

CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

This Page Left Intentionally Blank

**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
Financial Statements
For the Fiscal Year Ended June 30, 2012**

Table of Contents

	<u>Page</u>
<i>Independent Auditor's Report</i>	1
<i>Financial Statements:</i>	
Balance Sheet	2
Statement of Revenues, Expenditures and Changes in Fund Balance	3
Notes to Financial Statements.....	5
<i>Independent Auditor's Report on Measure B Compliance</i>	9

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the Measure B Program of the City of Livermore, California, (City) 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 a 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 1 to the financial statements, the financial statements referred to above present only the Measure B Program and is 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 financial position of the Measure B 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 dated November 28, 2012 on our consideration of the City of Livermore'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' with a long horizontal flourish extending to the right.

November 28, 2012

**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM
BALANCE SHEET
JUNE 30, 2012**

	<u>Bike and Pedestrian</u>	<u>Local Streets and Roads</u>	<u>Totals</u>
ASSETS			
Cash and Investments (Note 2)	\$578,205	\$1,132,220	\$1,710,425
Measure B Receivables	<u>35,265</u>	<u>1,521,081</u>	<u>1,556,346</u>
Total Assets	<u>\$613,470</u>	<u>\$2,653,301</u>	<u>\$3,266,771</u>
LIABILITIES			
Accounts Payable	\$4,560	\$137,032	\$141,592
Other Accrued Liabilities	<u> </u>	<u>117,176</u>	<u>117,176</u>
Total Liabilities	<u>4,560</u>	<u>254,208</u>	<u>258,768</u>
FUND BALANCES			
Restricted for Measure B	<u>608,910</u>	<u>2,399,093</u>	<u>3,008,003</u>
Total Fund Balances	<u>608,910</u>	<u>2,399,093</u>	<u>3,008,003</u>
Total Liabilities and Fund Balances	<u>\$613,470</u>	<u>\$2,653,301</u>	<u>\$3,266,771</u>

See accompanying notes to financial statements

**CITY OF LIVERMORE
ALAMEDA COUNTY TRANSPORTATION COMMISSION
MEASURE B PROGRAM**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Bike and Pedestrian</u>	<u>Local Streets and Roads</u>	<u>Totals</u>
REVENUES			
Measure B Pass-through Revenues			
Pass-through Allocations	\$216,127	\$845,373	\$1,061,500
Pass-through Interest	<u>3,956</u>	<u>7,084</u>	<u>11,040</u>
Subtotal Pass-through Revenues	<u>220,083</u>	<u>852,457</u>	<u>1,072,540</u>
Other Measure B Revenues			
Measure B Grants	<u></u>	<u>4,226,672</u>	<u>4,226,672</u>
Subtotal Other Measure B Revenues	<u></u>	<u>4,226,672</u>	<u>4,226,672</u>
Total Revenues	<u>220,083</u>	<u>5,079,129</u>	<u>5,299,212</u>
EXPENDITURES			
General Government		2,872	2,872
Construction	<u>306,336</u>	<u>917,791</u>	<u>1,224,127</u>
Total Expenditures	<u>306,336</u>	<u>920,663</u>	<u>1,226,999</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(86,253)</u>	<u>4,158,466</u>	<u>4,072,213</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Note 5)		10,500	10,500
Transfers (Out) (Note 5)	<u>(50,000)</u>	<u>(2,888,529)</u>	<u>(2,938,529)</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(2,878,029)</u>	<u>(2,928,029)</u>
Net Change in Fund Balance	(136,253)	1,280,437	1,144,184
Beginning Fund Balance	<u>745,163</u>	<u>1,118,656</u>	<u>1,863,819</u>
Ending Fund Balance	<u>\$608,910</u>	<u>\$2,399,093</u>	<u>\$3,008,003</u>

See accompanying notes to financial statements

This Page Left Intentionally Blank

**CITY OF LIVERMORE
MEASURE B PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

All transactions of the Alameda County Transportation Commission - Measure B Funds (Measure B Program) of the City of Livermore, California (City), are included as separate special revenue and capital projects funds in the basic financial statements of the City. The Measure B Program is used to account for the City's share of revenues earned and expenditures incurred under the City's local streets and roads, and bike and pedestrian programs. The accompanying financial statements are for the Measure B Program only and are not intended to fairly present the financial position of the City and the results of its operations.

