



**ALAMEDA COUNTY CONGESTION
MANAGEMENT AGENCY**

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010



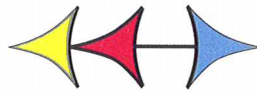
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ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

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Kevin W. Harper CPA & Associates

INDEPENDENT AUDITORS' REPORT

The Board of Directors

Alameda County Congestion Management Agency:

We have audited the accompanying basic financial statements of the Alameda County Congestion Management Agency (the "Agency") as of and for the year ended June 30, 2010, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2010, and the changes in its financial position and respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10 to the basic financial statements, on July 22, 2010, the Agency's Board voted to merge with the Alameda County Transportation Improvement Authority to form the new Alameda County Transportation Commission.

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INDEPENDENT AUDITORS' REPORT
(Continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010, on our consideration of the Agency'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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 28 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kevin W. Hamper CPA & Associates

November 5, 2010

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2010**

This section of the Alameda County Congestion Management Agency (the "Agency") annual financial report presents a discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the Agency's basic financial statements and notes to those statements following this section. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Overview of the Financial Statements

As required by the Governmental Accounting Standards Board, the Agency's principal financial statements include the following:

- Statement of Net Assets (showing agency-wide assets and liabilities)
- Statement of Activities (showing agency-wide revenues and expenses)
- Balance Sheet (showing assets and liabilities for the General Fund, the Exchange Fund and the Transportation Fund for Clean Air)
- Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (showing revenues and expenditures by fund)
- Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund (showing budget versus actual revenues and expenditures)

Financial Highlights

Financial highlights for the fiscal year ended June 30, 2010, include the following:

- The Agency's total net assets were \$9,268,624, an increase of \$567,812 from the prior fiscal year (see Statement of Activities, page 9).
- The Agency's total revenues increased by 38.8% from \$39,937,451 for fiscal year 2008-09 to \$55,419,518 for fiscal year 2009-10 due to increases in project activity. Similarly, the Agency's expenses increased by 41.4% from \$38,642,900 in fiscal year 2008-09 to \$54,851,706 in fiscal year 2009-10 in response to increased project activity (see Statement of Activities, page 9).
- The Agency's cash and investments (restricted and unrestricted) totaled \$23,321,775, an increase of \$3,678,717 or 18.7% from the prior fiscal year (see Statement of Net Assets, page 8).

- The General Fund reported a net increase in fund balance for the year of \$186,269 (see Statement of Revenues, Expenditures and Changes in Fund Balance, page 11).

Financial Information

The Agency maintains three funds: General Fund, Exchange Fund and Transportation Fund for Clean Air. Following is a discussion of the results of operations of each fund during fiscal year 2009-10:

General Fund – The Agency uses the General Fund as its chief operating fund. This fund is used for preparing the Congestion Management Plan and programming federal, state and local funds to implement the plan. The Agency’s focus is on assisting sponsors in delivering currently funded or programmed projects. The following table shows General Fund revenues and expenditures for the two most recent fiscal years:

	<u>FY 2009-10</u>	<u>FY 2008-09</u>	<u>Percent Change</u>
Total Revenues	\$ 53,104,612	\$ 33,311,590	59.4 %
Total Expenditures	52,918,343	33,008,350	60.3
Net Change in Fund Balance	186,269	303,240	3.1
Beginning Fund Balance (Deficit)	(46,989)	(350,229)	(86.6)
Ending Fund Balance (Deficit)	<u>\$ 139,280</u>	<u>\$ (46,989)</u>	<u>396.4 %</u>

Total General Fund revenues increased during the last fiscal year by 59.4% due to increases in project activity. General Fund expenditures increased 59.9%. Fund balance increased by \$186,269, leaving an ending fund balance of \$139,280.

