

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE BB FUNDS
EMERYVILLE, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE BB FUNDS
EMERYVILLE, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission Measure BB Funds (Measure BB Funds) of the City of Emeryville, California (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise 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 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.



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure BB Funds of the City, as of June 30, 2020, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements are prepared in accordance with the Alameda County Transportation Commission Measure BB agreement which requires that financial statements present only the activities relating to the program, and does not purport to present fairly, the financial position of the City as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restriction of Use

Our report is intended solely for the information and use of the City and the Alameda County Transportation Commission, and is not intended to be, and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020 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 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 City's 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.

A handwritten signature in black ink that reads "Lance, Soll & Loughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
November 24, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance

We have audited the compliance of the City of Emeryville, California (the City), with the types of compliance requirements described in the agreement with the Alameda County Transportation Commission dated April 1, 2015, that are applicable to its Measure BB Funds for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the laws, regulations, contracts, and grant requirements applicable to its agreement with the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the 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 the agreement with the Alameda County Transportation Commission dated April 1, 2015 that are applicable to its Measure BB Funds. Those standards 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 material effect on the 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. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City of Emeryville, California is in compliance with the laws and regulations, contracts, and grant requirements related to the 2014 Measure BB Fund as of June 30, 2020 as specified in the agreement between the City and the Alameda County Transportation Commission.

Report on Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements listed above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the Measure BB Funds in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.





To the Honorable Mayor and City Council
City of Emeryville, California

A deficiency in internal control over compliance 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 noncompliance 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 timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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 the internal control over compliance that we consider material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the agreement with the Alameda County Transportation Commission dated April 1, 2015, that are applicable to its Measure BB Funds. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lingham, LLP

Sacramento, California
November 24, 2020

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS

BALANCE SHEET
JUNE 30, 2020

	<u>Paratransit</u>	<u>Local Streets and Roads</u>	<u>Bicycle and Pedestrian</u>	<u>Totals</u>
Assets				
Cash and investments	\$ 25,674	\$ 544,412	\$ 20,680	\$ 590,766
Receivables:				
Accrued Interest	50	529	-	579
Due from ACTC	5,294	49,789	5,210	60,293
Total Assets	<u>\$ 31,018</u>	<u>\$ 594,730</u>	<u>\$ 25,890</u>	<u>\$ 651,638</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 18,347	\$ -	\$ 4,350	\$ 22,697
Total Liabilities	<u>\$ 18,347</u>	<u>\$ -</u>	<u>\$ 4,350</u>	<u>\$ 22,697</u>
Fund Balances				
Restricted for Measure BB Programs and Projects	\$ 12,671	\$ 594,730	\$ 21,540	\$ 628,941
Total Fund Balances	<u>\$ 12,671</u>	<u>\$ 594,730</u>	<u>\$ 21,540</u>	<u>\$ 628,941</u>
Total Liabilities and Fund Balances	<u>\$ 31,018</u>	<u>\$ 594,730</u>	<u>\$ 25,890</u>	<u>\$ 651,638</u>

CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Paratransit</u>	<u>Local Streets and Roads</u>	<u>Bicycle and Pedestrian</u>	<u>Totals</u>
Revenues				
Measure BB Direct Local Distributions	\$ 31,956	\$ 300,506	\$ 31,447	\$ 363,909
Interest income	574	4,405	593	5,572
Total Revenues	32,530	304,911	32,040	369,481
Expenditures				
Public works	-	12,908	90,411	103,319
Community services	32,392	-	-	32,392
Total Expenditures	32,392	12,908	90,411	135,711
Excess of Revenues Over Expenditures	138	292,003	(58,371)	233,770
Fund Balances, Beginning of Year	12,533	138,486	79,911	230,930
Restatement	-	164,241	-	164,241
Fund Balances, End of Year As Restated	\$ 12,671	\$ 594,730	\$ 21,540	\$ 628,941

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

All transactions of the Alameda County Transportation Commission - Measure BB Funds (Measure BB Funds) of the City of Emeryville, California (the City), are included in a separate special revenue fund in the basic financial statements of the City. The Measure BB Fund is used to account for the City's share of revenues earned and expenditures incurred under the City's paratransit, local streets and roads, and bicycle and pedestrian programs. The accompanying financial statements are for Measure BB Funds only and are not intended to fairly present the financial position of the City and the results of its operations.

b. Basis of Accounting

The accompanying financial statements are prepared 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 accounting and financial reporting treatment applied to a fund is determined by its measurable focus. All governmental funds are accounted for using a "current financial resources" measurement focus, wherein only current assets and current liabilities generally are included on the balance sheets. Operating statements of governmental funds present increased (revenues and other financing sources) and decreased (expenditures and other financing uses) in net current assets.

c. Description of Funds

The account is maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts.

The following fund type is used to account for Measure BB Funds activities:

Special Revenue Funds are used to account for revenues derived from specific sources, and for which expenditures are legally restricted for specific purposes.

d. Fund Balances

Measure BB Funds fund balances are restricted. A restricted fund balance represents amounts that can be spent only for specific purpose because of the following: constitutional provisions; enabling legislation; constraints that are externally imposed by creditors, grantors, or contributors; or the laws and regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

Note 2: Cash and Investments

Cash and investments are maintained on a pooled basis with those of other funds of the City. Pooled cash and investments consist of deposit with banks, pooled investments and individual investments. All investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average monthly cash and investment balances of the various funds related to the entities of the City.

Measure BB Funds reported cash and investments at June 30, 2020, of \$590,766.

See the City's Comprehensive Annual Financial Report for disclosures related to cash and investments and the related custodial risk categorization.

Note 3: Measure BB Funds

Measure BB, approved by the voters of Alameda County in 1986 and 2000, accounts for a pro-rata share of the one-half percent sales tax, funds to be collected for a duration of 20 years. The restrictive use of this fund, coupled with the formation of a Citizen's Watchdog Committee, embraces the principle of accountability. The categories of this fund are sub-divided as follows:

- Paratransit
- Local Streets and Roads
- Bicycle and Pedestrian Safety

Projects funded by Measure BB were as follows:

Paratransit Program - to provide transit services for the elderly and the handicapped.

Local Streets and Roads - to repair various streets around the City.

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

From a pool of funds held by the county, 9.00% is allocated for distribution as a subsidy to cities with paratransit programs. Funds allocated to the City for the paratransit program are received separately from funds received for capital projects and are recorded in a special revenue fund.

An additional 20.00% of the pool 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 safety and pedestrian safety are recorded in a special revenue fund.

Note 4: Grant and Other Revenues

In accordance with Alameda County Transportation Commission's audited financial statement requirements for fiscal year 2019-20, only Measure BB Direct Local Distribution Program funds are included. Grants revenues, fares, funds received through a project specific fund agreement (PSFA, used for specific defined capital projects) or any other non-Measure BB funds are not included in the audited financial statements.

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

Note 5: Commitments and Contingencies

The City participates in several grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of applicable state and federal requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still 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.

Note 6: Restatement of Prior Balances

Beginning fund balance of the Local Streets and Roads activity was restated by \$164,241 due to prior year costs related to Street Resurfacing Projects. It was determined by City staff in subsequent years that purchase orders and related project costs were incorrectly coded to this funding source.

**CITY OF EMERYVILLE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

None noted.