revenues and expenditures are accounted for in the City's Local Streets and Roads Fund, the Paratransit Fund, and the Measure B Bike and Pedestrian Fund. The accounting policies conform to accounting principles generally accepted in the United States of America applicable to governmental units. The accompanying statement of revenues, expenditures, and changes in fund balances are included as Special Revenue Funds in the City's June 30, 2006 basic financial statements.

**Basis of Accounting**

The accompanying statement of revenues, expenditures, and changes in fund balances was prepared using the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be

**CITY OF BERKELEY**

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY  
MEASURE B FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED JUNE 30, 2006

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used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. See the City's Comprehensive Annual Report for disclosures related to fund organization.

**3. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2006 consisted of amounts pooled with those of other funds of the City. See the City's Comprehensive Annual Financial Report for disclosures related to cash and investments, as well as the related custodial risk categorizations.

**4. PRIOR PERIOD ADJUSTMENT**

Beginning fund balance was restated to reclassify capital expenditures from the City's old Measure B fund to the Streets and Roads fund. In prior years, the City had accounted for Measure B programs in one fund. Approximately three years ago, the City created three new funds to appropriately account for the Streets and Roads, Bike and Pedestrian, and Paratransit programs separately. Prior to the fiscal year ended June 30, 2006, the City had budgeted capital outlay expenditures in the old Measure B fund instead of the Streets and Roads fund.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO MEASURE B FUNDS**  
**AND INTERNAL CONTROL OVER COMPLIANCE**

Honorable Mayor and Members of the City Council  
City of Berkeley, California

Compliance

We have audited the compliance of the City of Berkeley (the “City”) with the types of compliance requirements described in the Measure B Funds Grant provisions with the Alameda County Transportation Improvement Authority for the year ended June 30, 2006. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the Measure B Funds Grant is the responsibility of the City’s management. Our responsibility is to express an opinion on the 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 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Measure B Funds Grant occurred. 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. Our audit does not provide a legal determination on the City’s compliance with those requirements.

In our opinion, the City of Berkeley complied, in all material respects, with the requirements referred to above that are applicable to the Measure B Funds Grant for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City’s internal control over compliance with requirements that could have a direct and material effect on the Measure B Funds Grant in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance.

# C. G. UHLENBERG LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to the Measure B Funds Grant being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, the City's 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.

*C. G. Uhlenberg LLP*

November 15, 2006  
Redwood City, California