
CITY OF OAKLAND - MEASURE B FUNDS
FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)
YEAR ENDED JUNE 30, 2007

CITY OF OAKLAND – MEASURE B FUNDS

JUNE 30, 2007

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INDEPENDENT AUDITOR'S 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 City of Oakland's Measure B Funds as of and for the year ended June 30, 2007, 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 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. 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 the City of Oakland's Measure B Funds, and do not purport to, and do not, present fairly the financial position of the City of Oakland, as of June 30, 2007, and 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 financial position of the City of Oakland's Measure B Funds as of June 30, 2007, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Oakland, California
December 12, 2007

**CITY OF OAKLAND - MEASURE B FUNDS
BALANCE SHEET
JUNE 30, 2007**

| | <u>Paratransit</u> | <u>Streets and Roads</u> | <u>Bike and Pedestrian</u> | <u>Totals (Memorandum Only)</u> |
|---|--------------------------|------------------------------|--------------------------------|---|
| Assets | | | | |
| Cash and investments | \$ | \$ 16,270,397 | \$ 3,212,675 | \$ 19,483,072 |
| Interest receivable | | 138,787 | 25,057 | 163,844 |
| Receivable for Measure B taxes | 247,193 | 2,310,289 | 281,730 | 2,839,212 |
| Other receivable | 98,219 | 6,863 | | 105,082 |
| Due from other funds | <u>59,398</u> | | | <u>59,398</u> |
| Total assets | \$ <u>404,810</u> | \$ <u>18,726,336</u> | \$ <u>3,519,462</u> | \$ <u>22,650,608</u> |
| Liabilities and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable and other accrued Liabilities | \$ 159,182 | \$ 452,556 | \$ 2,680 | \$ 614,418 |
| Due to other funds | <u>245,497</u> | <u>7,101</u> | <u>38</u> | <u>252,636</u> |
| Total liabilities | <u>404,679</u> | <u>459,657</u> | <u>2,718</u> | <u>867,054</u> |
| Fund balances: | | | | |
| Reserved for encumbrances (Note 3) | 131 | 953,509 | 64,396 | 1,018,036 |
| Unreserved (Note 3) | <u></u> | <u>17,313,170</u> | <u>3,452,348</u> | <u>20,765,518</u> |
| Total fund balances | <u>131</u> | <u>18,266,679</u> | <u>3,516,744</u> | <u>21,783,554</u> |
| Total liabilities and fund balances | \$ <u>404,810</u> | \$ <u>18,726,336</u> | \$ <u>3,519,462</u> | \$ <u>22,650,608</u> |

The accompanying notes are an integral part of these financial statements

CITY OF OAKLAND - MEASURE B FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
JUNE 30, 2007

| | <u>Paratransit</u> | <u>Streets and Roads</u> | <u>Bike and Pedestrian</u> | <u>Totals (Memorandum Only)</u> |
|--------------------------------------|--------------------|------------------------------|--------------------------------|---|
| Revenues: | | | | |
| Measure B taxes | \$ 952,952 | \$ 9,134,898 | \$ 1,113,961 | \$ 11,201,811 |
| Interest on investments | | 600,230 | 135,485 | 735,715 |
| Charges for services | 147,492 | | | 147,492 |
| Other | 189,199 | 4,686 | | 193,885 |
| | <u>1,289,643</u> | <u>9,739,814</u> | <u>1,249,446</u> | <u>12,278,903</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Life Enrichment Agency | 1,399,226 | | | 1,399,226 |
| Public Works Agency | | 8,008,428 | 1,009,005 | 9,017,433 |
| | <u>1,399,226</u> | <u>8,008,428</u> | <u>1,009,005</u> | <u>10,416,659</u> |
| Total expenditures | | | | |
| Excess of revenues over expenditures | (109,583) | 1,731,386 | 240,441 | 1,862,244 |
| Fund balance: | | | | |
| Beginning of year | <u>109,714</u> | <u>16,535,293</u> | <u>3,276,303</u> | <u>19,921,310</u> |
| End of year | <u>\$ 131</u> | <u>\$ 18,266,679</u> | <u>\$ 3,516,744</u> | <u>\$ 21,783,554</u> |

The accompanying notes are an integral part of these financial statements

CITY OF OAKLAND – MEASURE B FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

In November 2000 Alameda County voters approved Measure B, a ballot measure to continue the County's 1/2 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. Programs funded by Measure B are as follows:

Paratransit Program – to provide transit services for the elderly and the handicapped.

