

CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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CITY OF ALAMEDA, CALIFORNIA

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

For The Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

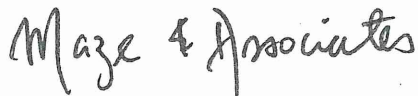
We have audited the financial statements of the Alameda County Vehicle Registration Fee (VRF) Measure F Program (Measure F Program) of the City of Alameda, California, as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for 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 as to whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, the financial statements referred to above present only the VRF Measure F Program and are not intended to present fairly the financial position of the City and the results of its operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the VRF Measure F Program as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report December 3, 2012, on our consideration of the City of Alameda'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 the 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.

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive script.

December 3, 2012

CITY OF ALAMEDA, CALIFORNIA
ALAMEDA COUNTY TRANSPORTATION COMMISSION
VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2012

ASSETS	
Cash and Investments	\$277,697
Measure F Receivable	<u>53,606</u>
Total Assets	<u><u>331,303</u></u>
FUND BALANCES	
Restricted for Measure F	<u>331,303</u>
Total Fund Balances	<u>331,303</u>
Total Liabilities and Fund Balances	<u><u>\$331,303</u></u>

See accompanying notes to financial statements.

CITY OF ALAMEDA, CALIFORNIA
 ALAMEDA COUNTY TRANSPORTATION COMMISSION
 VEHICLE REGISTRATION FEE (VRF)
 MEASURE F PROGRAM
 STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2012

REVENUES

Pass-Through Allocation:

2011/12 Allocation	\$307,566
2010/11 Allocation	23,264

Pass-Through Interest	473
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Total Revenues	331,303
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FUND BALANCES

Beginning of year	_____
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End of year	\$331,303
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See accompanying notes to financial statements.

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**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, 2012**

NOTE 1 – BACKGROUND

Measure F Program - Alameda County Vehicle Registration Fee Measure F (Measure F Program) was approved by the voters in November 2010, with 63 percent of the vote. 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

Reporting Entity – All transactions of the Measure F Program of the City of Alameda, California (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 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 presents 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.

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, 2012

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.

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, repurchase agreements, 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.

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, Alameda, CA, 94501.

NOTE 4 - RESERVES

Measure F Program Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the City is to expend Measure F Program funds expeditiously and no unexpended funds beyond those included in reserves as defined in the Agreement are allowed to be retained by the City. Specific reserves are described as follows:

Capital Fund Reserve – The City may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of Measure F Program funds. The City may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

As of June 30, 2012, the City's Capital Fund Reserve amounted to \$150,000 and has been retained to fund one capital project.

**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, 2012**

NOTE 4 – RESERVES (Continued)

Operations Fund Reserve - The City may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from Measure B and VRF funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. The City does not operate transportation therefore, an operations fund reserve is not applicable.

Undesignated Fund Reserve - The City may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2012, the Undesignated Fund Reserve amounted to \$33,744. The maximum balance allowed amounted to \$33,744.

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**INDEPENDENT AUDITOR'S
REPORT ON VEHICLE REGISTRATION FEE (VRF)
MEASURE F PROGRAM COMPLIANCE**

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

We have audited the financial statements of the Alameda County Vehicle Registration Fee (VRF) Measure F Program (Measure F Program) of the City of Alameda (City), California as of and for the year ended June 30, 2012, and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with generally accepted auditing standards 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.

Compliance

We have audited the City's compliance with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, between the City and Alameda County Transportation Commission, for the year ended June 30, 2012. Compliance with the Measure F Requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on 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; and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Measure F Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with Measure F Requirements could have a material effect on the Measure F Program. An audit includes examining, on a test basis, evidence about the City's compliance with Measure F 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. Our audit does not provide a legal determination of the City's compliance with Measure F Requirements.

In our opinion, the City complied, in all material respects, with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, that are applicable to the City's Measure F Program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with Measure F Requirements. In planning and performing our audit, we considered the City's internal control over compliance to determine the 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.

A deficiency in internal control over compliance 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, 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, City Auditor, management, the Alameda County Transportation Commission, its Board and Committees, others within the entity, and members of the public that will examine compliance information and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

December 3, 2012