

CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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CITY OF ALAMEDA

ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1 |
| Financial Statements: | |
| Balance Sheets | 3 |
| Statements of Revenues, Expenditures, and Changes in Fund Balances..... | 4 |
| Notes to the Financial Statements | 5 |
| 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 <i>Government Auditing Standards</i> | 9 |
| Independent Auditor's Report on Measure B Compliance | 11 |

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission Measure B Program (Measure B Program) of the City of Alameda (City), California, as of and for the year ended June 30, 2018, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 such 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 B Program as of June 30, 2018, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Measure B Program and do not purport, and do not present fairly the financial position of the City as of June 30, 2018, the changes in financial position, or where applicable, its cash flows for the year ended in accordance with accounting principles accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018 on our consideration of the City's internal control over financial reporting as it relates to the Measure B Program 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 as it relates to the Measure B Program.

Mane & Associates

Pleasant Hill, California
December 26, 2018

**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
BALANCE SHEETS
JUNE 30, 2018**

| | <u>Paratransit</u> | <u>Local Streets and Roads</u> | <u>Bicycle and Pedestrian</u> | <u>ACTC Measure B Funds</u> | <u>Total</u> |
|--|-------------------------|------------------------------------|-----------------------------------|---------------------------------|---------------------------|
| ASSETS | | | | | |
| Cash and investments | \$266,555 | \$1,389,485 | \$303,033 | \$270,299 | \$2,229,372 |
| Direct local distribution program receivable - Measure B | 30,514 | 331,240 | 41,353 | | 403,107 |
| TOTAL ASSETS | <u>\$297,069</u> | <u>\$1,720,725</u> | <u>\$344,386</u> | <u>\$270,299</u> | <u>\$2,632,479</u> |
| FUND BALANCES | | | | | |
| Restricted for Measure B Programs | <u>\$297,069</u> | <u>\$1,720,725</u> | <u>\$344,386</u> | <u>\$270,299</u> | <u>\$2,632,479</u> |
| TOTAL FUND BALANCES | <u>\$297,069</u> | <u>\$1,720,725</u> | <u>\$344,386</u> | <u>\$270,299</u> | <u>\$2,632,479</u> |

See Accompanying Notes to the Financial Statements.

**CITY OF ALAMEDA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Paratransit</u> | <u>Local Streets and Roads</u> | <u>Bicycle and Pedestrian</u> | <u>ACTC Measure B Funds</u> | <u>Total</u> |
|--|--------------------|------------------------------------|-----------------------------------|---------------------------------|--------------------|
| REVENUES | | | | | |
| Measure B direct local distribution funds allocation | \$193,366 | \$2,099,021 | \$262,045 | | \$2,554,432 |
| Interest income | 2,241 | 46,528 | 3,526 | \$3,420 | 55,715 |
| Changes in fair value | (1,168) | (24,098) | (1,965) | (1,433) | (28,664) |
| Total Revenues | <u>194,439</u> | <u>2,121,451</u> | <u>263,606</u> | <u>1,987</u> | <u>2,581,483</u> |
| EXPENDITURES | | | | | |
| Planning and engineering | 29,355 | 307,224 | 40,674 | | 377,253 |
| Transportation and construction | 108,721 | 3,415,408 | 90,829 | | 3,614,958 |
| Total Expenditures | <u>138,076</u> | <u>3,722,632</u> | <u>131,503</u> | | <u>3,992,211</u> |
| NET CHANGE IN FUND BALANCES | 56,363 | (1,601,181) | 132,103 | 1,987 | (1,410,728) |
| FUND BALANCES | | | | | |
| Beginning fund balances | <u>240,706</u> | <u>3,321,906</u> | <u>212,283</u> | <u>268,312</u> | <u>4,043,207</u> |
| Ending fund balances | <u>\$297,069</u> | <u>\$1,720,725</u> | <u>\$344,386</u> | <u>\$270,299</u> | <u>\$2,632,479</u> |

See Accompanying Notes to the Financial Statements.

