

**San Francisco Bay Area
Rapid Transit District**
Alameda County Transportation Commission –
Measure BB Funds

Independent Auditor's Reports,
Financial Statements,
and Independent Accountant's Report

For the Year Ended June 30, 2019



Certified
Public
Accountants

San Francisco Bay Area Rapid Transit District
Alameda County Transportation Commission –
Measure BB Funds
For the Year Ended June 30, 2019

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Independent Auditor's Report

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission – Measure BB Funds (Funds) of the San Francisco Bay Area Rapid Transit District (District), 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds as of June 30, 2019, and the changes in financial position and cash flows thereof 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 2 to the financial statements, the financial statements present only the Funds and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2019, and the changes in financial position and cash flows thereof 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 9, 2019, on our consideration of the District's internal control over the Funds' 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 solely 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 effectiveness of the District's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the Funds' financial reporting and compliance.



Walnut Creek, California
December 9, 2019

San Francisco Bay Area Rapid Transit District
Alameda County Transportation Commission - Measure BB Funds
Combining Statement of Net Position
June 30, 2019

	ACTC Measure BB Paratransit Allocation	ACTC Measure BB Mass Transit Allocation	Total Measure BB Funds
Assets			
Accounts receivable - Measure BB sales taxes	\$ 390,863	\$ 130,288	\$ 521,151
Liabilities			
Due to BART	390,863	130,288	521,151
Net Position	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

San Francisco Bay Area Rapid Transit District
Alameda County Transportation Commission - Measure BB Funds
Combining Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2019

	ACTC Measure BB Paratransit Allocation	ACTC Measure BB Mass Transit Allocation	Total Measure BB Funds
Revenues			
Measure BB sales tax	\$ 2,377,765	\$ 792,589	\$ 3,170,354
Total revenues	<u>2,377,765</u>	<u>792,589</u>	<u>3,170,354</u>
Expenses			
Paratransit services	2,377,765	-	2,377,765
Operating - transit services	-	792,589	792,589
Total expenditures	<u>2,377,765</u>	<u>792,589</u>	<u>3,170,354</u>
Change in net position	-	-	-
Net position - beginning	-	-	-
Net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
Alameda County Transportation Commission - Measure BB Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2019

	ACTC Measure BB Paratransit Allocation	ACTC Measure BB Mass Transit Allocation	Total Measure BB Funds
Cash flows from operating activities:			
Cash receipts from Alameda County Transportation Commission	\$ 2,334,538	\$ 778,180	\$ 3,112,718
Cash payments to suppliers for goods and services	(2,334,538)	(778,180)	(3,112,718)
Net cash provided by operating activities	-	-	-
Change in cash	-	-	-
Cash, beginning of year	-	-	-
Cash, end of year	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:			
Net effect of changes in assets and liabilities:			
Accounts receivable - Measure BB sales taxes	(43,227)	(14,409)	(57,636)
Due to BART	43,227	14,409	57,636
Net cash provided by operating activities	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

Under Measure BB approved by the voters of Alameda County in November 2014, the San Francisco Bay Area Rapid Transit District (District) receives a share of the one-half percent sales tax to be used for local transportation-related expenditures. The duration of the tax will be 30 years from the initial year of collection, which begins April 1, 2015 and will expire on March 31, 2045.

The accompanying financial statements are prepared from the accounts and financial transactions of the District for the Alameda County Transportation Commission – Measure BB Funds (Funds). The Funds are used to account for the District’s share of revenues earned and expenses incurred under the District’s Measure BB funded paratransit and mass transit operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) ***Basis of Presentation***

The financial statements do not purport to, and do not, present the financial position of the District as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The activities of the Funds are reported within the District’s enterprise fund. The projects funded by Measure BB represent a portion of the activities of the District and, as such, are included in the District’s financial statements.

(b) ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

(c) ***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(d) ***Accounts Receivable***

Accounts receivable consist primarily of Measure BB funds allocated by the Alameda County Transportation Commission from sales tax revenues collected by the State of California on all taxable sales within the County of Alameda, California through June 30, 2019.

(e) ***Due to BART***

Due to BART represents unremitted Measure BB funds programmed to the District for transit and paratransit expenditures that are payable to the District by Alameda County Transportation Commission as of June 30, 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***

Board of Directors
San Francisco Bay Area Rapid Transit District
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 (Funds) of the San Francisco Bay Area Rapid Transit District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over the Funds’ financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control related to the Funds. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control related to the Funds.

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 Funds' 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.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 9, 2019



**Independent Accountant's Report on Compliance with the
Agreement between the San Francisco Bay Area Rapid Transit District and the
Alameda County Transportation Commission Applicable to the Measure BB Funds**

Board of Directors
San Francisco Bay Area Rapid Transit District
Oakland, California

We have examined the San Francisco Bay Area Rapid Transit District's (District) compliance with the types of compliance requirements described in the Agreement between the District and the Alameda County Transportation Commission (ACTC) applicable to the Measure BB Funds (Agreement), for the year ended June 30, 2019. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2019.

This report is intended solely for the information and use of the District's Board of Directors, the District's management, and the ACTC and is not intended to be and should not be used by anyone other than these specified parties.

Walnut Creek, California
December 9, 2019