

---

**CITY OF PIEDMONT**  
**MEASURE BB FUND**  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2018

---

MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP  
1760 CREEKSIDE OAKS DRIVE, SUITE 160  
SACRAMENTO, CA 95833

**CITY OF PIEDMONT  
MEASURE BB FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Balance Sheet	3
Statements of Revenues, Expenditures and Change in Fund Balance	4
Notes to the Financial Statements	5 - 6
Independent Auditor's Report on Measure BB Compliance and on Internal Control Over Compliance	7 - 8
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 - 10



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Piedmont  
Piedmont, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Measure BB Fund of the City of Piedmont 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 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 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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Fund of the City as of June 30, 2018, 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 2, the financial statements of the Measure BB Fund of the City of Piedmont are intended to present the financial position and the changes in financial position of the City that is attributable to the transactions of the Fund. They do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2018 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. 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 20, 2018, on our consideration of the City'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 the 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.

*Mann, Mumia, Nelson CPA's*

Sacramento, California  
December 20, 2018

**CITY OF PIEDMONT  
MEASURE BB FUND  
BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and investments (Note 3)	\$ 473,608	\$ -	\$ 473,608
Due from Bike & Pedestrian	3,282	-	3,282
Accounts receivable	61,978	4,768	66,746
Interest receivable	<u>2,288</u>	<u>198</u>	<u>2,486</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 541,156</u></b>	<b><u>\$ 4,966</u></b>	<b><u>\$ 546,122</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 540,470	\$ -	\$ 540,470
Due to Streets & Roads	<u>-</u>	<u>3,282</u>	<u>3,282</u>
<b>TOTAL LIABILITIES</b>	<b><u>540,470</u></b>	<b><u>3,282</u></b>	<b><u>543,752</u></b>
<b><u>FUND BALANCE</u></b>			
Restricted for Measure BB capital projects	\$ <u>686</u>	\$ <u>1,684</u>	\$ <u>2,370</u>
<b>TOTAL FUND BALANCE</b>	<b><u>686</u></b>	<b><u>1,684</u></b>	<b><u>2,370</u></b>
<b>TOTAL LIABILITIES FUND BALANCE</b>	<b><u>\$ 541,156</u></b>	<b><u>\$ 4,966</u></b>	<b><u>\$ 546,122</u></b>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT  
MEASURE BB FUND**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Measure BB pass-through revenue			
Pass-through allocation	\$ 390,123	\$ 30,011	\$ 420,134
Interest	<u>5,201</u>	<u>452</u>	<u>5,653</u>
<b>Total Revenues</b>	<u>395,324</u>	<u>30,463</u>	<u>425,787</u>
<b><u>EXPENDITURES</u></b>			
Public works	<u>607,314</u>	<u>54,420</u>	<u>661,734</u>
<b>Excess of revenues over expenditures</b>	<u>607,314</u>	<u>54,420</u>	<u>661,734</u>
<b>NET CHANGE IN FUND BALANCE</b>	(211,990)	(23,957)	(235,947)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>212,676</u>	<u>25,641</u>	<u>238,317</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 686</u>	<u>\$ 1,684</u>	<u>\$ 2,370</u>

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT  
MEASURE BB FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 1: BACKGROUND - MEASURE BB**

Measure BB is a tax that was approved by the voters of Alameda County in November 2014, which implemented a 30 year Transportation Expenditure Plan. The measure extended Measure B which was the original 0.5 percent transportation sales tax approved in 2000 from ending April 1, 2022 to April 1, 2045 and increased the tax by 0.5 percent. This resulted in a 1 percent total sales tax in the County dedicated to transportation expenses. The City receives a portion of the proceeds to be used for transportation-related expenditures. The Measure BB Fund accounts for the direct funding from the measure for local street projects and bicycle and pedestrian projects based on population and road mileage provided by the additional 0.5 percent.

Projects funded by Measure BB during the year were as follows:

Street Resurfacing - To improve, repair, and overlay cities streets.

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

The pool of funds held by the County 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. Funds allocated for streets and roads, bike lanes and pedestrian lanes are recorded as a special revenue fund.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

All transactions of the Measure BB Fund of the City of Piedmont, California are included as separate special revenue and capital project funds in the basic financial statements of the City.

The financial statements are intended to present the financial position, results of operations and cash flows of only transactions recorded under the Measure BB Fund. The fund itself is included in the financial statements of the City.

**B. Basis of Presentation**

The Measure BB Fund's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

**C. Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

All governmental funds are reported using the *current financial resources* measurement focus and the modified *accrual* basis of accounting. Revenues are recorded when measurable and available and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**D. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF PIEDMONT**  
**MEASURE BB PROGRAM**  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 3: CASH AND INVESTMENTS**

See the City's Basic Financial Statements for disclosures related to cash and investments and the related custodial risk categorization.

**NOTE 4: COMMITMENTS AND CONTINGENCIES**

The City participates in several grant programs. These programs did not require a Single Audit during the year ended June 30, 2018. However, these programs are 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  
AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the City Council  
City of Piedmont  
Piedmont, California

**Report on Compliance for Measure BB Fund**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the City's compliance 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 ACTC. 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 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 of the City's compliance with those requirements.

**Opinion on Compliance**

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

**Report on Internal Control over Compliance**

Management of the City 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 Measure BB Funds to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the requirements noted above, 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 for 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 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 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 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.

#### **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 controls over compliance and the results of that testing based on the requirements of the *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

*Mann, Urutia, Nelson CPA's*

Sacramento, California  
December 20, 2018



**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 City Council of  
the City of Piedmont  
Piedmont, 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 Measure BB Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 20, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Piedmont'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 City of Piedmont's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Piedmont'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund'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*.

**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.

Mann, Mutha, Nelson CPA's

Sacramento, California  
December 20, 2018