

CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
Financial Statements
For the Fiscal Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and 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 Vehicle Registration Fee (VRF) of the City of Livermore, as of and for the year ended June 30, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing such 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the project at June 30, 2016 and the results of operations and 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 25, 2016, 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.

Marx & Associates

Pleasant Hill, California
October 25, 2016

**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)**

**BALANCE SHEET
As of June 30, 2016**

| | Local Streets and Roads |
|--|------------------------------------|
| <hr/> | |
| ASSETS | |
| Cash and Investments | \$ 682,356 |
| Measure F Direct Local Distribution Program Receivable | <u>76,489</u> |
| Total Assets | <u><u>\$ 758,845</u></u> |
| | |
| LIABILITIES | |
| Accounts Payable | \$ 3,698 |
| Accrued Liabilities | <u>4,869</u> |
| Total Liabilities | <u>\$ 8,567</u> |
| | |
| FUND BALANCE | |
| Restricted for Measure F Programs and Projects | <u>\$ 750,278</u> |
| Total Fund Balances | <u>\$ 750,278</u> |
| | |
| Total Liabilities & Fund Balances | <u><u>\$ 758,845</u></u> |

See accompanying notes to financial statements

**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| | <u>Local Streets and Roads</u> |
|--|------------------------------------|
| REVENUES | |
| Measure F Direct Local Distribution Program Revenue | |
| Direct Local Distribution Funds Allocation | \$ 420,867 |
| Interest | <u>11,131</u> |
| Total Program Revenues | <u>431,998</u> |
| EXPENDITURES | |
| Measure F Direct Local Distribution Expenses | |
| General Government | 2,190 |
| Construction | <u>454,444</u> |
| Total Program Expenditures | <u>456,634</u> |
| REVENUES OVER (UNDER) EXPENDITURES | |
| Excess Net Change in Fund Balance | (24,636) |
| FUND BALANCE | |
| Beginning Fund Balance | <u>774,914</u> |
| Ending Fund Balance | <u><u>\$ 750,278</u></u> |

CITY OF LIVERMORE, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE PROGRAM (VRF)
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2016

NOTE 1 - BACKGROUND

The Measure F Alameda County Vehicle Registration Fee Funds (VRF) was approved by the voters in November 2010, with 63 percent of the vote. The collection of the \$10 per year vehicle registration fee started in the first week of May 2011. The goal of the VRF is to sustain the County's transportation network and reduce traffic congestion and vehicle related pollution. The program includes four categories of projects:

- Local Road Improvement and Repair Program (60 percent)
- Transit for Congestion Relief (25 percent)
- Local Transportation Technology (10 percent)
- Pedestrian and Bicycle Access and Safety Program (5 percent)

The Alameda County Transportation Commission administers the program and distributes an equitable share of the funds among the four planning areas of the county over successive five year cycles. Geographic equity will be measured by a formula, weighted 50 percent by population of the planning area and 50 percent of the registered vehicles of the planning area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – All transactions of the VRF Program of the City of Livermore, California (City), are combined with other Alameda County Transportation Commission funds which are reported as a separate special revenue fund in the basic financial statements of the City. The VRF Program is used to account for the City's share of revenues earned and expenditures incurred under the City's local streets and roads program. The accompanying financial statements include VRF Funds only and are not intended to fairly present the financial position, results of operations and cash flows of the City in conformity with accounting principles generally accepted in the United States of America.

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 increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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 a 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.

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, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE PROGRAM (VRF)
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2016**

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| NOTE 3 – 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, medium term corporate notes that meet specified rating requirements, guaranteed investment contracts and the State Treasurer's investment pool (Local Agency Investment Fund). All investments are stated at fair value. Pooled investment earnings are allocated based on the average 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. The CAFR may be obtained from the City of Livermore, 1052 S. Livermore Avenue, Livermore, CA, 94550.

INDEPENDENT AUDITOR'S REPORT ON MEASURE F COMPLIANCE

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

Report on Compliance for Measure F 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 Alameda County Transportation Commission Vehicle Registration Fee (VRF) of the City of Livermore (City), California, as of and for the year ended June 30, 2016 and the related notes to the financial statements, and have issued our report thereon dated October 25, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Program 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 F 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 Program 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 Measure F 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 F Program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Measure F 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 Measure F Program for the year ended June 30, 2016.

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 F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure F 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 Measure F 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 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 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.

We have also issued a separate Memorandum on Internal Control dated October 25, 2016 which is an integral part of our audits and should be read in conjunction with this report.

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

Mark & Associates

Pleasant Hill, California
October 25, 2016