

**ALAMEDA COUNTY
PUBLIC WORKS AGENCY**

MEASURE BB FUNDS

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2020

**ALAMEDA COUNTY
PUBLIC WORKS AGENCY**

MEASURE BB FUNDS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
Alameda County
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission – Measure BB (Measure BB Funds) of the Alameda County Public Works Agency (the County), as of and for the year ended June 30, 2020, 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 Alameda County Public Works Agency, as of June 30, 2020, and the results of operations and changes in fund balance 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 to the financial statements, the financial statements referred to above present only the Measure BB Funds and are not intended to present fairly the financial position of Alameda County Public Works Agency and the results of its operations in conformity with generally accounting principles 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 November 18, 2020, on our consideration of the Alameda County Public Works Agency'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 County's internal control over financial reporting and compliance.

Grant & Smith, LLP

Oakland, California
November 18, 2020

**ALAMEDA COUNTY
PUBLIC WORKS AGENCY
MEASURE BB FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	MEASURE BB PROGRAMS & PROJECTS		
	Streets & Roads	Bike & Pedestrian	Total
ASSETS			
Cash & Cash Equivalents	\$ 82,795	\$ 120,310	\$ 203,105
Accounts Receivable	406,650	65,554	472,204
Total Current Assets	\$ 489,445	\$ 185,864	\$ 675,309
LIABILITIES & FUND BALANCES			
Restricted Fund Balances	\$ 489,445	\$ 185,864	\$ 675,309
Total Liabilities & Fund Balances	\$ 489,445	\$ 185,864	\$ 675,309

See accompanying notes.

**ALAMEDA COUNTY
PUBLIC WORKS AGENCY
MEASURE BB FUNDS
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	MEASURE BB PROGRAMS & PROJECTS		
	Streets & Roads	Bike & Pedestrian	Total
REVENUES			
Measure BB Revenue	\$ 2,454,366	\$ 395,657	\$ 2,850,023
Interest	32,242	5,200	37,442
Total Revenues	2,486,608	400,857	2,887,465
EXPENDITURES			
Public Works			-
Construction	4,954,362	1,512,305	6,466,667
Total Expenditures	4,954,362	1,512,305	6,466,667
Excess (Deficit) Revenues over Expenditures			
Net Change in Fund Balances	(2,467,754)	(1,111,448)	(3,579,202)
Beginning Fund Balances	2,957,199	1,297,312	4,254,511
Ending Fund Balances	<u>\$ 489,445</u>	<u>\$ 185,864</u>	<u>\$ 675,309</u>

See accompanying notes.

**ALAMEDA COUNTY
PUBLIC WORKS AGENCY
MEASURE BB FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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 Alameda County Public Works Agency are included, as separate funds, in the basic financial statements of the County of Alameda. The Public Works Agency uses Measure BB Funds to account for expenditures incurred in The County's Local Streets and Roads, Bike and Pedestrian Ways programs.

The accompanying financial statements are for Measure BB Funds only, and are not intended to fairly present the financial position of the County of Alameda and the results of its operations and changes in fund balances.

Basis of Accounting

The accompanying financial statements are presented 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 modified accrual basis of accounting is not intended to present financial information in conformity with generally accepted accounting principles.

The accounting and financial reporting treatment applied to a fund is the "current financial resources" measurement focus, wherein only current assets and current liabilities are generally included on the balance sheet. The operating statement of the fund presents increasing (revenues and other financing sources) and decreasing sources (expenditures and other financing uses) in net current assets of the fund. Encumbrances for projects already under a signed contractual agreement are presented as reserves, and not yet included in the project expenditures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions.

**ALAMEDA COUNTY
PUBLIC WORKS AGENCY
MEASURE BB FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates (Continued)

These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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. Measure BB activities are accounted for in the Road Fund. This fund is used to account for state and local tax apportionments and other authorized revenues, the expenditure of which is restricted to street, road, highway and bridge purposes.

