

**City of
Berkeley**
Alameda County
Transportation Improvement
Authority - Measure B Funds
Berkeley, California

*Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2011

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

City of Berkeley
Alameda County Transportation Improvement Authority – Measure B Funds

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Caporicci & Larson, Inc.
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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Alameda County Transportation Commission – Measure B Funds (Measure B Funds) of the City of Berkeley, California (City), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of the City. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 of the Measure B Funds are intended to present the financial position and the changes in financial position of the Measure B Funds. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2011, or 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's Measure B Funds as of June 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, on our consideration of the City's internal control over financial reporting as it relates to the Measure B Funds 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 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.

To the Honorable Mayor and Members of City Council
of the City of Berkeley
Berkeley, California
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the budgetary comparison information on pages 9 through 13, we have applied certain limited procedures to it in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The management of the Measure B Funds has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
December 23, 2011

City of Berkeley
Alameda County Transportation Improvement Authority - Measure B Funds
Combining Balance Sheet
June 30, 2011

| | Special Revenue Funds | | | Total |
|--|-------------------------------|---------------------------------|----------------------|---------------------|
| | ACTIA Streets and Roads | ACTIA Bike and Pedestrian | ACTIA Paratransit | |
| ASSETS | | | | |
| Cash and investments | \$ 2,117,295 | \$ 505,920 | \$ 4,633 | \$ 2,627,848 |
| Accounts receivable | - | 100,985 | 16,755 | 117,740 |
| Taxes receivable | 370,713 | 43,264 | 28,590 | 442,567 |
| Total assets | \$ 2,488,008 | \$ 650,169 | \$ 49,977 | \$ 3,188,154 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 70,002 | \$ 1,160 | \$ 2,975 | \$ 74,137 |
| Accrued salaries and fringe benefits | 62,053 | 12,572 | 3,526 | 78,151 |
| Deferred revenues | - | 100,985 | 16,755 | 117,740 |
| Total liabilities | 132,055 | 114,717 | 23,255 | 270,027 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Highways and streets | 2,355,953 | 535,452 | - | 2,891,405 |
| Community development and housing | - | - | 26,722 | 26,722 |
| Total fund balances | 2,355,953 | 535,452 | 26,722 | 2,918,127 |
| Total liabilities and fund balances | \$ 2,488,008 | \$ 650,169 | \$ 49,977 | \$ 3,188,154 |

See accompanying Notes to Financial Statements.

City of Berkeley
Alameda County Transportation Improvement Authority - Measure B Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2011

| | Special Revenue Funds | | | Total |
|-----------------------------------|-------------------------------|---------------------------------|----------------------|------------------|
| | ACTIA Streets and Roads | ACTIA Bike and Pedestrian | ACTIA Paratransit | |
| REVENUES: | | | | |
| Measure B sales taxes | \$ 2,226,746 | \$ 259,874 | \$ 171,731 | \$ 2,658,351 |
| Grant revenue | - | 137,768 | - | 137,768 |
| Interest income | 1,704 | 674 | - | 2,378 |
| Other revenues | 412,000 | 441 | - | 412,441 |
| Total Revenues | 2,640,450 | 398,757 | 171,731 | 3,210,938 |
| EXPENDITURES: | | | | |
| General government | \$ 81,317 | \$ - | \$ - | \$ 81,317 |
| Highway and streets | 1,496,292 | 283,956 | - | 1,780,248 |
| Community development and housing | - | 74,159 | 161,402 | 235,561 |
| Total Expenditures | 1,577,609 | 358,115 | 161,402 | 2,097,126 |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | 1,062,841 | 40,642 | 10,329 | 1,113,812 |
| FUND BALANCES: | | | | |
| Beginning of year | 1,293,112 | 494,810 | 16,393 | 1,804,315 |
| End of year | \$ 2,355,953 | \$ 535,452 | \$ 26,722 | \$ 2,918,127 |

See accompanying Notes to Financial Statements.

City of Berkeley
Alameda County Transportation Improvement Authority – Measure B Funds
Notes to the Financial Statements
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Funds) of the City of Berkeley, California (City), are included as separate special revenue funds in the basic financial statements of the City. Measure B Funds are used to account for the City's share of revenues earned and expenditures incurred under the City's paratransit and capital programs. The accompanying financial statements are for Measure B Funds only and are not intended to fairly present the financial position of the City.

B. Basis of Accounting

Governmental fund 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current periods. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred.

