
CITY OF PIEDMONT

MEASURE B FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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**CITY OF PIEDMONT
MEASURE B FUND
FOR THE YEAR ENDED JUNE 30, 2019**

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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 B Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2019 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Fund of the City as of June 30, 2019, and the changes in financial position thereof 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 present only the Measure B Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2019, the changes in its financial position 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, 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, Wintia, Nelson CPAs

Sacramento, California
December 18, 2019

**CITY OF PIEDMONT
MEASURE B FUND
BALANCE SHEET
JUNE 30, 2019**

| | <u>ACTA Measure B</u> | <u>Streets and Roads</u> | <u>Bike and Pedestrian</u> | <u>Total</u> |
|--|---------------------------|------------------------------|--------------------------------|--------------------------|
| <u>ASSETS</u> | | | | |
| Cash and investments (Note 3) | \$ - | \$ 66,327 | \$ 15,349 | \$ 81,676 |
| Other receivables | <u>-</u> | <u>76,279</u> | <u>6,544</u> | <u>82,823</u> |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 142,606</u> | <u>\$ 21,893</u> | <u>\$ 164,499</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | <u>\$ -</u> | <u>\$ 20,875</u> | <u>\$ 6,866</u> | <u>\$ 27,741</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>20,875</u> | <u>6,866</u> | <u>27,741</u> |
| <u>FUND BALANCE</u> | | | | |
| Restricted for Measure B programs & projects | <u>-</u> | <u>121,731</u> | <u>15,027</u> | <u>136,758</u> |
| TOTAL FUND BALANCE | <u>-</u> | <u>121,731</u> | <u>15,027</u> | <u>136,758</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ -</u> | <u>\$ 142,606</u> | <u>\$ 21,893</u> | <u>\$ 164,499</u> |

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE B FUND**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

| | <u>ACTA Measure B</u> | <u>Streets and Roads</u> | <u>Bike and Pedestrian</u> | <u>Total</u> |
|---|---------------------------|------------------------------|--------------------------------|-------------------|
| <u>REVENUES</u> | | | | |
| Measure B pass-through revenue | | | | |
| Pass-through allocation | \$ - | \$ 463,956 | \$ 39,806 | \$ 503,762 |
| Interest | <u>-</u> | <u>120</u> | <u>10</u> | <u>130</u> |
| Total Revenues | <u>-</u> | <u>464,076</u> | <u>39,816</u> | <u>503,892</u> |
| <u>EXPENDITURES</u> | | | | |
| Public works | <u>2,374</u> | <u>347,291</u> | <u>24,946</u> | <u>374,611</u> |
| Total Expenditures | <u>2,374</u> | <u>347,291</u> | <u>24,946</u> | <u>374,611</u> |
| NET CHANGE IN FUND BALANCE | (2,374) | 116,785 | 14,870 | 129,281 |
| FUND BALANCE - BEGINNING OF YEAR | <u>2,374</u> | <u>4,946</u> | <u>157</u> | <u>7,477</u> |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ 121,731</u> | <u>\$ 15,027</u> | <u>\$ 136,758</u> |

See accompanying notes to the basic financial statements.

**CITY OF PIEDMONT
MEASURE B FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1: BACKGROUND - MEASURE B

Under Measure B, approved by the voters of Alameda County in 1986 and 2000, the City receives a portion of the proceeds of an additional one-half cent 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 B 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 B 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 and results of operations of only transactions recorded under the Measure B Fund. The fund itself is included in the financial statements of the City.

B. Basis of Presentation

The Measure B 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 B FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2019

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, 2019. 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 B COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

To the City Council
City of Piedmont
City of Piedmont, California

Report on Compliance for Measure B Fund

We have audited the accompanying financial statements of the Measure B 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 B Funds for the year ended June 30, 2019.

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 B 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 B Funds for the year ended June 30, 2019.

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 B 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.

Moamir M. Mutia, Nelson CPA 18

Sacramento, California
December 18, 2019



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
City of 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 B Fund of the City of Piedmont (the "Fund"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 18, 2019.

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, Murtia, Nelson CPA's

Sacramento, California
December 18, 2019