



**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 Honorable Mayor and Members  
of the City Council of the City of Livermore  
Livermore, 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 the of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Livermore, California, (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2023. Our report included an emphasis of matter relating to the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements and correction of an error*.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001 that we consider to be material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

## City's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Menlo Park, California  
December 31, 2023

# EXHIBIT F

City of Livermore  
Schedule of Findings and Responses  
June 30, 2023

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The following finding represents a material weakness related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

## **2023-001 Restatement of the beginning net position of the governmental activities, the fund balance of the Low Income Housing-Special Revenue Fund and the fund balance of the Nonmajor Governmental Funds**

### **Criteria**

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should ensure that all notes receivables are reported on the City's financial statements.

### **Condition**

The prior year financial statements contained an error that was discovered during the current year. The net position of the governmental activities, the fund balance of the Low Income Housing-Special Revenue Fund and the fund balance of the Nonmajor Governmental Funds underreported housing loans receivables that were tracked by a contractor of the City.

### **Effect**

The City restated its financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

### **Cause**

Many of these loans were incorrectly tracked and were not included in the financial statements.

### **Recommendation**

We recommend that management performs an evaluation of the outstanding loans and work with the City's contractor to ensure all activities presented in the financial statements are in accordance with GAAP.

### **Repeat Finding**

No.

### **Views of Responsible Officials**

The City agrees with the finding and has restated its beginning net position and fund balance. The City will continue to monitor the activities of the loans in the current year ensuring that all loans are reported on the financial statements.