C. Fund Accounting

The operations of the Measure B Funds are accounted for in three separate special revenue funds, ACTIA Streets and Roads, ACTIA Bike and Pedestrian, and ACTIA Paratransit. The funds are separate accounting entities with a set of self-balancing accounts which comprise their assets, liabilities, fund equity, revenues, and expenditures.

D. Fund Balance

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

Statement 54 distinguishes fund balance between amount that are considered non-spendable such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that controls the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

City of Berkeley
Alameda County Transportation Improvement Authority – Measure B Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Fund Balance, Continued

- Nonspendable – assets that will never convert to cash or soon enough to affect the current period. Resources that must be maintained intact pursuant to legal or contractual requirements.
- Restricted – amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed – amounts constrained by a government using its highest level of decision-making authority.
- Assigned – amounts a government intends to use for particular purpose.
- Unassigned – amounts that not constrained at all.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then use unrestricted resources as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

E. Cash and Investments

Cash and Investments of the Measure B Special Revenue Funds are pooled with other funds of the City. The City pools cash resources from all funds in order to facilitate and maximize the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, All investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of daily cash and investment balances.

City of Berkeley

Alameda County Transportation Improvement Authority – Measure B Funds

Notes to Financial Statements, Continued

For the year ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Receivables

Receivables include amounts due from other governments. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred.

G. Deferred Revenues

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures.

H. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. MEASURE B FUNDS

Under Measure B, approved by the voters of Alameda County in 1986 (ACTA Old Measure B) and in 2000, (ACTIA Measure B), the City receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. This measure was adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid for by property taxes but, rather, would be used for additional projects and programs.

City of Berkeley

Alameda County Transportation Improvement Authority – Measure B Funds

Notes to Financial Statements, Continued

For the year ended June 30, 2011

3. CASH AND INVESTMENTS

Measure B Funds' cash and investments are part of the City's pooled cash and investments. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. The pool consists of U.S. Agency Securities, Medium Term Notes, Money Market Funds and Guaranteed Investment Contracts. The Measure B Funds' share of the pool is \$2,627,848.

A. Risk Disclosures

Interest Risk – Interest rate risk is that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, there is the greater the sensitivity of its fair value to changes in market interest rates. One of the way that the City manages its exposures to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City has the intention to hold all investments to maturity. The average maturity of the City's pooled investments governed by the Investment Policies was approximately 23.2 months as of June 30, 2011.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City requires the issuer to have the highest rating from two nationally recognized rating agencies. Purchases of corporate notes shall be limited to securities rated "A" or higher by Moody's and "A" or higher by Stand and Poor's. The U.S. Agency Securities and Medium Term Notes in the pool are rated AAA and A/AA, respectively. The Money Market Funds and Guaranteed Investment Contracts are not rated.

Concentration of Credit Risk- The investment policies of the City contain no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk – The custodial credit risk for an investment is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

4. COMMITMENTS AND CONTINGENCIES

The Measure B Special Revenue Funds have received grant funds for specific purposes that are subject to review by the grantor agencies. These programs are subject to further audit by the grantor agencies and upon further examination by the grantors, certain costs could be disallowed. The City expects that such amounts if any to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

City of Berkeley

**Alameda County Transportation Improvement Authority - ACTIA Streets and Roads
 Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual
 June 30, 2011**

| | ACTIA Streets and Roads | | |
|---|-------------------------|----------------------------|---|
| | Final Budget Amount | Actual Amounts | Variance with Final Budget Positive/ (Negative) |
| REVENUES: | | | |
| Measure B sales taxes | \$ 2,567,042 | \$ 2,226,746 | \$ (340,296) |
| Grant revenue | - | - | - |
| Interest income | - | 1,704 | 1,704 |
| Other Income | 412,000 | 412,000 | - |
| Total Revenues | <u>2,979,042</u> | <u>2,640,450</u> | <u>(338,592)</u> |
| EXPENDITURES: | | | |
| General government | \$ 100,409 | \$ 81,317 | \$ 19,092 |
| Highway and streets | 3,240,775 | 1,496,292 | 1,744,483 |
| Total Expenditures | <u>3,341,184</u> | <u>1,577,609</u> | <u>1,763,575</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(362,142)</u> | <u>1,062,841</u> | <u>1,424,983</u> |
| FUND BALANCE: | | | |
| Beginning of year | | <u>1,293,112</u> | |
| End of year | | <u><u>\$ 2,355,953</u></u> | |

