
CITY OF PIEDMONT
MEASURE BB FUND
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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**CITY OF PIEDMONT
MEASURE BB FUND
FOR THE YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Piedmont
Piedmont, California

Opinion

We have audited the accompanying financial statements of the Measure BB Fund of the City of Piedmont (the City) as of and for the year ended June 30, 2022 and the related notes to the financial statements, as listed in the table of contents.

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 of Piedmont, as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Piedmont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure BB Fund and do not purport to, and do not present fairly the financial position of the City of Piedmont as of June 30, 2022, 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.

Management has omitted a 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Piedmont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, 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 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.

Mam. Montia Nelson CPA's

Sacramento, California
December 22, 2022

**CITY OF PIEDMONT
MEASURE BB FUND
BALANCE SHEET
JUNE 30, 2022**

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 3)	\$ 195,281	\$ -	\$ 195,281
Due from Bike & Pedestrian	7,576	-	7,576
Other receivables	257,994	19,297	277,291
Accrued interest receivable	<u>402</u>	<u>-</u>	<u>402</u>
TOTAL ASSETS	<u>\$ 461,253</u>	<u>\$ 19,297</u>	<u>\$ 480,550</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 38,867	\$ 11,203	\$ 50,070
Due to Streets & Roads	<u>-</u>	<u>7,576</u>	<u>7,576</u>
TOTAL LIABILITIES	<u>38,867</u>	<u>18,779</u>	<u>57,646</u>
<u>FUND BALANCE</u>			
Restricted for Measure BB capital projects	<u>422,386</u>	<u>518</u>	<u>422,904</u>
TOTAL FUND BALANCE	<u>422,386</u>	<u>518</u>	<u>422,904</u>
TOTAL LIABILITIES FUND BALANCE	<u>\$ 461,253</u>	<u>\$ 19,297</u>	<u>\$ 480,550</u>

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, 2022

	<u>Streets and Roads</u>	<u>Bike and Pedestrian</u>	<u>Total</u>
<u>REVENUES</u>			
Measure BB pass-through revenue			
Pass-through allocation	\$ 628,422	\$ 47,004	\$ 675,426
Interest income (loss)	<u>(2,892)</u>	<u>-</u>	<u>(2,892)</u>
Total Revenues	<u>625,530</u>	<u>47,004</u>	<u>672,534</u>
<u>EXPENDITURES</u>			
Public works	<u>642,002</u>	<u>80,311</u>	<u>722,313</u>
Total Expenditures	<u>642,002</u>	<u>80,311</u>	<u>722,313</u>
NET CHANGE IN FUND BALANCE	(16,472)	(33,307)	(49,779)
FUND BALANCE - BEGINNING OF YEAR	<u>438,858</u>	<u>33,825</u>	<u>472,683</u>
FUND BALANCE - END OF YEAR	<u>\$ 422,386</u>	<u>\$ 518</u>	<u>\$ 422,904</u>

See accompanying notes to the basic financial statements.

CITY OF PIEDMONT
MEASURE BB FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2022

NOTE 3: CASH AND INVESTMENTS

The Measure BB fund participates in the City's cash and investment pool. 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, 2022. 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.

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it a pandemic as of March 11, 2020. The City has performed an evaluation of financial statement line items to determine whether valuation of impairment adjustments should be made. The City has determined that the amounts reported on the Measure BB Fund's financial statements are properly valued as of June 30, 2022. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to Measure BB Fund's financial position that have yet to be determined.



**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

Opinion on Measure BB Fund

We have audited the Measure BB Fund of the City of Piedmont's (the City) compliance with the types of 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 Fund for the year ended June 30, 2022.

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 the Measure BB Fund for the year ended June 30, 2022.

Basis for Opinion on Measure BB Fund

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 requirements specified in the *Master Programs Funding Agreement* between the City and ACTC. Our responsibilities under those standards and the requirements specified in the *Master Programs Funding Agreement* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Piedmont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Piedmont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements as specified in the *Master Programs Funding Agreement* between the City and the ACTC.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Measure BB Fund.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Master Programs Funding Agreement* between the City and the ACTC, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Master Programs Funding Agreement* between the City and the ACTC, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 of a federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *Master Programs Funding Agreement*. Accordingly, this report is not suitable for any other purpose.

Mamm. Martina, Nelson CPA's

Sacramento, California
December 22, 2022



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, 2022, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements and have issued our report thereon dated December 22, 2022.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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 Urrutia Nelson CPAs

Sacramento, California
December 22, 2022