Streets and Roads Maintenance Program – 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 Program – The City Council adopted a priority list of projects for the Fiscal Years 2002-03 through 2007-08 which channels 90% of the City's bicycle/pedestrian funds to pedestrian safety projects and the remaining 10% earmarked for new bicycle lanes.

These projects include:

- One new traffic signal each year
- Ten countdown pedestrian signal heads
- Citywide sidewalk repair
- New street and traffic signs
- Pedestrian safety elements of streetscape projects
- New bicycle lanes

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 of the end of the current fiscal period. 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 Funds is not available. Information regarding the characteristics of the entire investment pool can be found in the City's June 30, 2007, Comprehensive Annual Financial Report (CAFR) under the basic financial statements. That report may be obtained by writing to the Financial Services Agency, Accounting Division, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

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.

Derivatives

The City's investment policy permits investments in certain derivatives. There were no derivatives included in the investment pool during the year ended June 30, 2007.

Due To Other Funds

Short-term amounts owed to or due from other City funds are classified as due to/from 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 a 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.

Totals (Memorandum Only) Columns

Total columns on the financial statements are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position or changes in financial position in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

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, workers' 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, 2007, \$953,509 of ACTIA Measure B Streets and Roads funds, \$64,396 of ACTIA Measure B Bike and Pedestrian funds and \$131 of ACTIA Measure B Paratransit funds were committed to cover anticipated costs of completing various projects and programs. The Streets and Roads funding appropriations for Traffic Signal projects is \$349,882.

Of the unreserved ACTIA Measure B funds of \$20,765,518 the City has appropriated \$12,147,347 for various capital improvement 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 are grouped under "Traffic Safety and Control" as a part of Non Major Governmental Funds (Special Revenue Funds) in City's June 30, 2007, Comprehensive Annual Financial Report (CAFR) under the basic financial statements. That report may be obtained by writing to the Financial Services Agency, Accounting Division, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

Cash and Investments of Measure B Funds which are grouped in the City's June 30, 2007, basic financial statements and as reported in the present financial statements are the same.

Fund balances of Measure B Funds as reported in City's June 30, 2007, 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 City's books are closed.

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

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

We have examined the City of Oakland's (the City) compliance with requirements applicable to the City specified in the agreements between the Alameda County Transportation Improvement Authority and the City of Oakland related to Measure B funds received from the Alameda County Transportation Improvement Authority for the year ended June 30, 2007. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with the specified requirements.

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, 2006 through June 30, 2007.

This report is intended solely for the information and use of the management, Manager, City Council Members and the Alameda County Transportation Improvement Authority. However, this report is a matter of public record and its distribution is not limited.

Oakland, California
December 12, 2007

**CITY OF OAKLAND – MEASURE B FUNDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007**

There are no material findings and questioned costs in the current year.

FUNERAL

**CITY OF OAKLAND - MEASURE B FUNDS
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2007**

Reporting:

Finding 06-1:

Status:

During our test of compliance, we noted that following reports were submitted after the due date. Implemented

| <u>Types of Report</u> | <u>Due Date of Filing</u> | <u>Actual Date of filing</u> |
|---|---------------------------|------------------------------|
| Fiscal portion of Annual Independent Audit Report | December 27, 2005 | December 29, 2005 |
| Compliance portion of Annual Independent Audit Report | December 27, 2005 | February 10, 2006 |

