

**City of  
Albany**  
Alameda County  
Transportation  
Commission -  
Measure BB Funds  
Albany, California

*Financial Statements and  
Independent Auditors' Reports*

*For the year ended June 30, 2015*



**City of Albany**  
**Alameda County Transportation Commission – Measure BB Funds**  
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**For the year ended June 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Albany  
Albany, 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 Albany, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management of the City 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.

### *Auditors' 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 City Council  
of the City of Albany  
Albany, California  
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***Opinion***

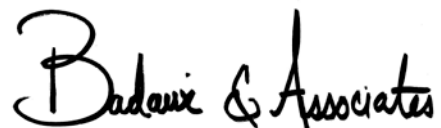
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Funds as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Measure BB Funds and do not purport to, and do not, present fairly the financial position of the City of Albany, California as of June 30, 2015, 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. 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 24, 2015, on our consideration of the City's internal control over financial reporting in relation to Measure BB Funds 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 City's internal control over financial reporting and compliance in relation to Measure BB Funds.



Badawi and Associates  
Certified Public Accountants  
Oakland, California  
December 24, 2015

**City of Albany**  
**Alameda County Transportation Commission - Measure BB Funds**  
**Combined Balance Sheets**  
**June 30, 2015**

	Special Revenue Funds			Total
	Alameda CTC Paratransit	Alameda CTC Streets and Roads	Alameda CTC Bike and Pedestrian	
<b>ASSETS</b>				
Taxes receivable	\$ 7,163	\$ 72,191	\$ 8,953	\$ 88,307
<b>Total assets</b>	<b>\$ 7,163</b>	<b>\$ 72,191</b>	<b>\$ 8,953</b>	<b>\$ 88,307</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted for:				
Highways and streets	-	72,191	8,953	81,144
Transit programs	7,163	-	-	7,163
<b>Total fund balances</b>	<b>7,163</b>	<b>72,191</b>	<b>8,953</b>	<b>88,307</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,163</b>	<b>\$ 72,191</b>	<b>\$ 8,953</b>	<b>\$ 88,307</b>

See accompanying Notes to Financial Statements.

**City of Albany**  
**Alameda County Transportation Commission - Measure BB Funds**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2015**

	Special Revenue Funds			Total
	Alameda CTC Paratransit	Alameda CTC Streets and Roads	Alameda CTC Bike and Pedestrian	
<b>REVENUES:</b>				
Measure BB Funds	\$ 7,163	\$ 72,191	\$ 8,953	\$ 88,307
<b>Total Revenues</b>	<b>7,163</b>	<b>72,191</b>	<b>8,953</b>	<b>88,307</b>
<b>EXPENDITURES:</b>				
Buchanan Bikeway Phase III	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>7,163</b>	<b>72,191</b>	<b>8,953</b>	<b>88,307</b>
<b>FUND BALANCES:</b>				
Beginning of year	-	-	-	-
End of year	\$ 7,163	\$ 72,191	\$ 8,953	\$ 88,307

See accompanying Notes to Financial Statements.



**City of Albany**  
**Alameda County Transportation Commission – Measure BB Funds**  
**Notes to Financial Statements**  
**For the year ended June 30, 2015**

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**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 Albany, California (the “City”), are included as separate special revenue funds in the basic financial statements of the City. Measure BB Funds are 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 or results of operations of the City.

***B. Basis of Accounting***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current periods. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Sales taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred.

***C. 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. Special Revenue funds are funds which are used to account for revenues derived from specific sources, and for which expenditures are restricted to specific purposes. The City uses Special Revenue Funds to account for the Measure BB Funds revenue and expenditures.

***D. Fund Balance***

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then use unrestricted resources as needed.