City of Berkeley

**Alameda County Transportation Improvement Authority - ACTIA Bike and Pedestrian
Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual
June 30, 2011**

| | ACTIA Bike and Pedestrian | | |
|-----------------------------------|---------------------------|-------------------|----------------------|
| | Final Budget | Actual | Variance with |
| | Amount | Amount | Final Budget |
| | | | Positive/ (Negative) |
| REVENUES: | | | |
| Measure B sales taxes | \$ 251,505 | \$ 259,874 | \$ 8,369 |
| Grant revenue | - | 137,768 | 137,768 |
| Interest income | - | 674 | 674 |
| Other income | - | 441 | - |
| Total Revenues | 251,505 | 398,757 | 147,252 |
| EXPENDITURES: | | | |
| Highway and streets | \$ 392,687 | \$ 283,956 | \$ 108,731 |
| Community development and housing | 74,159 | 74,159 | - |
| Total Expenditures | 466,846 | 358,115 | 108,731 |
| REVENUES OVER (UNDER) | | | |
| EXPENDITURES | (215,341) | 40,642 | 255,983 |
| FUND BALANCE: | | | |
| Beginning of year | | 494,810 | |
| End of year | | <u>\$ 535,452</u> | |

City of Berkeley

**Alameda County Transportation Improvement Authority - ACTIA Paratransit
 Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual
 June 30, 2011**

| | ACTIA Paratransit | | |
|---|------------------------|------------------------------|---|
| | Final Budget Amount | Actual Amount Paratransit | Variance with Final Budget Positive/ (Negative) |
| REVENUES: | | | |
| Measure B sales taxes | \$ 146,648 | \$ 171,731 | \$ 25,083 |
| Total Revenues | 146,648 | 171,731 | 25,083 |
| EXPENDITURES: | | | |
| Community development and housing | \$ 175,381 | \$ 161,402 | \$ 13,979 |
| Total Expenditures | 175,381 | 161,402 | 13,979 |
| REVENUES OVER (UNDER) EXPENDITURES | (28,733) | 10,329 | 39,062 |
| FUND BALANCE: | | | |
| Beginning of year | | 16,393 | |
| End of year | | \$ 26,722 | |

City of Berkeley
Alameda County Transportation Improvement Authority – Measure B Funds
Notes to Required Supplementary Information
For the year ended June 30, 2011

1. BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Control and Budgetary Accounting

Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the upcoming fiscal year. The proposed budget includes a summary of proposed expenditures and forecasted revenues of the City's special revenue funds.

The City Council adopts the budget prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund. The Council may adopt supplemental appropriations during the year. Any unused funds are re-appropriated to the following fiscal year until the project is completed. The budget is adopted on a modified cash basis, which is not consistent with generally accepted accounting principles (GAAP).

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Alameda County Transportation Commission – Measure B Funds (Measure B Funds) of the City of Berkeley, California (City), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 23, 2011. 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 it relates to the Measure B Funds 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's Measure B Funds' financial statements will not be prevented, or detected and corrected on a timely basis.

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

To the Honorable Mayor and Members of City Council
of the City of Berkeley
Berkeley, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the City's Measure B Funds are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Council, management, and the Alameda County Transportation Commission, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
December 23, 2011



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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

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

Compliance and Other Matters

We have audited the City of Berkeley, California (City)'s compliance with the agreement between the City and Alameda County Transportation Commission applicable to Measure B 2000 funds for the year ended June 30, 2011. Compliance with the requirements referred to above 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; the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States; and the agreement between the City and Alameda County Transportation Commission. Those standards and the agreement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirement referred to above could have a material effect on Measure B 2000 funds. An audit includes examining, on 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 of the City's compliance with those requirements.

Under Measure B, approved by the voters of Alameda County in 2000, the City has received under Alameda County Transportation Commission Measure B a total of 12 months of revenue from July 2010 through June 2011. The Local Street and Roads program has received \$2,226,746, the Bike and Pedestrian program has received \$259,874, and the Paratransit program has received \$171,731. This financial statement reflects twelve months of revenue for the Local Streets and Roads, the Bike and Pedestrian, and the Paratransit programs.

In our opinion, the City is in compliance, in all material respects, 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 Commission for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

To the Honorable Mayor and Members of City Council
of the City of Berkeley
Berkeley, California
Page 2

A deficiency in internal control over compliance 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 and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, and the Alameda County Transportation Commission and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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San Francisco, California
December 23, 2011