

Patel &
Associates

Certified Public Accountant

266 17th Street, Suite 200
Oakland, California 94612-4124

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February 10, 2006

Mr. Anees Azad
Finance and Administration Manager
ACTIA
Wakefield Building
426 17th Street, Suite 100
Oakland, CA 94612-2814

(Hand Delivered)

Re: City of Oakland – Measure B Funds
Audit for the year ended June 30, 2005

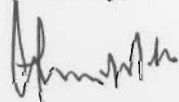
Dear Mr. Azad:

As per our discussion the following is enclosed:

- (1) Revised Page 3 of the report. The revision pertains to showing Measure B taxes under Paratransit of \$849,223. The difference from the original report is shown as other revenue.
- (2) Page 7 Measure B compliance report.

We trust this is adequate for your needs. Our plan is not to issue a new reporting package unless notified otherwise.

Sincerely,



Ramesh Patel
Principal

Encl.: 2

cc: Ms. Kirsten LaCasse
PWA Fiscal Services Manager
City of Oakland, Office of Public Works
250 Frank H. Ogawa Plaza, Suite 3341
Oakland, CA 94612

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

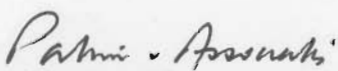
To the Honorable Mayor and Members of the
City Council of The City of Oakland
Oakland, California

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, 2005. 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, 2004 through June 30, 2005.

This report is intended solely for the information and use of the Manager, City Council Members, management, 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 7, 2005

CITY OF OAKLAND - MEASURE B FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
JUNE 30, 2005

	<u>Paratransit</u>	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Totals (Memorandum Only)</u>
Revenues:				
Measure B taxes	\$ 849,223	\$ 8,126,000	\$ 997,957	\$ 9,973,180
Interest on investments	1,681	256,016	45,804	303,501
Charges for services	104,815	18,437		123,252
Other	<u>113,592</u>	<u>37</u>		<u>113,629</u>
 Total revenues	 <u>1,069,311</u>	 <u>8,400,490</u>	 <u>1,043,761</u>	 <u>10,513,562</u>
Expenditures:				
Life Enrichment Agency	979,319			979,319
Public Works Agency		<u>3,938,031</u>	<u>483,891</u>	<u>4,421,922</u>
 Total expenditures	 <u>979,319</u>	 <u>3,938,031</u>	 <u>483,891</u>	 <u>5,401,241</u>
 Excess of revenues over expenditures	 89,992	 4,462,459	 559,870	 5,112,321
Fund balance:				
Beginning of year	<u>99,259</u>	<u>9,039,083</u>	<u>2,051,787</u>	<u>11,190,129</u>
 End of year	 <u>\$ 189,251</u>	 <u>\$ 13,501,542</u>	 <u>\$ 2,611,657</u>	 <u>\$ 16,302,450</u>

The accompanying notes are an integral part of these financial statements

CITY OF OAKLAND - MEASURE B FUNDS

FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

YEAR ENDED JUNE 30, 2005

December 30, 2005

RECEIVED
DEC 29 2005
ACTIA

Mr. Anees Azad
Finance and Administration Manager
ACTIA
Wakefield Building
426 17th Street, Suite 100
Oakland, CA 94612-2814

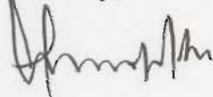
(Hand Delivered)

**Re: City of Oakland – Measure B Funds
Audit – June 30, 2005**

Dear Mr. Azad:

On behalf of our above client we enclose herewith a copy of the audited financial statements for City of Oakland's Measure B Funds for the year ended June 30, 2005.

Sincerely,



Ramesh Patel
Principal

Encl.: 1

cc: Ms. Kirsten LaCasse
PWA Fiscal Services Manager
City of Oakland, Office of Public Works
250 Frank H. Ogawa Plaza, Suite 3341
Oakland, CA 94612

CITY OF OAKLAND – MEASURE B FUNDS

JUNE 30, 2005

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DEC 29 2005
ACTIA

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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, 2005, 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, 2005, 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, 2005, 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.

