

City of Union City

Measure BB Funds

Union City, California

*Financial Statements and
Independent Auditor's Reports*

For the year ended June 30, 2024

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Financial Statements
For the year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Measure BB Funds (Measure BB Funds) of the City of Union City, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Measure BB Funds of the City, as of June 30, 2024, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Measure BB Funds of the City 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 opinions.

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, as of June 30, 2024, or the changes in financial position or cash flows 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.

Responsibilities of Management for the Financial Statements

The City's 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure BB Funds' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 GAAS 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 GAAS, 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 Measure BB Funds' 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure BB Funds' ability to continue as a going concern for a reasonable period of time.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure BB Funds' financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE, 2025** 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 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.

Badawi and Associates
Berkeley, California
DATE, 2025

City of Union City

Alameda County Transportation Commission - Measure BB Funds

Balance Sheets and Statements of Net Position

June 30, 2024

	Special Revenue Funds	
	Streets & Roads	Bike & Pedestrian Paths
ASSETS		
Cash and investments	\$ 5,318,387	\$ 1,512,531
Receivables:		
Intergovernmental	282,809	75,127
Total assets	<u>\$ 5,601,196</u>	<u>\$ 1,587,658</u>
LIABILITIES AND NET POSITION/FUND BALANCE		
Liabilities		
Accounts payable	35,487	22,704
Due to other funds	-	-
Total liabilities	<u>35,487</u>	<u>22,704</u>
Net position/fund balance		
Fund balance:		
Restricted for street maintenance & improvements	5,565,708	1,564,954
Total restricted	<u>5,565,708</u>	<u>1,564,954</u>
Total net position/fund balance	<u>5,565,708</u>	<u>1,564,954</u>
Total liabilities and net position/fund balance	<u>\$ 5,601,195</u>	<u>\$ 1,587,658</u>

See accompanying notes to the financial statements

Enterprise Funds		
Mass Transit	Paratransit	Total
\$ -	\$ -	\$ 6,830,918
153,452	90,944	602,332
<u>\$ 153,452</u>	<u>\$ 90,944</u>	<u>\$ 7,433,250</u>
-	-	58,191
<u>153,452</u>	<u>90,944</u>	<u>244,396</u>
<u>153,452</u>	<u>90,944</u>	<u>302,587</u>
-	-	7,130,662
<u>-</u>	<u>-</u>	<u>7,130,662</u>
		<u>7,130,662</u>
<u>\$ 153,452</u>	<u>\$ 90,944</u>	<u>\$ 7,433,249</u>

City of Union City

Alameda County Transportation Commission - Measure BB Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended June 30, 2024

	Special Revenue Funds		
	Streets & Roads	Bike & Pedestrian	Total
REVENUES:			
Direct Local Program Distribution Allocation	\$ 1,675,976	\$ 445,217	\$ 2,121,193
Investment income	135,981	36,107	172,088
Total revenues	<u>1,811,957</u>	<u>481,324</u>	<u>2,293,281</u>
EXPENDITURES:			
Public works	890,937	56,457	947,394
Total expenditures	<u>890,937</u>	<u>56,457</u>	<u>947,394</u>
REVENUES OVER (UNDER) EXPENDITURES	921,020	424,867	1,345,887
FUND BALANCES:			
Beginning of year	<u>4,644,688</u>	<u>1,140,087</u>	<u>5,784,775</u>
End of year	<u>\$ 5,565,708</u>	<u>\$ 1,564,954</u>	<u>\$ 7,130,662</u>

See accompanying notes to the financial statements

City of Union City

Alameda County Transportation Commission - Measure BB Funds

Statement of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2024

	Enterprise Funds		Total
	Mass Transit	Paratransit	
OPERATING EXPENSES:			
Purchased transportation	\$ 909,385	\$ 538,952	\$ 1,448,337
Total operating expenses	<u>909,385</u>	<u>538,952</u>	<u>1,448,337</u>
OPERATING LOSS	<u>(909,385)</u>	<u>(538,952)</u>	<u>(1,448,337)</u>
NONOPERATING REVENUES:			
Direct Local Program Distribution Allocation	909,385	538,952	1,448,337
Total nonoperating revenues	<u>909,385</u>	<u>538,952</u>	<u>1,448,337</u>
Change in net position	-	-	-
NET POSITION:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements

