

**CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION  
COMMISSION  
VEHICLE REGISTRATION FEE FUNDS  
EMERYVILLE, CALIFORNIA  
  
FINANCIAL STATEMENTS  
  
FOR THE YEAR ENDED JUNE 30, 2014**

CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION  
COMMISSION  
VEHICLE REGISTRATION FEE FUNDS  
EMERYVILLE, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION  
COMMISSION  
VEHICLE REGISTRATION FEE FUNDS

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
City of Emeryville, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Emeryville Alameda County Transportation Commission – Vehicle Registration Fee Funds, which comprise of the balance sheet as of June 30, 2014, and the related statement of revenues, expenditures and change in fund balance for the year then ended, and the related notes to the financial statements.

### ***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.

### ***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 entity'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 entity'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.



To the Honorable Mayor and City Council  
City of Emeryville, California

**Opinions**

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the City of Emeryville Alameda County Transportation Commission – Vehicle Registration Fee Funds as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As described in Note 1 to the financial statement, the financial statement is prepared in accordance with Alameda County Transportation Commission Vehicle Registration Fee which requires a financial statement that presents only the Program and does not purport to, and does not, present fairly the financial position of the City of Emeryville as of June 30, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Restriction of Use**

Our report is intended solely for the information and use of the City of Emeryville and the Alameda County Transportation Commission and is not intended to be and should not be used by anyone other than these specified parties.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014 on our consideration of the City of Emeryville'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* and should be considered in assessing the results of our audit.

Brea, California  
November 4, 2014

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and City Council  
City of Emeryville, California

### **Report on Compliance**

We have audited the compliance of the City of Emeryville, California (the City) with the types of compliance requirements described in the Agreement with the Alameda County Transportation Commission dated March 15, 2012, that are applicable to its Vehicle Registration Fee funds for the year ended June 30, 2014.

### ***Management's Responsibility***

Management is responsible for compliance with the laws, regulations, contracts, and grant requirements applicable to its agreement with the Alameda County Transportation Commission.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the 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 the Agreement with the Alameda County Transportation Commission dated March 15, 2012 that are applicable to its Vehicle Registration Fee funds. Those standards 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 material effect on the Vehicle Registration Fee Fund 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. However, our audit does not provide a legal determination of the City's compliance with those requirements.

### ***Opinion***

In our opinion, the City of Emeryville complied, in all material respects, with the requirements referred to above that are applicable to the Vehicle Registration Fee funds for the year ended June 30, 2014.

### **Report on Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements listed above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the Vehicle Registration Fee Fund in order to determine our auditing procedures for the purpose of expressing our opinion on 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.



To the Honorable Mayor and City Council  
City of Emeryville, California

*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 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 timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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 the internal control over compliance that we consider material weaknesses as defined above.

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 the Alameda County Transportation Commission dated March 15, 2012, that are applicable to its Vehicle Registration Fee funds. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Lughard, LLP*

Brea, California  
November 4, 2014

CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
VEHICLE REGISTRATION FEE FUNDS

BALANCE SHEET  
JUNE 30, 2014

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	<u>Local Streets and Roads</u>	<u>Totals</u>
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 34,255	\$ 34,255
Interest Receivable	5	5
Due from ACTC	7,997	7,997
<b>Total Assets</b>	<b><u>\$ 42,257</u></b>	<b><u>\$ 42,257</u></b>
<b>Fund Balance:</b>		
Restricted for Vehicle Registration Fee Programs and Projects	\$ 42,257	\$ 42,257
<b>Total Fund Balance</b>	<b><u>\$ 42,257</u></b>	<b><u>\$ 42,257</u></b>



CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
VEHICLE REGISTRATION FEE FUNDS

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

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	<u>Local Streets and Roads</u>	<u>Totals</u>
<b>Revenues:</b>		
Vehicle Registration Fees	\$ 44,597	\$ 44,597
<b>Total Revenues</b>	<b>44,597</b>	<b>44,597</b>
<b>Expenditures:</b>		
Public works	2,340	2,340
<b>Total Expenditures</b>	<b>2,340</b>	<b>2,340</b>
Excess of Revenues Over (Under) Expenditures	42,257	42,257
<b>Fund Balance</b>		
Beginning Fund Balance	-	-
<b>Ending Fund Balance</b>	<b>\$ 42,257</b>	<b>\$ 42,257</b>

**CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
VEHICLE REGISTRATION FEE FUNDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**Note 1: Summary of Significant Accounting Policies**

**a. Reporting Entity**

All transactions of the Alameda County Transportation Commission - Vehicle Registration Fee (VRF) Funds of the City of Emeryville, California (City), are included in a separate special revenue fund in the basic financial statements of the City. The VRF Fund is used to account for the City's share of revenues earned and expenditures incurred under the City's VRF program.

**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 measurable 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 account is maintained on the basis of fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts.

The following fund type is used to account for Vehicle Registration Fee activities:

Special Revenue Funds are used to account for the proceeds of specific revenues (other than for capital projects) that are legally restricted to be expended for specific purposes (specifically, the paratransit, local streets and roads programs).

**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 deposit with banks, pooled investments and individual investments. All investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average monthly cash and investment balances of the various funds related to the 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: Vehicle Registration Fee Program Funds**

Vehicle Registration Fees (VRF), approved by the voters of Alameda County in 2010, accounts for a pro-rata share of the annual \$10 per vehicle fee which started with registrations due in May of 2011. The restrictive use of this fund, coupled with the formation of a Citizen's Watchdog Committee, embraces the principle of accountability.

**CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
VEHICLE REGISTRATION FEE FUNDS**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014**

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**Note 3: Vehicle Registration Fee Program Funds (Continued)**

Projects to be funded by VRF funds are as follows:

Paratransit Program - to make public transportation easier and more efficient and to increase the efficiency of travel between all transportation modes by providing transit services for the elderly and the handicapped.

Local Streets and Roads - to repair and maintain various streets throughout the City.

Bike and Pedestrian - to reduce pollution from vehicles; provide sidewalk and ADA improvements and to implement the bikeway network.

**Note 4: Grant and Other Revenues**

In accordance with Alameda County Transportation Commission's audited financial statement requirements for fiscal year 2013-14, only Measure B/VRF Direct Local Distribution Program funds are included. Grants revenues, fares, funds received through a project specific fund agreement (PSFA, used for specific defined capital projects) or any other non-Measure B/VRF funds are not included in the audited financial statements.

**Note 5: Interest Income**

Interest is allocated based on beginning fund balances. Since the Vehicle Registration Fee Fund had no beginning fund balance for the fiscal year June 30, 2014, no interest was allocated.

**Note 6: 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 and federal 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.

**CITY OF EMERYVILLE  
ALAMEDA COUNTY TRANSPORTATION COMMISSION  
VEHICLE REGISTRATION FEE FUNDS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

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None noted.