

CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
Financial Statements
For the Fiscal Year Ended June 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the City Council
City of Livermore, California

Report on Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission Measure B Program (Measure B Program) of the City of Livermore, California, (City) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Measure B Program's basic 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 the 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 City'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 City'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.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Measure B Program and are not intended to present fairly the financial positions of the City and the results of its operations in conformity with generally accepted accounting principles.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Program as of June 30, 2014, and the respective changes in fund balance for the year then ended in conformity with accounting principles generally 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 October 10, 2014, 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 the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 10, 2014

**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
BALANCE SHEET
JUNE 30, 2014**

	<u>Bike and Pedestrian</u>	<u>Local Streets and Roads</u>	<u>Totals</u>
ASSETS			
Cash and Investments (Note 2)	\$787,284	\$975,403	\$1,762,687
Measure B Receivables	38,560	153,445	192,005
Total Assets	<u>\$825,844</u>	<u>\$1,128,848</u>	<u>\$1,954,692</u>
LIABILITIES			
Accounts Payable	\$8,880		\$8,880
Other Accrued Liabilities	413	\$15,067	15,480
Total Liabilities	<u>9,293</u>	<u>15,067</u>	<u>24,360</u>
FUND BALANCES			
Restricted for Measure B	\$816,551	1,113,781	1,930,332
Total Fund Balances	<u>816,551</u>	<u>1,113,781</u>	<u>1,930,332</u>
Total Liabilities and Fund Balances	<u>\$825,844</u>	<u>\$1,128,848</u>	<u>\$1,954,692</u>

See accompanying notes to financial statements

**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Bike and Pedestrian</u>	<u>Local Streets and Roads</u>	<u>Totals</u>
REVENUES			
Measure B Pass-through Revenues			
Pass-through Allocations	\$238,667	\$949,750	\$1,188,417
Pass-through Interest	<u>7,950</u>	<u>11,933</u>	<u>19,883</u>
Total Revenues	<u>246,617</u>	<u>961,683</u>	<u>1,208,300</u>
EXPENDITURES			
General Government	1,000	3,000	4,000
Construction	<u>169,368</u>	<u>984,263</u>	<u>1,153,631</u>
Total Expenditures	<u>170,368</u>	<u>987,263</u>	<u>1,157,631</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>76,249</u>	<u>(25,580)</u>	<u>50,669</u>
Net Change in Fund Balance	76,249	(25,580)	50,669
Beginning Fund Balance	<u>740,302</u>	<u>1,139,361</u>	<u>1,879,663</u>
Ending Fund Balance	<u><u>\$816,551</u></u>	<u><u>\$1,113,781</u></u>	<u><u>\$1,930,332</u></u>

See accompanying notes to financial statements

**CITY OF LIVERMORE
MEASURE B PROGRAM
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

All transactions of the Alameda County Transportation Commission - Measure B Program (Measure B Program) of the City of Livermore, California (City), are included as a separate special revenue fund in the basic financial statements of the City. The Measure B Program is used to account for the City's share of revenues earned and expenditures incurred under the City's local streets and roads, and bike and pedestrian programs. The accompanying financial statements are for the Measure B Program only and are not intended to fairly present the financial position of the City and the results of its operations.

B. *Basis of Accounting*

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 sheets. Operating statements of governmental funds present increased (revenues and other financing sources) and decreased (expenditures and other financing uses) in net current assets.

C. *Description of Funds*

The accounts are maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts. The City uses Special Revenue Funds to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specified purposes.

D. *Capital Assets*

Capital assets, consisting primarily of infrastructure, are recorded as expenditures and are not capitalized since they will be maintained by the City.

E. *Use of Estimates*

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**CITY OF LIVERMORE
MEASURE B PROGRAM
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2014**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments are maintained on a pooled basis with those of other funds of the City. Pooled cash and investments consist of U.S. Treasury or its agencies, money market funds investing in such obligations, negotiable certificates of deposit, commercial paper and medium term corporate notes that meet specified rating requirements, mutual funds, guaranteed investment contracts, repurchase agreements, reverse repurchase agreements when authorized by the City's Council, the State Treasurer's investment pool (Local Agency Investment Fund), and banker's acceptances. The City did not enter into any reverse repurchase agreements during 2013-2014. All investments are stated at fair value. Pooled investment earnings are allocated quarterly based on the average quarterly cash and investment balances of the various funds and related entities of the City.

See the City's Comprehensive Annual Financial Report for disclosures related to cash and investments and the related custodial risk categorization.

NOTE 3 – MEASURE B PROGRAM

Under Measure B, approved by the voters of Alameda County in 1986 and 2000, the City receives a portion of the proceeds of an additional on-half cent sales tax to be used for transportation-related expenditures. These measures were adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid by property taxes but, rather, would be used for additional projects and programs.

Projects funded by Measure B 2000 were as follows:

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

Local Streets and Roads - To improve, repair, and overlay city streets.

Bike and Pedestrian - To provide sidewalk and ADA improvements and to implement the bikeway network.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The City participates in several grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still 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.

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

Honorable Mayor, Members of the City Council
City of Livermore, California

Report on Compliance for Measure B Program

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 basic financial statements of the Measure B Program of the City of Livermore, California (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure B Program based on our audit of the types of compliance requirements referred to above. 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 requirements specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Measure B program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Measure B Program

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 the Measure B Program for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on Measure B Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure B Program and to test and report on internal control over 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 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 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 Measure B 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 Measure B Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, specified in the *Master Programs Funding Agreement* between the City and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
October 10, 2014