

CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015

**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
Financial Statements
For The Year Ended June 30, 2015**

Table of Contents

| | PAGE |
|---|-------------|
| <i>Independent Auditors' Report</i> | 1 |
| <i>Financial Statements</i> | |
| Balance Sheets | 3 |
| Statements of Revenues, Expenditures and Changes in Fund Balances | 4 |
| Notes to the Financial Statements | 5 |
| 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 | 7 |
| <i>Independent Auditors' Report on Measure BB Requirements</i> | 9 |



INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the City Council
and City Auditor of the City of Alameda
City of Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission Measure BB Funds (Measure BB Funds) of the City of Alameda, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Funds of the City as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure BB Funds of the City and do not purport to, and do not, present fairly the financial position of the City of Alameda, California, as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and the budgetary comparison schedules for the Measure BB Funds that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the City's internal control over financial reporting of the Measure BB 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* in considering the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 23, 2015

**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
BALANCE SHEET
JUNE 30, 2015**

| | <u>Paratransit</u> | <u>Local Streets and Roads</u> | <u>Bicycle and Pedestrian</u> | <u>Totals</u> |
|---|--------------------|------------------------------------|-----------------------------------|-------------------|
| ASSETS | | | | |
| Measure BB Direct Local Distribution Program Receivable | \$ 35,813 | \$ 316,897 | \$ 36,497 | \$ 389,207 |
| Total Assets | <u>\$ 35,813</u> | <u>\$ 316,897</u> | <u>\$ 36,497</u> | <u>\$ 389,207</u> |
| FUND BALANCES | | | | |
| Restricted for Measure BB Programs and Projects | \$ 35,813 | \$ 316,897 | \$ 36,497 | \$ 389,207 |
| Total Fund Balances | <u>35,813</u> | <u>316,897</u> | <u>36,497</u> | <u>389,207</u> |
| TOTAL FUND BALANCES | <u>\$ 35,813</u> | <u>\$ 316,897</u> | <u>\$ 36,497</u> | <u>\$ 389,207</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>Paratransit</u> | <u>Local Streets and Roads</u> | <u>Bicycle and Pedestrian</u> | <u>Totals</u> |
|---|--------------------|------------------------------------|-----------------------------------|--------------------|
| REVENUES | | | | |
| Measure BB Direct Local Distribution Program Revenue | | | | |
| Direct Local Distribution Funds Allocation | \$ 35,813 | \$ 316,897 | \$ 36,497 | \$ 389,207 |
| Total Program Revenues | <u>35,813</u> | <u>316,897</u> | <u>36,497</u> | <u>389,207</u> |
| NET CHANGE IN FUND BALANCE | <u>35,813</u> | <u>316,897</u> | <u>36,497</u> | <u>389,207</u> |
| FUND BALANCES | | | | |
| Beginning Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Fund Balances | <u>\$ 35,813</u> | <u>\$ 316,897</u> | <u>\$ 36,497</u> | <u>\$ 389,207</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
Notes to the Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

All transactions of the Alameda County Transportation Commission – Measure BB Funds of the City of Alameda, California (City), are included as separate special revenue fund in the basic financial statements of the City.

Measure BB Funds are used to account for the City’s share of revenues earned and expenditures under the City’s paratransit, local streets and roads, and bike and pedestrian safety programs. The accompanying financial statements are for Measure BB Funds only and are not intended to fairly present the financial position of the City and the results of its operations.

B. *Basis of Accounting*

Governmental Fund Financial Statements

The accompanying financial statements of special revenue funds are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available, and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a "*current financial resources*" measurement focus, wherein only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

C. *Description of Funds*

The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts. The following fund type is used:

Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

D. *Fund Balances*

Measure BB fund balance is restricted. A restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
Notes to the Financial Statements
For the Year Ended June 30, 2015

2. MEASURE BB DIRECT LOCAL DISTRIBUTION PROGRAM RECEIVABLES

The Measure BB Direct Local Distribution Program Receivables represent the Measure BB sales tax revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2015.

3. MEASURE BB FUNDS

Measure BB, approved by Alameda County voters on November 4, 2014, is projected to generate nearly \$8 billion over 30 years for essential transportation improvements in every city throughout Alameda County. Its passage renewed the 0.05 percent transportation sales tax approved in 2000 (Measure B) and increased the tax by 0.05 percent, resulting in a 1 percent sales tax in Alameda County dedicated to funding transportation expenditures. The tax went in effect on April 1, 2015. The Alameda County Transportation Commission (ACTC) implements Measure BB. Funds began flowing to municipalities and transit agencies in July 2015.

The City of Alameda receives annual funding in accordance with Measure BB's county-wide 2014 Transportation Expenditure Plan. This plan expands BART, bus and commuter rail for reliable, safe and fast services; keeps fares affordable for seniors, youth and people with disabilities; provides traffic relief, including funds to repave streets, fill potholes and upgrade local transportation infrastructure; improves air quality and provides clean transportation by reducing pollution using innovative technology and expanding bike and pedestrian paths, and BART, bus and commuter rail expansion and operations; and creates jobs within Alameda County by requiring local contracting that supports residents and businesses in Alameda County.

ACTC distributes Measure BB funds to the City of Alameda for local street maintenance and safety; bicycle and pedestrian paths and safety; and for Paratransit for seniors and people with disabilities

4. COMMITMENTS AND CONTINGENCIES

The City receives significant financial assistance from Federal, State and Local Governments in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal, state and local agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the City expects such amounts, if any, to be immaterial.



INDEPENDENT AUDITOR’S 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 Members of the City Council
and City Auditor of the City of Alameda
City of Alameda, California

We have audited, in accordance with the 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, the financial statements of the Alameda County Transportation Commission Measure BB Funds (Measure BB Funds) of the City of Alameda, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2015. Our report included an emphasis of matter stating that the financial statements of the Measure BB Funds do not purport to, and do not, present fairly the financial position of the City as of June 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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 financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Measure BB Funds of the City are free from material misstatement, we performed tests of its compliance with certain provisions 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 23, 2015



INDEPENDENT AUDITORS' REPORT ON MEASURE BB REQUIREMENTS

To the Honorable Members of the City Council
and City Auditor of the City of Alameda
City of Alameda, California

We have audited the Measure BB Funds of the City of Alameda's (the City) compliance with the requirements described in the Measure BB Master Program Funding agreement (the Agreement) between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to its Measure BB Funds for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its Measure BB Funds.

Auditors' Responsibility

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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Agreement. Those standards and the Agreement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Measure BB Funds 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 on compliance. However, our audit does not provide a legal determination on the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its Measure BB Funds for the year ended June 30, 2015.

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and the results of that testing based on Measure BB Master Program Funding agreement between the City and the Alameda County Transportation Commission (ACTC). Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 23, 2015