

**CITY OF HAYWARD**  
**MEASURE BB PROGRAM**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2015**

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**CITY OF HAYWARD**  
**MEASURE BB PROGRAM**  
**Financial Statements**  
**For the Year Ended June 30, 2015**

**Table of Contents**

	<u><b>Page</b></u>
<i>Independent Auditor's Report</i> .....	1
<i>Financial Statements:</i>	
Balance Sheet .....	3
Statement of Revenues, Expenditures and Changes in Fund Balances .....	4
Notes to Financial Statements.....	5
<i>Independent Auditor's Report on Measure BB Compliance</i> .....	7

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of the Measure BB Program (Program) of the City of Hayward, California, (City) as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Program's basic 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 opinions 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 Program'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 Program'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 opinions.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Program and are not intended to present fairly the financial positions of the City and the results of its operations in conformity with generally accepted accounting principles.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2015, and the respective changes in fund balance for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, on our consideration of the Program's internal control over financial reporting 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 Program's internal control over financial reporting and compliance.

*Mage & Associates*

Pleasant Hill, California  
December 17, 2015

CITY OF HAYWARD  
 MEASURE BB PROGRAM - BALANCE SHEET  
 JUNE 30, 2015

	<u>Paratransit</u>	<u>Local Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Totals</u>
<b>ASSETS</b>				
Due from ACTC - Measure BB	<u>\$141,205</u>	<u>\$396,817</u>	<u>\$72,265</u>	<u>\$610,287</u>
Total Assets	<u><u>\$141,205</u></u>	<u><u>\$396,817</u></u>	<u><u>\$72,265</u></u>	<u><u>\$610,287</u></u>
<b>FUND BALANCE</b>				
Restricted for Measure BB Program	<u>\$141,205</u>	<u>\$396,817</u>	<u>\$72,265</u>	<u>\$610,287</u>
Total Fund Balance	<u>141,205</u>	<u>396,817</u>	<u>72,265</u>	<u>610,287</u>
Total Liabilities and Fund Balance	<u><u>\$141,205</u></u>	<u><u>\$396,817</u></u>	<u><u>\$72,265</u></u>	<u><u>\$610,287</u></u>

See accompanying notes to financial statements

CITY OF HAYWARD  
 MEASURE BB PROGRAM  
 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>Bike and Pedestrian</u>	<u>Totals</u>
REVENUES				
Intergovernmental				
Measure BB Pass-through allocations	<u>\$141,205</u>	<u>\$396,817</u>	<u>\$72,265</u>	<u>\$610,287</u>
Total Revenues	<u>141,205</u>	<u>396,817</u>	<u>72,265</u>	<u>610,287</u>
Net Change in Fund Balance	141,205	396,817	72,265	610,287
Beginning Fund Balance	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Ending Fund Balance	<u><u>\$141,205</u></u>	<u><u>\$396,817</u></u>	<u><u>\$72,265</u></u>	<u><u>\$610,287</u></u>

See accompanying notes to financial statements



CITY OF HAYWARD  
MEASURE BB PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

All transactions of the Alameda County Transportation Commission - Measure BB Program (Measure BB Program) of the City of Hayward, California (City), are included as a separate special revenue fund in the basic financial statements of the City. The Measure BB Program is used to account for the City's share of revenues earned and expenditures incurred under the City's Local Streets and Roads, Bike and Pedestrian and Paratransit programs. The accompanying financial statements are for the Measure BB Program only and are not intended to fairly present the financial position of the City and the results of its operations.

**B. 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 present increased (revenues and other financing sources) and decreased (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 City uses Special Revenue Funds to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

**D. Capital Assets**

Capital assets, consisting primarily of infrastructure, are recorded as expenditures and are not capitalized since they will be maintained by the City.

**NOTE 2 - MEASURE BB PROGRAM**

Under Measure BB, approved by the voters of Alameda County in 2014, the City receives a portion of the proceeds of an additional one percent sales tax to be used for transportation-related expenditures. These measures were adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid by property taxes but, rather, would be used for additional projects and programs.

Projects funded by Measure BB 2014 were as follows:

Paratransit - To provide transit services for seniors and people with disabilities.

Local Streets and Roads - To improve, repair, and overlay city streets.

Bike and Pedestrian - To provide sidewalk and ADA improvements and to implement the bikeway network.

**CITY OF HAYWARD  
MEASURE BB PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
For The Year Ended June 30, 2015**

**NOTE 3 - COMMITMENTS AND CONTINGENCIES**

The City participates in several grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

## INDEPENDENT AUDITOR'S REPORT ON MEASURE BB COMPLIANCE

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

### ***Report on Compliance for Measure BB 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 basic financial statements of the Measure BB Program of the City of Hayward, 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 17, 2015.

### ***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 BB 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 a major federal program 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 for the Measure BB program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Measure BB 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 the Measure BB Program for the year ended June 30, 2015.

### ***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 Measure BB Program's internal control over compliance with the types of requirements that could have a direct and material effect on Measure BB Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure BB 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 Measure BB Program'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 a federal 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 Measure BB 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 Measure BB 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.

We have also issued a separate Memorandum on Internal Control dated December 17, 2015 which is an integral part of our audit and should be read in conjunction with this report.

### ***Purpose of this Report***

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 17, 2015