The Agency receives revenue from a wide variety of sources. The table below demonstrates the diversity of revenue sources to the General Fund during the past fiscal year:

	<u>Revenues</u>	<u>Percent of Total Revenue</u>
Member Agency Fees	\$ 1,004,898	1.9 %
Metropolitan Transportation Commission	13,190,571	24.8
CalTrans	15,564,832	29.3
Transportation Fund for Clean Air	566,352	1.1
Bay Area Air Quality Management District	707,766	1.3
AC Transit	355,584	0.7
Contra Costa Transportation Authority	2,197,518	4.1
Other	1,538,992	2.9
Interest	57,553	0.1
ACTIA/ACTA	12,674,893	23.9
Revenue from Exchange Fund	5,245,653	9.9
Total General Fund Revenues	<u>\$ 53,104,612</u>	<u>100.0 %</u>

Exchange Fund – Under the Exchange Program, the Agency entered into agreements with several local agencies to exchange the Agency’s state or federal funds with other governments’ local funding for various transportation projects. This program is used to

expedite projects by giving project sponsors the flexibility of using local funds rather than more restrictive state or federal funds.

The Agency has entered into exchange agreements with the following agencies through June 30, 2010:

AC Transit	\$35,060,514
BART	8,100,000
Berkeley	259,560
Dublin	4,230,000
Fremont	6,280,050
Livermore	4,580,000
Altamont Commuter Express	432,445
Santa Clara Valley Transportation Authority	558,000
MTC	750,000
Union City	<u>9,314,000</u>
Total Exchanged Funds	<u>\$69,564,569</u>

These exchanges were recognized as deferred revenue in the government-wide financial statements at the time the Agency entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. Approximately \$60.1 million of these exchanged funds have been collected and \$50.4 million has been expended as of June 30, 2010.

Transportation Fund for Clean Air – This program generates about \$1-2 million annually for Alameda County transportation projects that improve air quality. In the past, the Agency has used these funds to support an array of projects such as shuttle buses, transit information, bicycle projects, regional ridesharing, the Guaranteed Ride Home Program and signal coordination.

Agency-wide - Expenses increased by 41.9% in fiscal year 2009-10 from the prior year. Program Revenues (those revenues available to the Agency through grants from agencies such as the Metropolitan Transportation Commission, CalTrans, ACTIA and others) increased by 45.6% from fiscal year 2008-09 due to increased project activity. General Revenues (which include revenues from the Exchange Fund and annual dues from member agencies) increased by 6.1% between fiscal years 2008-09 and 2009-10 primarily as a result of using more Exchange Program revenue to fund projects. Changes in both revenues and expenses since the prior year are summarized as follows:

	<u>FY 2009-10</u>	<u>FY 2008-09</u>	<u>Percent Change</u>
Total Expenses	\$ 54,851,706	\$ 38,642,900	41.9 %
Total Program Revenues	48,046,550	32,987,049	45.7
Net Program Expenses	(6,805,156)	(5,655,851)	20.3
General Revenues	7,372,968	6,950,402	6.1
Change in Net Assets	567,812	1,294,551	(56.1)
Beginning Net Assets	8,700,812	7,406,261	17.5
Ending Net Assets	<u>\$ 9,268,624</u>	<u>\$ 8,700,812</u>	<u>6.5 %</u>

The Agency's net assets increased by 6.5% between fiscal years 2008-09 and 2009-10. A summary of the Agency's Statement of Net Assets, as shown on page 8, is presented below:

	<u>FY 2009-10</u>	<u>FY 2008-09</u>	<u>Percent Change</u>
Total Assets	\$ 52,446,221	\$ 48,235,410	8.7 %
Total Liabilities	43,177,597	39,534,598	9.2
Total Net Assets	<u>\$ 9,268,624</u>	<u>\$ 8,700,812</u>	<u>6.5 %</u>
Components of Net Assets:			
Restricted	\$ 8,799,919	\$ 8,285,195	
Unrestricted (Deficit)	139,280	(46,988)	
Invested in Capital Assets	329,425	462,605	
	<u>\$ 9,268,624</u>	<u>\$ 8,700,812</u>	

Budget vs. Actual – General Fund - As shown on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual for the General Fund on page 13, significant variances exist between the original and final budget amounts and what was finally recorded as actual revenues or expenditures at year-end. The primary reason for the differences between the original and final budget is that the budget is developed in anticipation that funding agreements and authorizations will be forthcoming from either Caltrans or the Federal Highway Administration in a timely manner. During this last fiscal year, the state's fiscal crisis postponed many decisions that, in turn, delayed the issuance of the required funding authorizations. As a consequence, projects schedules were pushed back due to the absence of necessary funding. With regard to the variance between final budget and actual, the differences are almost entirely due to project work being either accelerated or delayed near the end of the fiscal year. While overall project budgets remained the same, the allocation of revenue and expenditures shifted between fiscal years, and in so doing, deviated from budget expectations. For these reasons, the variance between final budget and actual for revenues (2.8%) approximated the variance for expenditures (3.0%).

