

CITY OF ALAMEDA, CALIFORNIA

Alameda County Transportation Commission
Vehicle Registration Fee (VRF)

Measure F Program

Financial Statements and Independent Auditors' Reports

For The Year June 30, 2016

CITY OF ALAMEDA, CALIFORNIA
Alameda County Transportation Commission
Vehicle Registration Fee (VRF)
Measure F Program
Financial Statements

For The Year Ended June 30, 2016

Table of Contents

Independent Auditors' Report.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	3
Statements of Revenues, Expenditures and Changes in Fund Balance.....	4
Notes to Financial Statements.....	5
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.....	7
INDEPENDENT AUDITORS' REPORT ON MEASURE F COMPLIANCE.....	9



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, 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 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 opinion.

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, 2016, 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, 2016, 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 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, 2016, on our consideration of the City's internal control over financial reporting in relation to 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 in relation to the Measure F Program.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California
December 23, 2016

**CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
BALANCE SHEET
JUNE 30, 2016**

ASSETS

Cash and Investments	\$ 560,167
Measure F Direct Local Distribution Program Receivable	<u>60,293</u>
Total Assets	<u><u>\$ 620,460</u></u>

FUND BALANCE

Restricted for Measure F Programs and Projects	<u>\$ 620,460</u>
Total Fund Balance	<u><u>\$ 620,460</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, 2016**

REVENUES

Direct Local Distribution Funds Allocation	\$ 331,730
Interest Income	4,918
Changes in Fair Value	<u>3,406</u>
Total Revenues	<u>340,054</u>

EXPENDITURES

Current:

Street Resurfacing	<u>430,438</u>
Total Expenditures	<u>430,438</u>

NET CHANGE IN FUND BALANCE (90,384)

Fund Balance - Beginning	<u>710,844</u>
Fund Balance - Ending	<u><u>\$ 620,460</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, 2016**

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

Alameda County Vehicle Registration Fee (VRF) Measure F (Measure F Program) was approved by the voters in November 2010. The City of Alameda (City) receives proceeds from a \$10 per year vehicle registration fee on each annual motor vehicle registration or renewal of registration in Alameda County. VRF raised through the program will be used exclusively for local transportation purposes in Alameda County. 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 accompanying financial statements are prepared from the accounts and financial transactions of the City for the Alameda County Transportation Commission — Measure F Program Fund. The Fund is used to account for the City's share of revenues earned and expenditures incurred under the City's VRF funded capital projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Basis of Presentation

The Measure F Program has been accounted for in a special revenue fund, which is a governmental fund type and is classified in the City's basic financial statements as a nonmajor governmental fund. The special revenue funds are used to account for proceeds of specific revenues (e.g., VRF revenue and investment income) that are legally restricted to be expended for specified purposes.

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 and investment earnings, are recognized when they become measurable and available (generally received within 60 days after year-end).

C. Fund Balances

Measure F Program fund balance is restricted. A restricted fund balance represents amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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.

**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, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

D. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments represent the Funds' share of the City's Treasury pool. All of the Funds' cash and investments are deposited in the City's Treasury pool as described in the City's *Comprehensive Annual Financial Report*, which can be obtained from the City's Department of Finance. The pool is unrated. Investments in the pool are made in accordance with the City's investment policy as approved by the City Council. Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. However, the value of the pool shares in the City's Treasury pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the Funds' position in the pool. Interest earned from time deposits and investments is allocated quarterly to the Funds based on average monthly cash balance. The Measure F Fund's proportionate share of investments in the City's Treasury pool at June 30, 2016 of \$560,167 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

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, 2016.



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, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2016. 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, 2016.

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

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 23, 2016



INDEPENDENT AUDITORS' REPORT ON MEASURE F COMPLIANCE

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

Compliance

We have audited the Measure F Program of the City of Alameda, California's (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, 2016.

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, 2016.

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 the 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, 2016