

CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION
COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
FINANCIAL STATEMENTS

FOR THE YEAR JUNE 30, 2015

CITY OF ALAMEDA, CALIFORNIA

ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
FINANCIAL STATEMENTS

For The Year Ended June 30, 2015

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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 Alameda County Transportation Commission Vehicle Registration Fee (VRF) Measure F Program (Measure F Program) of the City of Alameda, California (City), as of and for the year ended June 30, 2015, 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure F Program of the City as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure F Program of the City and do not purport to, and do not, present fairly the financial position of the City of Alameda, California, as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year 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.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and the budgetary comparison schedules for the Measure F Program 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 23, 2015, on our consideration of the City's internal control over financial reporting of the Measure F Program 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 23, 2015

**CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
BALANCE SHEET
JUNE 30, 2015**

ASSETS

| | |
|--|--------------------------|
| Cash and Investments | \$ 652,056 |
| Measure F Direct Local Distribution Program Receivable | <u>58,788</u> |
| Total Assets | <u><u>\$ 710,844</u></u> |

FUND BALANCE

| | |
|--|--------------------------|
| Restricted for Measure F Programs and Projects | <u>710,844</u> |
| Total Fund Balance | <u><u>\$ 710,844</u></u> |

See accompanying notes to financial statements.

**CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES

Measure F Direct Local Distribution Program Revenue

| | |
|--|----------------|
| Direct Local Distribution Funds Allocation | \$ 331,984 |
| Interest | 1,717 |
| Changes in Market Value (GASB31) | <u>1,308</u> |
| Total Program Revenues | <u>335,009</u> |

EXPENDITURES

Measure F Direct Local Distribution Expenses

| | |
|----------------------------|----------------|
| Street Resurfacing | <u>400,000</u> |
| Total Program Expenditures | <u>400,000</u> |

NET CHANGE IN FUND BALANCE (64,991)

FUND BALANCES

| | |
|-------------------|--------------------------|
| Beginning of year | <u>775,835</u> |
| End of year | <u><u>\$ 710,844</u></u> |

See accompanying notes to financial statements.

**CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

NOTE 1 – BACKGROUND

Measure F Program- Alameda County Vehicle Registration Fee (VRF) Measure F (Measure F Program) was approved by the voters in November 2010, with 63 percent of the vote. It is expected that the fee will generate about \$10.7 million per year by a \$10 per year vehicle registration fee. The collection of the \$10 per year vehicle registration fee started in the first week of May 2011. The goal of the VRF Program 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 Bicyclist 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 registered vehicles of the planning area.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

- A. Reporting Entity** - All transactions of the Measure F Program of the City are included as a separate special revenue fund in the basic financial statements of the City.

The accompanying financial statements include the Measure F Program only and are not intended to fairly present either the financial position, results of operations or cash flows of the City in conformity with accounting principles generally accepted in the United States of America.

- 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, generally, only current assets, deferred outflows of resources and current liabilities, and deferred inflows of resources 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.

- 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.

**CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

The following funds are used:

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. Fund Balances** - Measure F fund balance is restricted. A restricted fund balance represents amounts that can be spent only for specific purposes because of: constitutional provisions; enabling legislation; constraints that are externally imposed by creditors, grantors, contributors; or the laws and regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

- 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.

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. government securities, bankers' acceptances, commercial paper, medium-term notes, deposits with banks, money market mutual funds, legal agency debt, participation in the California Local Agency Investment Fund, county agency investment fund, and California Asset Management Program. All investments are stated at fair value.

Measure F Funds had the following cash and investments at June 30, 2015:

| | |
|----------------------|-----------|
| Cash and Investments | \$652,056 |
|----------------------|-----------|

See the City's Comprehensive Annual Financial Report (CAFR) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board Statement No. 40. The CAFR may be obtained from the City of Alameda, 2263 Santa Clara Avenue, Room 220, Alameda, California, 94501 or online at alameda.ca.gov/finance/comprehensive-annual-financial-reports.

NOTE 4 – MEASURE F DIRECT LOCAL DISTRIBUTION PROGRAM RECEIVABLE

The Measure F Direct Local Distribution Program Receivable represents the Measure F revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2015.

**CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

NOTE 5 – COMMITMENTS AND CONTIGENCIES

The City receives significant financial assistance from Federal, State and Local Governments in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal, state and local agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.



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 Members of the City Council
and City Auditor of the City of Alameda
City of Alameda, 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 Vehicle Registration Fee (VRF) Measure F Program (Measure F Program) of the City of Alameda, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2015. Our report included an emphasis of matter stating that the financial statements of the Measure F Program do not purport to, and do not, present fairly the financial position of the City as of June 30, 2015.

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) 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. 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 City’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 Measure F Program of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including requirements of Measure F as specified in the agreement between the City and the Alameda County Transportation Commission (ACTC), 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 the Measure F program.

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

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 23, 2015



INDEPENDENT AUDITORS' REPORT ON MEASURE F REQUIREMENTS

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

We have audited the Measure F Program of the City of Alameda's (the City) compliance with the requirements described in the Measure F Master Program Funding agreement (the Agreement) between the City and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to its Measure F Program for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its Measure F Program.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. 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. Those standards and the Agreement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the 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. However, our audit does not provide a legal determination on the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its Measure F Program for the year ended June 30, 2015.

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and the results of that testing based on Measure F Master Program Funding agreement between the City and the Alameda County Transportation Commission (ACTC). Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
December 23, 2015