Summary of Known Facts, Decisions or Conditions

The Agency merged with the Alameda County Transportation Improvement Authority ("ACTIA") on July 22, 2010 to form the new Alameda County Transportation Commission ("ACTC"). On August 23, 2010, the new Commission appointed a new

Executive Director and initiated a series of actions that will culminate in the complete functional and organizational integration of the two organizations during fiscal year 2010-11. It is expected that the ACCMA will be terminated sometime in 2011. The first ACTC budget will be developed for fiscal year 2011-12. A complete description of ACTC and its activities can be found at www.alamedactc.org.

On June 24, 2010, the Agency approved a resolution to place a transportation improvement measure on the November 2, 2010 ballot. If approved by a majority of the voters of the County, a vehicle registration fee of \$10 per year would be available for local transportation improvements throughout the County. A Board adopted Expenditure Plan identified four programs, each of which would be allocated a portion of the expected annual revenue, after administrative costs have been deducted, of approximately \$1 million. They are:

- Local Road Improvement and Repair Program (60 %)
- Transit for Congestion Relief Program (25%)
- Local Transportation Technology Program (10%)
- Pedestrian and Bicyclist Safety Program (5%)

On September 20, 2010, the 14 mile long I-680 Express Lane Project began operations for commuters in the southbound direction on I-680 between Highway 84 and Highway 237. The I-680 Express Lane gives solo drivers the choice to pay a toll electronically to use the lane while regular carpool users continue to use the lane for free. The Express Lane will be differentiated with new striping, three specific entry and exit points, overhead electronic signs and a FasTrak electronic toll collection system. The Agency entered into a joint powers agreement with ACTIA and Santa Clara Valley Transportation Authority to construct, maintain, operate and administer the tolls and equipment. The operations of the Express Lane Project is expected to have no significant financial impact on the Agency.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those interested in government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Accounting at 1333 Broadway, Suite 220, Oakland, CA 94612.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

Cash and Investments	\$	12,095,095
Restricted Cash and Investments		11,226,680
Accounts Receivable		28,708,293
Interest Receivable		27,312
Prepaid Items		59,416
Capital Assets, Net of Accumulated Depreciation		<u>329,425</u>
Total Assets		<u><u>52,446,221</u></u>

LIABILITIES

Accounts Payable		13,780,815
Accrued Liabilities		240,059
Deferred Revenue		<u>29,156,723</u>
Total Liabilities		<u><u>43,177,597</u></u>

NET ASSETS

Restricted for:		
Transportation Fund for Clean Air		4,181,057
Exchange Program		<u>4,618,862</u>
Total Restricted Net Assets		8,799,919
Invested in Capital Assets		329,425
Unrestricted		<u>139,280</u>
Total Net Assets	\$	<u><u>9,268,624</u></u>

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

EXPENSES

Salaries & Benefits	\$ 4,035,422
Board Meeting Per Diem	74,916
Travel & Transportation - Special Events	58,905
Office Space	393,486
Office & Related	273,286
Legal Counsel	52,442
Annual Audit	32,517
Professional Services	23,639
Legislative Advocacy	99,032
Consultants & Contractors	48,883,812
Member Agencies for Projects - TFCA	777,481
Depreciation	133,180
Miscellaneous	13,588
Total Expenses	54,851,706

PROGRAM REVENUES - Operating Grants and Contributions:

Metropolitan Transportation Commission	13,190,571
ACTIA/ACTA	12,674,893
CalTrans	15,564,832
Transportation Fund for Clean Air	566,352
Bay Area Air Quality Management District	1,957,808
AC Transit	355,584
Contra Costa Transportation Authority	2,197,518
Other	1,538,992
Total Program Revenues (Expenses)	48,046,550