City of Union City

Alameda County Transportation Commission - Measure BB Funds

Statement of Cash Flows

For the year ended June 30, 2024

	Enterprise Funds		
	Mass Transit	Paratransit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash payment to vendors for services	\$ (909,385)	\$ (538,952)	\$ (1,448,337)
Net cash provided (used) by operating activities	<u>(909,385)</u>	<u>(538,952)</u>	<u>(1,448,337)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Direct Local Program Distribution Allocation	909,385	538,952	1,448,337
Net cash provided (used) by noncapital financing activities	<u>909,385</u>	<u>538,952</u>	<u>1,448,337</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating loss	<u>\$ (909,385)</u>	<u>\$ (538,952)</u>	<u>\$ (1,448,337)</u>

See accompanying notes to the financial statements

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements
For the year ended June 30, 2024

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 Union City, California (City), are included as separate special revenue and enterprise 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 streets and roads, bike and pedestrian, transit, and paratransit 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

The accompanying financial statements of the special revenue funds 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 sheets. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Proprietary Fund Financial Statements

The financial statements of the enterprise funds are prepared on the accrual basis of accounting. Revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the related liability is incurred.

All proprietary funds are accounted for using the "economic resources" measurement focus. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. Operating revenues in a proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Fund Accounting

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

The following funds are used:

Special Revenue Fund – To account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

Enterprise Fund – To account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be recovered through user charges.

D. Fund Balance/Net Position

Fund balances of governmental funds are classified in one of five categories:

Nonspendable Fund Balance – Represents that portion of fund balance that includes amounts that are either 1) not in a spendable form; or 2) legally or contractually required to be maintained intact. Amounts considered “not in a spendable form” include items that are not expected to be converted to cash, such as prepaid items and long-term notes receivable.

Restricted Fund Balance – Represents that portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either 1) externally imposed by creditors, such as through debt covenants, grantors, contributors, or the laws and regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. These restrictions may be effectively changed only with the consent of the resource provider.

Committed Fund Balance – Represents that portion of fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, the City government’s highest-level decision-making authority. In order for funds to be considered committed, an ordinance must be introduced at a City Council meeting describing the proposed action. The ordinance must be published in the City’s official newspaper of publication within 15 days of adoption. Ordinances are then codified in the City’s municipal code. Those funds collected and expended for specific purposes defined in the City’s municipal code are reported as committed fund balances. The established constraints remain binding until the City Council takes action to amend the applicable section of the municipal code.

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Fund Balance/Net Position, Continued

Assigned Fund Balance – Represents that portion of fund balance that includes amounts that are constrained by the City's intended use of the resources but are neither restricted nor committed. Such intent needs to be established at the highest level of decision making or by an official designated for that purpose. The City Council has given the City Manager the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Represents that portion of fund balance that includes amounts that are not contained in any of the other fund balance categories. The General Fund is the only governmental fund that may report a positive amount as unassigned fund balance. For all other governmental funds, only negative balances may be reported as unassigned fund balance.

Net position is classified in the following categories:

Net Investment in Capital Assets – Consists of capital assets net of accumulated depreciation reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – Consists of funds restricted by external creditors, grantors, contributors, or laws or regulations of other governmental entities.

Unrestricted Net Position – Consists of any amounts that do not meet the definition of net investment in capital assets or restricted net position.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and then unassigned.

In circumstances when an expense is made for a purpose for which amounts are available in multiple net position classifications, net position is generally depleted in the order of restricted and then unrestricted.

The City's enterprise funds, Paratransit and Mass Transit, report zero amounts in their net position. The Measure BB funds supplement passenger fares and operating grant revenues. All Measure BB funds received are expended during the year.

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. 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.

F. Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agents and restricted cash and investments held by fiscal agents) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

2. MEASURE BB FUNDS

Under Measure BB, approved by the voters of Alameda County in November 2014, the City receives a portion of the proceeds of an additional one-half cent sales tax to be used to fund the 30-year transportation expenditure plan. This measure was adopted with the intent that the funds generated by the additional sales tax will not fund expenditures previously paid for by property taxes.