## City of Albany

### Alameda County Transportation Commission – Measure BB Funds

#### Notes to Financial Statements, Continued

For the year ended June 30, 2015

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### *D. Fund Balance, Continued*

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

### *E. Cash, Cash Equivalents and Investments*

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
- Overall
- Custodial Credit Risk
- Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

### *F. Revenues and Receivables*

During the course of normal operations, the fund carries various receivable balances for taxes and interest. Revenues are recorded when received in cash, except revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the fund, are Measure BB transportation commission funds.

## City of Albany

### Alameda County Transportation Commission – Measure BB Funds

#### Notes to Financial Statements, Continued

For the year ended June 30, 2015

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### *G. 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 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 expenditures during the reporting period. Actual results could differ from those estimates.

## 2. RECEIVABLES

Paratransit - At June 30, 2015, receivables consist of the Alameda County Transportation Commission pass-through receivables of \$7,163.

Streets and Roads - At June 30, 2015, receivables consist of the Alameda County Transportation Commission pass-through receivables of \$72,191.

Bicycle and Pedestrian - At June 30, 2015, receivables consist of the Alameda County Transportation Commission pass-through receivables of \$8,953.

## 3. MEASURE BB FUNDS

Under Measure BB, approved by the voters of Alameda County in 2014, Alameda County Transportation Commission Measure BB, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation-related expenditures. This measure was adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid for by property taxes but, rather, would be used for additional streets and programs. The City of Albany utilizes Measure BB funds to maintain existing streets and to conduct special projects designed to improve traffic flows, pedestrian safety and on-street parking. Major projects such as street repaving, traffic studies and median design are contracted to outside firms that specialize in the work to be performed. Recurring maintenance work such as pothole patching, street sign replacement and median island maintenance is performed by City maintenance workers, under the supervision of the City's Public Works Manager.

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**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 Mayor and Members of City Council  
of the City of Albany  
Albany, 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 City of Albany, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 24, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting in relation to Measure BB Funds (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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

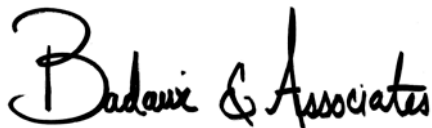
To the Honorable Mayor and Members of City Council  
of the City of Albany  
Albany, California  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's Measure BB 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.



Badawi & Associates  
Certified Public Accountants  
Oakland, California  
December 24, 2015



## INDEPENDENT AUDITORS' REPORT ON MEASURE BB COMPLIANCE

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

### **Report on Compliance**

We have audited the City of Albany, California (City)'s compliance with the types of compliance requirements described in the agreement between the City and Alameda County Transportation Commission applicable to Measure BB 2014, that could have a direct and material effect on the City's Measure BB Funds, for the year ended June 30, 2015.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on City'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 City and Alameda County Transportation Commission applicable to Measure BB 2014. 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 the Measure BB Funds. 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 for Measure BB Funds. However, our audit does not provide a legal determination of the City's compliance.

### *Opinion on Measure BB Funds*

In our opinion, the City complied, in all material respects, with the types of compliance requirements related to the agreement between the City and Alameda County Transportation Commission applicable to Measure BB 2014 for the year ended June 30, 2015.

To the Honorable Mayor and Members of City Council  
of the City of Albany  
Albany, California  
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### ***Other Matter***

Under Measure BB, approved by the voters of Alameda County in 2014, the City has received under Alameda County Transportation Commission Measure BB a total of three months of revenue from April 2015 through June 2015. The Paratransit program has received \$7,163, the Local Street and Roads program has received \$72,191, and the Bike and Pedestrian program has received \$8,953. These financial statements reflect three months of revenue for the Local Streets and Roads, the Bike and Pedestrian, and the Paratransit programs.

### **Report on Internal Control Over Compliance**

Management of 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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 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 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 program 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 of a 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 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 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.



To the Honorable Mayor and Members of City Council  
of the City of Albany  
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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 agreement between the City and Alameda County Transportation Commission applicable to Measure BB 2014. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates  
Certified Public Accountants  
Oakland, California  
December 24, 2015