

CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION
COMMISSION
MEASURE BB FUNDS

FINANCIAL STATEMENTS

JUNE 30, 2023

CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
FINANCIAL STATEMENTS
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Alameda County Transportation Commission (Alameda CTC) - Measure BB Funds of the City of Oakland, California (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City, as of June 30, 2023, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 City's 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.

INDEPENDENT AUDITOR'S REPORT(CONTINUED)

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's 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.

INDEPENDENT AUDITOR'S REPORT(CONTINUED)

Emphasis of Matter

As discussed in Note 1, the financial statements of the Alameda CTC – Measure BB Funds of the City present only the Measure BB Funds and are not intended to present fairly the financial position of the City and the results of its operations in conformity with generally accounting principles accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Grant & Smith, LLP

Oakland, California
December 29, 2023

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023**

| | <u>Streets & Roads</u> | <u>Bike & Pedestrians</u> | <u>Paratransit</u> | <u>Total</u> |
|---|------------------------------------|---------------------------------------|----------------------------|-----------------------------|
| ASSETS: | | | | |
| Cash & Investments | \$ 37,295,551 | \$ 5,131,350 | \$ 3,998,995 | \$ 46,425,896 |
| Receivables: | | | | |
| Measure BB Allocation | 5,086,374 | 518,902 | 555,325 | 6,160,601 |
| Interest | 175,000 | 26,912 | 28,667 | 230,579 |
| Prepaid Expenditures | | | | - |
| TOTAL ASSETS | <u><u>\$ 42,556,925</u></u> | <u><u>\$ 5,677,164</u></u> | <u><u>\$ 4,582,987</u></u> | <u><u>\$ 52,817,076</u></u> |
| LIABILITIES & FUND BALANCE | | | | |
| LIABILITIES: | | | | |
| Accounts Payable | <u>\$ 684,492</u> | <u>\$ 246,013</u> | <u>\$ 834,186</u> | <u>\$ 1,764,691</u> |
| TOTAL LIABILITIES | <u>684,492</u> | <u>246,013</u> | <u>834,186</u> | <u>1,764,691</u> |
| FUND BALANCE: | | | | |
| Restricted for Measure BB Qualified Projects & Programs | <u>41,872,433</u> | <u>5,431,151</u> | <u>3,748,801</u> | <u>51,052,385</u> |
| TOTAL LIABILITIES & FUND BALANCE | <u><u>\$ 42,556,925</u></u> | <u><u>\$ 5,677,164</u></u> | <u><u>\$ 4,582,987</u></u> | <u><u>\$ 52,817,076</u></u> |

See accompanying notes.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023**

| | Streets & Roads | Bike & Pedestrians | Paratransit | Total |
|---|------------------------------------|---------------------------------------|---------------------|----------------------|
| REVENUES: | | | | |
| Measure BB Allocation | \$ 28,684,660 | \$ 2,926,354 | \$ 3,131,759 | \$ 34,742,773 |
| Interest on Investments | 461,020 | 81,864 | 82,266 | 625,150 |
| Unrealized Gain/(Loss) in Market | (31,766) | 6,027 | 5,596 | (20,143) |
| TOTAL REVENUES | 29,113,914 | 3,014,245 | 3,219,621 | 35,347,780 |
| EXPENDITURES: | | | | |
| Transportation & Operation | | | 1,982,798 | 1,982,798 |
| Planning, Engineering & Construction | 3,169,327 | 433,952 | | 3,603,279 |
| TOTAL EXPENDITURES | 3,169,327 | 433,952 | 1,982,798 | 5,586,077 |
| REVENUES OVER (UNDER) EXPENDITURES | 25,944,587 | 2,580,293 | 1,236,823 | 29,761,703 |
| BEGINNING FUND BALANCE | 15,927,846 | 2,850,858 | 2,511,978 | 21,290,682 |
| ENDING FUND BALANCE | \$ 41,872,433 | \$ 5,431,151 | \$ 3,748,801 | \$ 51,052,385 |

See accompanying notes.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Reporting Entity - Measure BB, approved by the voters of Alameda County on November 04, 2014, authorized Alameda County Transportation Commission (Alameda CTC) to administer the proceeds from the extension one-half cent sales and use tax scheduled to terminate on March 31, 2022, and the augmentation of the tax by one-half of one percent. The duration of the tax will be 30 years from initial year of collection, which begins April 01, 2015, with said to terminate/expire on March 31, 2045. Transactions of the Alameda CTC Measure BB Funds of the *City of Oakland* are included, as separate funds, in the basic financial statements of the City of Oakland uses Measure BB Funds to account for expenditures incurred in The City's Local Streets and Roads, Bike and Pedestrian Ways and Paratransit programs.