Measure BB funds were expended on the following projects in fiscal year 2023-24:

Streets and Roads Program – To provide funding for citywide overlay and slurry seal projects, paving maintenance, and installation of new traffic signals.

Bike and Pedestrian Program – To help fund construction of new sidewalks, citywide trail system rehabilitation, and intersection improvements.

Paratransit Program – To help fund Americans with Disabilities Act (ADA) mandated service; to help fund the Union City “Paratransit Plus” program, which offers an expanded service area, group trips for seniors and the disabled, and urgent medical trips; and to help fund extended weekday service hours. Measure BB funds are considered spent in the year the funds are earned.

Mass Transit Program – To help fund the operations of the City’s own bus system, Union City Transit. This system operates daily (except for holidays) and provides local transit service to major destinations within the City. Union City Transit makes connections with other transit systems including BART, AC Transit, and Dumbarton Express. Measure BB funds are considered spent in the year the funds are earned.

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2024

3. CASH AND INVESTMENTS

Measure BB Funds are to be pooled with the City’s cash and investments in order to generate optimum investment income.

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.

Investment income is allocated quarterly to funds based on their proportionate share of average quarterly cash balances.

Amounts reported as unrealized gain/(loss) in market value of investments are made in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, which states all investment income, including changes in the fair value of investments, should be recognized as revenue in the operating statement.

Measure BB Funds had the following cash and investments at June 30, 2024:

Cash and investments	\$6,830,918
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City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2024

3. CASH AND INVESTMENTS, CONTINUED

A. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
Municipal Bonds and Obligations	5 years	A	30%
U.S. Treasury Obligations	5 years	None	No Limit
Federal Agency Obligations	5 years	None	No Limit
State of California Bonds and Obligations	5 years	None	No Limit
Banker Acceptances	180 days	A1	40%
Commercial Paper	270 days	A-1	25%
Negotiable Certificates of Deposit	5 years	None	30%
All Other Bank/Time Deposits	5 years	None	No Limit
Repurchase Agreements	1 year	None	No Limit
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	None	20%
Medium-Term and Corporate Notes	5 years	A	30%
Mutual Funds	N/A	Multiple	20%
Money Market Mutual Funds	N/A	Multiple	20%
Collateralized Bank Deposits	5 years	None	No Limit
Mortgage Pass-Through and Asset-Backed Securities	5 years	AA	20%
Local Government Investment Pools	N/A	None	No Limit
State of California Local Agency Investment Fund (LAIF)	N/A	None	No Limit

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units. The City's investments are carried at fair market value as required by generally accepted accounting principles. The City accounts for all changes in fair value that occurred during the year and these changes are reflected in the fund balance or net position for the fiscal year. These investment value changes are unrealized since the City's policy is to buy and hold investments until maturity dates.

B. Risk Disclosures

Interest Risk – Interest risk is the fluctuation in the fair value of investments due to changes in interest rates. The City's exposure to losses caused by rising interest rates is minimized by limiting the average maturity of the City's investments to not exceed five years.

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2024

3. CASH AND INVESTMENTS, CONTINUED

B. Risk Disclosures, Continued

Credit Risk – Credit risk is the risk of loss of value of a security or investment due to downgrade of its rating due to a change in the ability of the issuer to fulfill its debt obligations. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution to reduce the City's exposure to credit risks.

Custodial Credit Risk – The custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the investor will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. None of the City's investments were subject to custodial credit risk.

C. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investments with LAIF at June 30, 2024, include a portion of the pool funds invested in structured notes and asset-backed securities. These investments include the following:

Structured Notes - Debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – Securities, the bulk of which are mortgage-backed securities, that entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (e.g., collateralized mortgage obligations) or credit card receivables.

As of June 30, 2024, the City invested in LAIF, which had invested 3.00% of the pool investments in structured notes and asset-backed securities compared to 2.78% in the previous year. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 0.996316042 to the total investments held by LAIF.

4. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables represent the Measure BB sales tax revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2024.

