

CITY OF OAKLAND

**ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE BB FUNDS**

**FINANCIAL STATEMENTS
JUNE 30, 2016**



GRANT & SMITH, LLP
Certified Public Accountants

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
JUNE 30, 2016**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report.....	1
Financial Statements	
- Balance Sheet.....	3
- Statements of Revenues, Expenditures and Changes in Fund Balances...	4
- Notes to 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</i> <i>Standards</i>	7
Schedule Of Findings And Questioned Costs.....	9
Status Of Prior Year Findings.....	10



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission (Alameda CTC) - Measure BB Funds of the City of Oakland, California (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements.

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.

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 entity'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 entity'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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

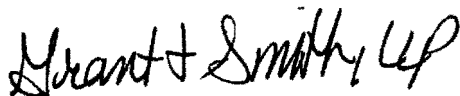
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alameda County Transportation Commission – Measure BB Funds of the City of Oakland, California, as of June 30, 2016, and the respective changes in financial position 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 of the Alameda CTC – Measure BB Funds of the City of Oakland, California present only the Measure BB Funds and are not intended to present fairly the financial position of the City and the results of its operations in conformity with generally accounting principles 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 October 28, 2016, on our consideration of the City of Oakland, California'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 City of Oakland, California's internal control over financial reporting and compliance.



Oakland, California
October 28, 2016

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	Streets & Roads	Bike & Pedestrians	Paratransit	Total
ASSETS:				
Cash & Investments	\$ 6,337,655	\$ 980,821	\$ 720,890	\$ 8,039,366
Receivables:				
Measure BB Allocation	1,550,537	155,389	170,946	1,876,872
Interest				
Prepaid Expenditures	31,667			31,667
TOTAL ASSETS	\$ 7,919,858	\$ 1,136,210	\$ 891,836	\$ 9,947,905
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 439,636	\$ 208,996	\$ 22,366	\$ 670,998
TOTAL LIABILITIES	439,636	208,996	22,366	670,998
FUND BALANCE:				
Restricted for Measure BB Qualified Projects and Programs	7,480,222	927,214	869,471	9,276,907
TOTAL LIABILITIES & FUND BALANCE	\$ 7,919,858	\$ 1,136,210	\$ 891,836	\$ 9,947,905

See accompanying notes.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Streets & Roads</u>	<u>Bike & Pedestrians</u>	<u>Paratransit</u>	<u>Total</u>
REVENUES:				
Measure BB Allocation	\$ 10,058,351	\$ 1,008,011	\$ 1,108,930	\$ 12,175,292
Interest on Investments	12,433	1,875	1,417	15,726
Unrealized Gain/Loss in Market	4,393	771	538	5,701
TOTAL REVENUES	<u>10,075,177</u>	<u>1,010,657</u>	<u>1,110,885</u>	<u>12,196,719</u>
EXPENDITURES:				
Transportation & Operation			454,305	454,305
Planning, Engineering & Construction	4,531,188	277,435		4,808,623
TOTAL EXPENDITURES	<u>4,531,188</u>	<u>277,435</u>	<u>454,305</u>	<u>5,262,928</u>
REVENUES OVER (UNDER) EXPENDITURES	5,543,989	733,222	656,580	6,933,791
BEGINNING FUND BALANCE	<u>1,936,233</u>	<u>193,992</u>	<u>212,891</u>	<u>2,343,116</u>
ENDING FUND BALANCE	<u>\$ 7,480,222</u>	<u>\$ 927,214</u>	<u>\$ 869,471</u>	<u>\$ 9,276,907</u>

See accompanying notes.

CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measure BB, approved by the voters of Alameda County on November 04, 2014, authorized Alameda County Transportation Commission (Alameda CTC) to administer the proceeds from the extension one-half cent sales and use tax scheduled to terminate on March 31, 2022, and the augmentation of the tax by one-half of one percent. The duration of the tax will be 30 years from initial year of collection, which begins April 01, 2015, with said to terminate/expire on March 31, 2045. Transactions of the Alameda CTC Measure BB Funds of the *City of Oakland* are included, as separate funds, in the basic financial statements of the City of Oakland uses Measure BB Funds to account for expenditures incurred in The City's Local Streets and Roads, Bike and Pedestrian Ways and Paratransit programs.

Local Streets and Roads – These funds are for any local priority transportation need, including but not limited to street maintenance/resurfacing, bicycle and pedestrian projects, bus stop improvements, traffic signals and signage, and traffic calming.

Bike and Pedestrian Safety – the funds are used for planning, construction and maintenance of bicycle and pedestrian projects and programs, with focus on high-priority projects in Oakland's Bicycle Master Plan and Pedestrian Master Plan.

Paratransit – To provide transit services for the elderly and people with disabilities.

Measure BB Funds are accounted for in special revenue funds of the City of Oakland's (the City) financial accounting records. The financial statements of the Measure BB Funds present only the financial activities of the Measure BB 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 after the end of the current fiscal year. Expenditures are recorded when the liability is incurred and is expected to be liquidated with expendable available resources.

CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
Notes to Financial Statements
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Investments

Cash and investments for Measure BB 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.

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 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.

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, worker's 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, 2016, \$572,259 of Measure BB Streets and Roads Funds and \$10,428 Measure BB Paratransit Funds were committed to cover anticipated costs of completing various projects and programs. Of the balance of \$8,697,187, the City has appropriated \$8,131,022 for various capital improvements projects. These amounts may or may not result in actual expenditures.

NOTE 4 – MEASURE BB FUNDS IN THE CITY'S BASIC FINANCIAL STATEMENTS

Measure BB Funds are grouped with other funds under "Traffic Safety and Control" as a part of Non Major Governmental Funds (Special Revenue Funds) in the City's June 30, 2016, Comprehensive Annual Financial Report (CAFR) under the basic financial statements. That report may be obtained by writing to the Financial Management Agency, Accounting Division City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

Cash and Investments of Measure BB Funds as reported in the City's June 30, 2016, basic financial statements and as reported in the current financial statements are the same.



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 the
City Council of the City of Oakland
Oakland, 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 of the City of Oakland, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Oakland, California's basic financial statements, and have issued our report thereon dated October 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Oakland, California'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Oakland, California's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Oakland, California'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 entity'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.

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 (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oakland, California's financial statements 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*.

In our opinion, the City of Oakland is in compliance with the laws and regulations, contracts and grant requirements related to Measure BB funds as specified in the grant agreement between the City of Oakland and Alameda County Transportation Commission. Our opinion is covering the period from July 01, 2015 through June 30, 2016.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant & Smith, LLP

Oakland, California
October 28, 2016

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
Schedule of Findings and Questioned Costs
June 30, 2016**

No findings or questioned costs were noted during the current year's audit.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
Status of Prior Year Findings
June 30, 2016**

There were no findings and recommendation for the prior year.