

City of Newark

Measure BB Funds

Newark, California

*Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2015

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure BB Funds (Measure BB Funds) of the City of Newark, 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 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 City Council
of the City of Newark
Newark, 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 of the City 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 positions of the City 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 Matters

Other Information

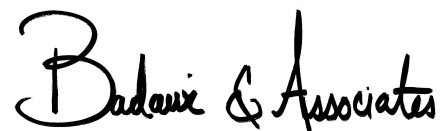
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure BB Funds' basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of City Council
of the City of Newark
Newark, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, 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 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.

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Badawi & Associates
Certified Public Accountants
Oakland, California
December 22, 2015

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

	Special Revenue Funds			Total
	Measure BB	ACTC	ACTC	
	ACTC Paratransit	Streets and Roads	Bikes and Pedestrians	
ASSETS:				
Intergovernmental receivables	19,737	82,405	21,056	123,198
Total assets	<u>\$ 19,737</u>	<u>\$ 82,405</u>	<u>\$ 21,056</u>	<u>\$ 123,198</u>
Fund Balances:				
Restricted	19,737	82,405	21,056	123,198
Total fund balances	<u>19,737</u>	<u>82,405</u>	<u>21,056</u>	<u>123,198</u>
Total liabilities and fund balances	<u>\$ 19,737</u>	<u>\$ 82,405</u>	<u>\$ 21,056</u>	<u>\$ 123,198</u>

City of Newark
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
	Measure BB	ACTC	ACTC	
	ACTC Paratransit	Streets and Roads	Bikes and Pedestrians	
REVENUES:				
Measure BB revenue	\$ 19,737	\$ 82,405	\$ 21,056	\$ 123,198
Total revenues	19,737	82,405	21,056	123,198
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	19,737	82,405	21,056	123,198
FUND BALANCES:				
Beginning of year	-	-	-	-
End of year	\$ 19,737	\$ 82,405	\$ 21,056	\$ 123,198

See accompanying Notes to Financial Statements.

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

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 Newark, California (City), are included as a separate special revenue fund 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 bike 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 and Measurement Focus*

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 measurement 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 sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

C. *Fund Accounting*

The operations of the Measure BB Funds are accounted for in separate special revenue funds. The funds are separate accounting entities with a set of self-balancing accounts which comprise their assets, liabilities, fund equity, revenues, and expenses.

D. *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.

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

2. MEASURE BB FUNDS

Under Measure BB, approved by the voters of Alameda County in 2014, 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 projects and programs.

Major projects funded by Measure BB were as follows:

Paratransit Program – To provide transit services for seniors and people with disabilities.

Streets and Roads Program – To improve, repair, and overlay city streets.

Bike and Pedestrian Program – To provide sidewalk and American Disability Act (ADA) improvements and to implement the bikeway network.

3. INTERGOVERNMENTAL RECEIVABLES

The intergovernmental receivables represent the Measure BB sales tax revenues for the fiscal year received from the Alameda County Transportation Improvement Authority after June 30, 2015.

4. COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. 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.

SUPPLEMENTARY INFORMATION

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City of Newark
Alameda County Transportation Commission – Measure BB Funds
Supplementary Information
For the year ended June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING

The Agency follows the City's budgetary procedures in establishing the budgetary data reflected in the financial statements:

1. Every other year, the City Manager submits to the Governing Board a proposed biennial operating budget for the two fiscal years commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public work sessions are conducted to obtain taxpayer comments.
3. The budget is adopted by the Governing Board resolution prior to July 1st of even numbered years.
4. Expenditures may not legally exceed budgeted appropriations at the department level.
5. All budget adjustments and transfers between funds must be approved by the Governing Board by resolution during the fiscal year. The City Manager is authorized to transfer any unencumbered appropriations within a department within the same fund.
6. Formal budgetary integration, including the recording of encumbrances, is employed as a management control device during the year in all budgeted funds. Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities at that date.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. Budgeted amounts are as originally adopted or as amended by the Governing Board. Individual amendments were not material in relation to the original appropriations, which were amended.

City of Newark
Supplementary Information, Continued
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure BB - ACTC Paratransit
For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Measure BB revenue	\$ -	\$ -	\$ 19,737	\$ 19,737
Interest Income	-	-	-	-
Total revenues	-	-	19,737	19,737
EXPENDITURES:				
Current:				
Recreation	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	19,737	\$ 19,737
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 19,737	

City of Newark
Supplementary Information, Continued
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure BB - ACTC Streets and Roads
For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Measure BB revenue			\$ 82,405	\$ 82,405
Interest Income	-	-	-	-
Total revenues	-	-	82,405	82,405
EXPENDITURES:				
Current:				
Streets and Parks			-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	82,405	\$ 82,405
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 82,405	

City of Newark
Supplementary Information, Continued
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure BB - ACTC Bikes and Pedestrians
For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Measure BB revenue			\$ 21,056	\$ 21,056
Interest Income			-	-
Total revenues	-	-	21,056	21,056
EXPENDITURES:				
Bikes and Pedestrians			-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	21,056	\$ 21,056
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 21,056	



**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 Newark
Newark, 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 Funds (Measure BB Funds) of the City of Newark, 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 22, 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 (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.

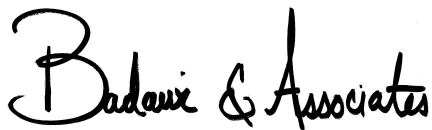
To the Honorable Mayor and Members of City Council
of the City of Newark
Newark, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

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Badawi & Associates
Certified Public Accountants
Oakland, California
December 22, 2015



INDEPENDENT AUDITORS' REPORT ON MEASURE BB COMPLIANCE

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

Compliance

We have audited the City of Newark's (City) compliance with the types of compliance requirements described in the agreement between the City and Alameda County Transportation Commission applicable to the City's Measure BB Funds (Measure BB Funds) for the year ended June 30, 2015.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller General of the United States; and the agreement between the City and Alameda County Transportation Commission. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Measure BB Funds occurred. An audit also 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the Measure BB Funds for the year ended June 30, 2015.

Other Matter

Under Measure BB, approved by the voters of Alameda County in 2014, the City has received a total of 3 months of revenue from April 2015 through June 2015. The Paratransit program has received \$19,737, the Local Street and Roads program has received \$82,405, and the Bike and Pedestrian program has received \$21,056.

To the Honorable Mayor and Members of City Council
of the City of Newark
Newark, California
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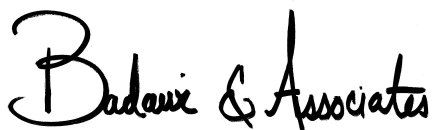
Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance to determine the 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.

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 and correct, 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 agreement between the City and Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.



Badawi & Associates
Certified Public Accountants
Oakland, California
December 22, 2015