

CITY OF BERKELEY

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

Financial Statements

For the Year Ended June 30, 2007

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CITY OF BERKELEY

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

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report.....	1
Financial statements:	
Combined Balance Sheet	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	3
Notes to the Financial Statements.....	4 - 5
Independent Auditor's Report on Measure B Compliance	6 - 7



C. G. UHLENBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

ROBERT E. BARSANTI, C.P.A. (RETIRED) PEGGY H. CHEN, C.P.A. JEFFREY J. IRA, C.P.A. KATHERINE CHAO, C.P.A. JULIE T. LIN, 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, 2007. 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.

As discussed in Note 1, the financial statements present only Measure B Funds and are not intended to present fairly the financial position and results of its operations of the City.

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, 2007 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 December 12, 2007 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.

C. G. Uhlenberg LLP

December 12, 2007
Redwood City, California

CITY OF BERKELEY
ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
MEASURE B FUNDS

BALANCE SHEET
JUNE 30, 2007

	ACTIA Streets and Roads	ACTIA Bike and Pedestrian	ACTIA Paratransit	Totals (Memorandum Only)
ASSETS:				
Cash and investments	\$ 145,170	\$ 792,046	\$ 9,407	\$ 946,623
Accounts receivable	377,774	44,351	28,747	450,872
Total Assets	\$ 522,944	\$ 836,397	\$ 38,154	\$ 1,397,495
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ 825	\$ 53,574	\$ 1,727	\$ 56,126
Accrued salaries & fringe	109,083	2,798	3,642	115,523
Total Liabilities	109,908	56,372	5,369	171,649
Fund Balance:				
Unreserved, designated for capital projects	413,036	780,025	32,785	1,225,846
Total Fund Balances	413,036	780,025	32,785	1,225,846
Total Liabilities and Fund Balances	\$ 522,944	\$ 836,397	\$ 38,154	\$ 1,397,495

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, 2007

	<u>ACTIA Streets and Roads</u>	<u>ACTIA Bike and Pedestrian</u>	<u>ACTIA Paratransit</u>	<u>Totals (Memorandum Only)</u>
<u>REVENUES:</u>				
Measure B sales taxes	\$ 2,406,951	\$ 282,418	\$ 183,049	\$ 2,872,418
Support from general fund	884,000	-	-	884,000
Grant revenue	-	-	35,319	35,319
Interest income	-	34,165	-	34,165
Other income	1,335	-	-	1,335
Total Revenues	<u>3,292,286</u>	<u>316,583</u>	<u>218,368</u>	<u>3,827,237</u>
<u>EXPENDITURES:</u>				
Operating expenditures	2,352,702	105,697	153,533	2,611,932
Capital outlay	-	258,195	-	258,195
Total Expenditures	<u>2,352,702</u>	<u>363,892</u>	<u>153,533</u>	<u>2,870,127</u>
Changes in fund balances	939,584	(47,309)	64,835	957,110
Fund balances as of June 30, 2006	<u>(526,548)</u>	<u>827,334</u>	<u>(32,050)</u>	<u>268,736</u>
Fund balances as of June 30, 2007	<u>\$ 413,036</u>	<u>\$ 780,025</u>	<u>\$ 32,785</u>	<u>\$ 1,225,846</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, 2007

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

Reporting Entity

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, 2007 basic financial statements. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position of the City and the results of its operations and cash flows of its proprietary fund types.

CITY OF BERKELEY

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

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED JUNE 30, 2007

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 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.

Total (Memorandum Only) Columns

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in fund balances in conformity with generally accepted accounting principles, nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of the data.

3. CASH AND INVESTMENTS

Cash and investments as of June 30, 2007 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.



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INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

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”) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 12, 2007. 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 City’s internal control over financial reporting as a basis for designing our auditing procedures 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 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.

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 and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit included tests of compliance with the provisions of Measure B.



In our opinion, the City of Berkeley is materially in compliance with the laws and regulations, contracts and grant requirements related to Measure B 2000 funds as specified in the agreement between the City and the Alameda County Transportation Improvement Authority for the fiscal year ended June 30, 2007.

This report is intended for the information of audit committee, management, ACTIA, its Board and Committees, and members of the public that will examine the compliance information and is not intended to be, and should not be, used by anyone other than these specified parties.

C. B. Uhlenberg CPA

December 12, 2007
Redwood City, California