CITY OF ALAMEDA

ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

Under Measure B, approved by the voters of Alameda County in 2000, the City of Alameda (City) receives a one-half percent sales tax until 2022 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. In November 2014, the voters of Alameda County approved Measure BB for an additional one-half percent sales tax and also extended the Measure B one-half percent sales tax to 2045. This resulted in a total of one percent sales tax in Alameda County dedicated to transportation expenditures. From a pool of funds held by the County of Alameda (County), 10.45 percent is allocated for distribution as a subsidy to cities with paratransit programs. Funds allocated to the City for the paratransit program are received separately from funds received for capital projects, and they are recorded in a special revenue fund. An additional 20.34 percent of the pool is allocated among the cities in the County, based on the cities' populations and the number of roads within their city limits for other transportation related projects.

B. Basis of Presentation

The Measure B Program has been accounted for in a special revenue fund, which is a governmental fund type and is included in the City's basic financial statements as a nonmajor governmental fund. Special revenue funds are used to account for proceeds of specific revenues that are legally restricted to be expended for specified purposes.

The financial statements do not purport to, and do not, present the financial position or changes in financial position of the City. The projects represent a portion of the activities of the City and, as such, are included in the City's basic financial statements.

C. Basis of Accounting

The accompanying financial statements 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 presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

CITY OF ALAMEDA

ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Balance

Measure B Program fund balance is restricted. A restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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

E. Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments represent the Measure B Program's share of the City's Treasury pool. All of the Measure B Program's cash and investments are deposited in the City's Treasury pool as described in the City's Comprehensive Annual Financial Report, which can be obtained from the City's Department of Finance. The pool is unrated. Investments in the pool are made in accordance with the City's investment policy as approved by the City Council. Investments are stated at fair value. However, the value of the pool shares in the City's Treasury pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the Measure B Program's position in the pool. Interest earned from time deposits and investments is allocated annually to the Funds based on average monthly cash balance. The Measure B Program's proportionate share of investments in the City's Treasury pool at June 30, 2018 of \$2,229,372, which is not subjected to the fair value hierarchy.

NOTE 3 – MEASURE B DIRECT LOCAL DISTRIBUTION PROGRAM RECEIVABLE

The Measure B Direct Local Distribution Program Receivables represent the Measure B sales tax revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2018.

CITY OF ALAMEDA

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

NOTE 4 – MEASURE B PROJECTS

Local projects funded by Measure B revenues received during fiscal year 2017-18 were as follows:

Paratransit – \$193,366 includes funding the costs of transportation services for paratransit and seniors.

Local Streets and Roads – \$2,099,021 pass-through allocation for the funding of the following streets and roads projects:

- Transportation Services
- Otis/Pacific Resurfacing
- Sidewalk Repair
- Mecartney/Island Intersection
- Central Avenue Safety Improvements
- Park Street Pedestrian Safety
- Cross Alameda Trail
- Pavement Management
- Traffic Signals, Calming & Systems
- Climate Action Plan

Bicycle and Pedestrian – \$262,045 includes funding for the Complete Streets, Bike and Pedestrian Program and Cross Alameda Trail.

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**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
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 B Program of the City of Alameda (City), California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 26, 2018. Our report included an emphasis of a matter paragraph stating that the financial statements of the Measure B Program do not purport to, and do not, present fairly the financial position of the City as of June 30, 2018.

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) as it relates to the Measure B Program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control as it relates to the Measure B Program. Accordingly, we do not express an opinion on the effectiveness of the City's internal control as it relates to the Measure B Program.

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 B Program 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 as it relates to the Measure B Program. 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 as it relates to the Measure B Program. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mary & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
December 26, 2018

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

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

Report on Compliance for Measure B Program

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 B Program of the City of Alameda (City), California, as of and for the year ended June 30, 2018 and the related notes to the financial statements, and have issued our report thereon dated December 26, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure B Program based on our audit of the types of compliance requirements referred to above. 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 requirements specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Measure B Program. 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 for the Measure B Program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Measure B Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Measure B Program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Measure B Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure B Program and to test and report on internal control over 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Measure B Program 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 type of compliance requirement of the Measure B Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Measure B Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.



Pleasant Hill, California
December 26, 2018