

CITY OF ALAMEDA, CALIFORNIA

Transportation Development Act Program -
Article III Projects

Financial Statements and
Independent Auditors' Report

For The Years Ended June 30, 2017 and 2016

CITY OF ALAMEDA, CALIFORNIA

**Transportation Development Act - Article III Projects
Financial Statements**

For The Years Ended June 30, 2017 and 2016

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the City Council
and City Auditor of the City of Alameda
City of Alameda, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation Development Act - Article III Projects (Projects) of the City of Alameda, California (City), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 Projects' 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 Projects' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Projects of the City as of June 30, 2017 and 2016, and the changes in financial position for the years 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 Projects and do not purport to, and do not, present fairly the financial position of the City of Alameda, California, as of June 30, 2017 and 2016, and the changes in its financial position, or where applicable, its cash flows for the years 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.

Required Supplementary Information

Management has omitted the management's discussion and analysis for the Projects that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, on our consideration of the City's internal control over financial reporting as it relates to the Projects 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 the City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 15, 2017

**CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT - ARTICLE III PROJECTS
BALANCE SHEETS
JUNE 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Accounts Receivable:		
Due from Metropolitan Transportation Commission	\$ -	\$ 67,024
Total Assets	<u>\$ -</u>	<u>\$ 67,024</u>
LIABILITIES		
Due to the City of Alameda	\$ -	\$ 67,024
Total Liabilities	<u>-</u>	<u>67,024</u>
FUND BALANCE		
Restricted for Grant Programs	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 67,024</u>

See accompanying notes to financial statements.

**CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT - ARTICLE III PROJECTS
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
REVENUES		
TDA Article III	\$ 26,561	\$ 47,047
Total Revenues	<u>26,561</u>	<u>47,047</u>
EXPENDITURES		
Current:		
Bicycle Paths and Pedestrian Projects	<u>26,561</u>	<u>47,047</u>
Total Expenditures	<u>26,561</u>	<u>47,047</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>
 Fund Balance - Beginning	 <u>-</u>	 <u>-</u>
 Fund Balance - Ending	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF ALAMEDA
TRANSPORTATION DEVELOPMENT ACT - ARTICLE III PROJECTS
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alameda has developed the Transportation Development Act - Article III Projects under the Transportation Development Act (TDA), Article III for the construction of pedestrian pathways, wheelchair ramps, bicycle trails, and bicycle master plan studies. The projects are funded by TDA grants. The projects are distributed through the Metropolitan Transportation Commission (MTC), which is the agency responsible for the allocation of funds to eligible claimants within the greater San Francisco Bay Area.

The following is a summary of significant accounting policies of the Projects, which conform to generally accepted accounting principles in the United States of America as applicable to governments.

A. Basis of Presentation

The Projects have been accounted for in a capital project fund included in the City's basic financial statements. Capital projects funds are used to account for financial resources (e.g., sales tax, grants, and investment income) that are restricted, committed, or assigned to expenditures for capital outlays and activities.

The financial statements do not purport to, and do not, present the financial position or changes in financial position of the City. The projects represent a portion of the activities of the City and, as such, are included in the City's basic financial statements.

B. Basis of Accounting

The accompanying financial statements have been prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recorded when the related governmental fund liabilities are incurred. Revenues, including sales taxes, grants, and investment earnings, are recognized when they become measurable and available (generally received within 60 days after year-end).

NOTE 2 – TDA ARTICLE III RECEIVABLES

During the years ended June 30, 2017 and 2016, the City received allocation instructions from the Metropolitan Transportation Commission for the following projects:

Instruction#	Project Name	Grant Award	Receivables at June 30,	
			2017	2016
14001061	Mid Block Crossing on Grant Atwood	\$ 31,000	\$ -	\$ 28,585
16001073	Pacific/4th Street Ped/Bike	65,000	-	38,439
		<u>\$ 96,000</u>	<u>\$ -</u>	<u>\$ 67,024</u>



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**INDEPENDENT AUDITORS' 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 AND TDA COMPLIANCE REQUIREMENTS**

To the Honorable Members of the City Council
and City Auditor of the City of Alameda
City of Alameda, California

We have audited, 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, the financial statements of the Transportation Development Act (TDA) - Article III Projects (Projects) of the City of Alameda, California (City), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2017. Our report included an emphasis of matter stating that the financial statements of the TDA Projects do not purport to, and do not, present fairly the financial position of the City as of June 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Projects' internal control over financial reporting (internal control) as it relates to the Projects, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control as it relates to the Projects. Accordingly, we do not express an opinion on the effectiveness of the City's internal control as it relates to the Projects.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the TDA Projects of the City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the Metropolitan Transportation Commission, 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*, including the requirements of Section 6666 of Part 21 of the California Code of Regulations and the allocation instructions of the Metropolitan Transportation Commission (MTC).

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 Projects' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California
December 15, 2017