NOTE 2 CASH AND INVESTMENTS WITH COUNTY TREASURER

Measure BB funds received by the Public Works Agency are deposited with the Treasurer of the County of Alameda. The Treasurer invests pooled cash and investments in accordance with policy guidelines established by the County. Information pertaining to the pooled cash and investments held by the Treasurer is included in the June 30, 2020 Comprehensive Annual Financial Report of the County. These investments are subject to various types of risk. The required disclosure on risks and fair values for these investments is made in the notes to the Comprehensive Annual Financial Report. Interest on pooled cash and investments is allocated quarterly to individual funds based on investment income and the average daily balance maintained by each fund.

NOTE 3 BICYCLE AND PEDESTRIAN WAYS EXPENDITURES

Expenditure plans for Bicycle and Pedestrian Ways projects are subject to pre-approval via a public meeting process.

NOTE 4 DESCRIPTIONS OF FUNDS

Under Measure BB, Alameda CTC allocates to the Public Works Agency a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures.

**ALAMEDA COUNTY
PUBLIC WORKS AGENCY
MEASURE BB FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

NOTE 4 DESCRIPTIONS OF FUNDS (CONTINUED)

Under Measure BB, Alameda CTC allocates to the Public Works Agency a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. Measure BB is adopted with the intention that the proceeds generated by the additional sales tax would not fund expenditures previously paid for by property taxes, but rather would be used for additional projects and programs.

Projects funded by Measure BB were as follows:

Local Streets and Roads - To improve, repair, and overlay streets throughout the County

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

Projects funded by Measure BB and the amounts expended during the fiscal year ended June 30, 2020 were as follows:

Local Streets and Roads	\$ 4,954,362
Bicycle and Pedestrians Ways	<u>1,512,305</u>
 Total	 <u>\$ 6,466,667</u>

At June 30, 2020, \$675,309 of Measure BB fund balance was restricted for use in programs imposed by Alameda CTC stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of Alameda CTC. Upon expiration, satisfaction or removal, the associated fund balance are released from restricted and reported as unassigned fund balances.

NOTE 5 COMMITMENTS AND CONTINGENCIES

At June 30, 2020, there is an encumbrance reserve which represents construction projects already bound by signed contractual agreements, but expenditures have not yet been incurred. Measure BB encumbrance reserve is \$711,958.

Occasionally, the County of Alameda is involved in legal actions arising from normal business activities. Management, upon advice of legal counsel handling such actions, believes that the ultimate resolution of any such actions will not have a material adverse effect on the Public Works Agency's financial position or results of operations.

**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 Honorable Board of Supervisors
Alameda County
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 (Measure BB Funds) of the Alameda County Public Works Agency (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’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 County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’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 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 (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’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.

Grant & Smith, LLP

Oakland, California
November 18, 2020

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH
MEASURE BB REQUIREMENTS**

To the Honorable Board of Supervisors
Alameda County
Oakland, California

Report on Compliance

We have audited the Alameda County Transportation Commission – Measure BB (Measure BB Funds) of the Alameda County Public Works Agency (the County)’s compliance with the types of compliance requirements described in the agreement between the County and Alameda County Transportation Commission applicable to Measure BB, that could have a direct and material effect on the County’s Measure BB Funds, for the year ended June 30, 2020.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its Measure BB Funds.

Auditor’s Responsibility

Our responsibility is to express an opinion on the County’s compliance based on our audit. 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 the agreement between the County and Alameda County Transportation Commission applicable to Measure BB. Those standards and the agreement 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. An audit includes examining, on a test basis, evidence about the County’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 Measure BB Funds. However, our audit does not provide a legal determination of the County’s compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
MEASURE BB REQUIREMENTS(CONTINUED)**

Opinion on Measure BB Funds

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that are applicable to its Measure BB Funds for the year ended June 30, 2020.

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and the results of that testing based on the requirements of agreement between the County and Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Grant & Smith, LLP

Oakland, California
November 18, 2020