Local Streets and Roads – To maintain the City's local streets and roads. These funds help the City repave streets, fill pot holes, install traffic signals and street signs, speed bumps, as well as repair sidewalks and address traffic safety issues.

Bike and Pedestrian Safety – The funds are used for planning, construction and maintenance of bicycle and pedestrian projects and programs, with focus on high-priority projects in Oakland's Bicycle Master Plan and Pedestrian Master Plan.

Paratransit – To provide transit services for the elderly and people with disabilities.

Measure BB Funds are accounted for in special revenue funds of the City of Oakland's (the City) financial accounting records. The financial statements of the Measure BB Funds present only the financial activities of the Measure BB Funds and are not intended to fairly present the financial position and changes in financial position of the City in conformity with accounting principles generally accepted in the United States of America.

Measurement Focus and Basis of Accounting

The accompanying 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 available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 120 days after the end of the current fiscal year. Expenditures are recorded when the liability is incurred and is expected to be liquidated with expendable available resources.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Cash and Investments

Cash and investments for Measure BB Funds are maintained in the City's cash and investment pool. Funds are invested according to the investment policy adopted by the City Council. Investments are generally carried at fair value.

Information regarding the characteristics of the entire investment pool can be found in the City's June 30, 2023 Annual Comprehensive Financial Report (ACFR) under the basic financial statements. Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the participating funds based on their proportionate share of the average daily cash balance.

Fund Balances

Reservations of fund balances indicate those portions of fund equity that are not available for appropriation for expenditure or which have been legally restricted to specific use. Encumbrances outstanding at fiscal year end are reported as reservation of fund balances and the related appropriation is automatically carried forward into the next fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

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 certain reported balances. Accordingly, actual results could differ from those estimates.

NOTE 2 – SELF INSURANCE

The City of Oakland is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City is self-insured for its general liability, worker's compensation, malpractice liability, general and auto liability and has excess reinsurance with the California State Association of Counties.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2023, \$3,387,126 of Measure BB Streets and Roads Funds, \$280,329 of Measure BB Bike and Pedestrian Funds, and \$108,290 of Measure BB Paratransit Funds were committed to cover anticipated costs of completing various projects and programs.

**CITY OF OAKLAND
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE BB FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – COMMITMENTS AND CONTINGENCIES (Continued)

Of the balance of \$21,290,682 the City has appropriated \$3,775,745 for various capital improvements projects. These amounts may or may not result in actual expenditures.

NOTE 4 – MEASURE BB FUNDS IN THE CITY’S BASIC FINANCIAL STATEMENTS

Measure BB Funds are grouped with other funds under “Traffic Safety and Control” as a part of Non-Major Governmental Funds (Special Revenue Funds) in the City’s June 30, 2023, Annual Comprehensive Financial Report (ACFR) under the basic financial statements. That report may be obtained by writing to the Financial Management Agency, Accounting Division City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

See the City’s Annual Comprehensive Financial Report (ACFR) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board. The ACFR may be obtained from the City’s finance department.

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 the
City Council of the City of Oakland
Oakland, 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 (Alameda CTC) - Measure BB Funds of the City of Oakland, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City’s basic financial statements, and have issued our report thereon dated December 29, 2023.

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 (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 or significant deficiencies may exist that were not identified.

**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
(Continued)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant & Smith, LLP

Oakland, California
December 29, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH
MEASURE BB REQUIREMENTS**

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

Report on Compliance for Measure BB Funds

Opinion on Measure BB Funds

We have audited Alameda County Transportation Commission (Alameda CTC) - Measure BB Funds of the City of Oakland, California (the City)’s compliance with the types of compliance requirements identified in the agreement between the City and Alameda County Transportation Commission Applicable to Measure BB Funds, that could have a direct on the City’s Measure BB Funds, for the year ended June 30, 2023

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Measure BB Funds for the year ended June 30, 2023.

Basis for Opinion on Measure BB Funds

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 audit requirements of Alameda County Transportation Commission applicable to Measure BB. Our responsibilities under those standards and the Uniform Guidance 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 each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City’s Measure BB programs.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH MEASURE BB REQUIREMENTS (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the 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 City's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over*

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH
MEASURE BB REQUIREMENTS (Continued)**

Report on Internal Control over Compliance (Continued)

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Agreement with Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Grant & Smith, LLP

Oakland, California
December 29, 2023