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 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 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 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. *Capital Assets*

Capital assets, consisting primarily of infrastructure, are recorded as expenditures and are not capitalized since they will be maintained by the City.

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.

**CITY OF LIVERMORE
MEASURE B PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 U.S. Treasury or its agencies, money market funds investing in such obligations, negotiable certificates of deposit, commercial paper and medium term corporate notes that meet specified rating requirements, mutual funds, guaranteed investment contracts, repurchase agreements, reverse repurchase agreements when authorized by the City's Council, the State Treasurer's investment pool (Local Agency Investment Fund), and banker's acceptances. The City did not enter into any reverse repurchase agreements during 2011-2012. All investments are stated at fair value. Pooled investment earnings are allocated quarterly based on the average quarterly cash and investment balances of the various funds are 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.

NOTE 3 – MEASURE B PROGRAM

Under Measure B, approved by the voters of Alameda County in 1986 and 2000, the City receives a portion of the proceeds of an additional on-half cent sales tax to be used for transportation-related expenditures. These measures were adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid by property taxes but, rather, would be used for additional projects and programs.

Projects funded by Measure B 2000 were as follows:

Paratransit - To provide transit services for seniors and people with disabilities.

Local Streets and Roads - To improve, repair, and overlay city streets.

Bike and Pedestrian - To provide sidewalk and ADA improvements and to implement the bikeway network.

1986 Measure B – Prior to Measure B 2000, voters approved the prior Measure in 1986 that was used to improve, repair, and overlay City streets. In fiscal 2004, this program was replaced by the above programs funded under Measure B 2000.

From a pool of funds held by the County, 10.45% is allocated for distribution as a subsidy to cities with paratransit programs. Funds allocated to the City for the paratransit program are received separately from funds received for transportation improvement projects, and they are recorded in a special revenue fund.

An additional 20.34% of the pool is allocated among the cities in the County, based on the cities' populations and the number of roads within their city limits for other transportation-related projects. Funds allocated for streets are roads; bike lanes and pedestrian lanes are recorded as a capital projects fund.

**CITY OF LIVERMORE
MEASURE B PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 4 - 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 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.

NOTE 5 - TRANSFERS

During fiscal 2011-12, the City transferred Measure B funds to other funds to finance certain transportation activities. The City transferred \$45,000 to the General Fund to finance transit services (LAVTA & BART), \$50,000 to the General Fund to finance bicycle and pedestrian planning and engineering and \$2,843,529 to the Isabel Parkway Capital Projects Fund to finance the Isabel Avenue I-580 Interchange project. The City also transferred \$10,500 from the Tri-Valley Transportation Council 20% Special Revenue Fund to the Measure B funds to finance the Isabel Widening Project.

NOTE 6 - RESERVES

Measure B Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the City is to expend Measure B 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 B 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 \$1,560,382 and has been retained to fund eight capital projects.

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 have an operations fund reserve.

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 \$34,990. The maximum balance allowed amounted to \$109,334.

This Page Left Intentionally Blank

**INDEPENDENT AUDITOR'S
REPORT ON MEASURE B COMPLIANCE**

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

We have audited the financial statements of the Measure B Program of the City of Livermore (City) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 28, 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 B Requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We have 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 B Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with Measure B Requirements could have a material effect on the Measure B Program. An audit includes examining, on a test basis, evidence about the City's compliance with Measure B Requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis on our opinion. Our audit does not provide a legal determination of the City's compliance with Measure B 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 B 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 B 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 City Council, Management, 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.

A handwritten signature in cursive script that reads "Maze & Associates" followed by a horizontal line.

November 28, 2012