Patel & Associates
Oakland, California
December 7, 2005

*No Comment
OPINION
NOT REQUIRED
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CITY OF OAKLAND - MEASURE B FUNDS
BALANCE SHEET
JUNE 30, 2005

	Paratransit	Streets and Roads	Bike and Pedestrian	Totals (Memorandum Only)
Assets				
Cash and investments	\$ 149,730	\$ 12,516,838	\$ 2,307,452	\$ 14,974,020
Interest receivable	1,190	79,805	13,178	94,173
Receivable for Measure B taxes	136,522	1,303,806	160,433	1,600,761
Due from other funds			134,220	134,220
	<u>287,442</u>	<u>13,900,449</u>	<u>2,615,283</u>	<u>16,803,174</u>
Total assets	\$ <u>287,442</u>	\$ <u>13,900,449</u>	\$ <u>2,615,283</u>	\$ <u>16,803,174</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable and other accrued Liabilities	\$ 98,191	\$ 100,761	\$ 3,626	\$ 202,578
Due to other funds		298,146		298,146
	<u>98,191</u>	<u>398,907</u>	<u>3,626</u>	<u>500,724</u>
Total liabilities	<u>98,191</u>	<u>398,907</u>	<u>3,626</u>	<u>500,724</u>
Fund balances:				
Reserved for encumbrances (Note 3)	20,267	64,129	2,249	86,645
Unreserved (Note 3)	168,984	13,437,413	2,609,408	16,215,805
	<u>189,251</u>	<u>13,501,542</u>	<u>2,611,657</u>	<u>16,302,450</u>
Total fund balances	<u>189,251</u>	<u>13,501,542</u>	<u>2,611,657</u>	<u>16,302,450</u>
Total liabilities and fund balances	\$ <u>287,442</u>	\$ <u>13,900,449</u>	\$ <u>2,615,283</u>	\$ <u>16,803,174</u>

The accompanying notes are an integral part of these financial statements

CITY OF OAKLAND - MEASURE B FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
JUNE 30, 2005

	Paratransit	Streets and Roads	Bike and Pedestrian	Totals (Memorandum Only)
Revenues:				
Measure B taxes	\$ 962,815	\$ 8,126,000	\$ 997,957	\$ 10,086,772
Interest on investments	1,681	256,016	45,804	303,501
Charges for services	104,815	18,437		123,252
Other		37		37
Total revenues	1,069,311	8,400,490	1,043,761	10,513,562
Expenditures:				
Life Enrichment Agency	979,319			979,319
Public Works Agency		3,938,031	483,891	4,421,922
Total expenditures	979,319	3,938,031	483,891	5,401,241
Excess of revenues over expenditures	89,992	4,462,459	559,870	5,112,321
Fund balance:				
Beginning of year	99,259	9,039,083	2,051,787	11,190,129
End of year	\$ 189,251	\$ 13,501,542	\$ 2,611,657	\$ 16,302,450

*\$ 849,223
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CITY OF OAKLAND – MEASURE B FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Measure B Funds are accounted for in special revenue funds of the City of Oakland's (the City) financial accounting records. The revenues are provided from the ½ cent of sales tax collected and distributed to the City by the Alameda County Transportation Improvement Authority (ACTIA), 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.

Bike and Pedestrian Safety Program – 90% channeled to pedestrian safety projects and the remaining 10% earmarked for new bicycle lanes.

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, 2005, 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, 2005.

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, 2005, \$64,129 of ACTIA Measure B Streets and Roads funds, \$2,249 of ACTIA Measure B Bike and Pedestrian funds and \$20,267 of ACTIA Measure B Paratransit funds were committed to cover anticipated costs of completing various projects and programs. The Streets and Roads funding commitments for Traffic Signal projects is \$24,104. The \$20,267 commitment is for Oakland Paratransit for the Elderly and Disabled Taxi and Van programs.

Of the unreserved ACTIA Measure B funds of \$16,215,805, the City has appropriated \$12,123,258 for various capital improvement projects. These amounts may or may not result in actual expenditures.