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Notes to Financial Statements, Continued
For the year ended June 30, 2024

5. 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 that 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

City of Union City
Alameda County Transportation Commission – Measure BB Funds
Supplementary Information
For the year ended June 30, 2024

1. BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Control and Budgetary Accounting

The City Council adopts a two-year operating budget for the General Fund, Special Revenue funds, and Debt Service funds, with each year of the budget document independent of the other. The operating budget is effective July 1 and lapses the following June 30. Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is controlled at the department level in the General Fund and at the fund level for all other funds. The City's five-year capital improvement plan serves as the basis for the capital project budgets. Appropriations for Capital Project funds are approved at the same time operating budgets are adopted. These appropriations are made in the fiscal year the capital project is scheduled to commence and are effective for the life of the project. Amendments to capital budgets may be approved by Council at any time during the project's life. As a result, budget-to-actual schedules are not presented.

The City Council may amend the budget by resolution during the fiscal year. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. There were certain amendments made to the budget during the year for changes in employee compensation plans and to address variances between the original budget and actual activities. These adjustments are reflected in the final budget information presented in the comparison schedules.

Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are carried forward to the following fiscal year.

City of Union City

Alameda County Transportation Commission - Measure BB Funds

Supplementary Information, Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

ACTC Streets & Roads Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES:				
Direct Local Program Distribution Allocation	\$ 1,722,478	\$ 1,722,478	\$ 1,675,976	\$ (46,502)
Investment income	61,947	61,947	135,981	74,034
Total revenues	1,784,425	1,784,425	1,811,957	27,532
EXPENDITURES:				
Current:				
Economic and community development	550,000	550,000	-	550,000
Public works	5,588,926	5,588,926	890,937	4,697,989
Total expenditures	6,138,926	6,138,926	890,937	5,247,989
Net change in fund balance	\$ (4,354,501)	\$ (4,354,501)	\$ 921,020	\$ 5,275,521
FUND BALANCES:				
Beginning of year			4,644,688	
End of year			<u>\$ 5,565,708</u>	

City of Union City

Alameda County Transportation Commission - Measure BB Funds

Supplementary Information, Continued

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

ACTC Bike & Pedestrian Paths Special Revenue Fund

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES:				
Direct Local Program Distribution Allocation	\$ 466,743	\$ 466,743	\$ 445,217	\$ (21,526)
Investment income	13,706	13,706	36,107	22,401
Total revenues	480,449	480,449	481,324	875
EXPENDITURES:				
Current:				
Public works	1,567,157	1,567,157	56,457	1,510,700
Total expenditures	1,567,157	1,567,157	56,457	1,510,700
Net change in fund balance	\$ (1,086,708)	\$ (1,086,708)	424,867	\$ 1,511,575
FUND BALANCES:				
Beginning of year			1,140,087	
End of year			\$ 1,564,954	

**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**

Independent Auditor's Report

To the Honorable Mayor and Members
of City Council of the City of Union City
Union City, 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 Union City, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated **DATE, 2025**.

Report on 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) 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 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.

Report on 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 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.

Badawi and Associates
Berkeley, California

DATE, 2025

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER COMPLIANCE FOR MEASURE BB**

Independent Auditor's Report

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

Report on Compliance for Measure BB

Opinion on Compliance for Measure BB

We have audited City of Union City's (City) compliance with the types of compliance requirements described in the agreement between the City and Alameda County Transportation Commission that could have a direct and material effect on its Measure BB Funds (Measure BB Funds) for the year ended June 30, 2024.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Measure BB Funds for the year ended June 30, 2024.

Basis for Opinion on Measure BB

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the agreement between the City and Alameda County Transportation Commission. Our responsibilities under those standards and 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 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 the City's Measure BB Funds. Our audit does not provide a legal determination of the Measure BB Funds 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 applicable to the City's Measure BB Funds.

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 Measure BB Fund'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 GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission 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 Measure BB Fund's compliance with the requirements of the agreement between the City and Alameda County Transportation Commission.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the agreement between the City and Alameda County Transportation Commission, 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 Measure BB Funds' 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 agreement between the City and Alameda County Transportation Commission, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

Under Measure BB, approved by the voters of Alameda County in 2014, the City has received a total of 12 months of revenue from July 2023 through June 2024. The Local Street and Roads program has received \$1,675,976, the Bike and Pedestrian program has received \$445,216, the Mass Transit has received \$909,385, and the Paratransit has received \$538,952.

Report on Internal Control over Compliance

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 below. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Badawi and Associates
Berkeley, California
DATE, 2025