Net Program Revenues (6,805,156)

GENERAL REVENUES

Member Agency Fees	1,004,898
Revenue from Exchange Program	6,268,248
Interest	99,822
Total General Revenues	7,372,968

Change in Net Assets 567,812

Net Assets, July 1, 2009 8,700,812

Net Assets, June 30, 2010 \$ 9,268,624

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Major</u>		<u>Non-major</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Exchange</u> <u>Fund</u>	<u>Transportation</u> <u>Fund for</u> <u>Clean Air</u>	
ASSETS				
Cash and Investments	\$ 12,095,095			\$ 12,095,095
Restricted Cash and Investments		\$ 7,419,446	\$ 3,807,234	11,226,680
Accounts Receivable	18,361,496		900,000	19,261,496
Interest Receivable	13,032	9,399	4,881	27,312
Interfund Receivable		10,385,900		10,385,900
Prepaid Items	59,416			59,416
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 30,529,039</u>	<u>\$ 17,814,745</u>	<u>\$ 4,712,115</u>	<u>\$ 53,055,899</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 9,763,015	\$ 3,486,742	\$ 531,058	\$ 13,780,815
Accrued Liabilities	240,059			240,059
Interfund Payable	10,385,900			10,385,900
Deferred Revenue	10,000,785	9,709,141		19,709,926
Total Liabilities	30,389,759	13,195,883	531,058	44,116,700
Fund Balances	139,280	4,618,862	4,181,057	8,939,199
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 30,529,039</u>	<u>\$ 17,814,745</u>	<u>\$ 4,712,115</u>	<u>\$ 53,055,899</u>

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	<u>Major</u>		<u>Non-major</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Exchange</u> <u>Fund</u>	<u>Transportation</u> <u>Fund for</u> <u>Clean Air</u>	
REVENUES				
Grants:				
Metropolitan Transportation Commission	\$ 13,190,571			\$ 13,190,571
CalTrans	15,564,832			15,564,832
Transportation Fund for Clean Air	566,352			566,352
Bay Area Air Quality Management District	707,766		\$ 1,250,042	1,957,808
AC Transit	355,584			355,584
Contra Costa Transportation Authority	2,197,518			2,197,518
Other	1,538,992			1,538,992
Revenue from Member Agencies	1,004,898			1,004,898
Revenue from Exchange Program	5,245,653	\$ 1,022,595 ^{LS}		6,268,248
ACTIA/ACTA	12,674,893			12,674,893
Interest	57,553	23,344	18,925	99,822
Total Revenues	<u>53,104,612</u>	<u>1,045,939</u>	<u>1,268,967</u>	<u>55,419,518</u>
EXPENDITURES				
Current:				
Salaries & Benefits	4,035,422			4,035,422
Board Meeting Per Diem	74,916			74,916
Travel & Transportation - Special Events	58,905			58,905
Office Space	393,486			393,486
Office & Related	273,286			273,286
Legal Counsel	52,442			52,442
Annual Audit	32,517			32,517
Professional Services	23,639			23,639
Legislative Advocacy	99,032			99,032
Consultants & Contractors	47,861,338	1,022,474 ^{LS}		48,883,812
Member Agencies for Projects - TFCA			777,481	777,481
Miscellaneous	13,360	120	108	13,588
Total Expenditures	<u>52,918,343</u>	<u>1,022,594</u>	<u>777,589</u>	<u>54,718,526</u>
Net Change in Fund Balances	186,269	23,345	491,378	700,992
Fund Balances (Deficit), July 1, 2009	<u>(46,989)</u>	<u>4,595,517</u>	<u>3,689,679</u>	<u>8,238,207</u>
Fund Balances, June 30, 2010	<u>\$ 139,280</u>	<u>\$ 4,618,862</u>	<u>\$ 4,181,057</u>	<u>\$ 8,939,199</u>

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
RECONCILIATIONS OF
FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS
JUNE 30, 2010**

Reconciliation of Fund Balance of Governmental Funds to Net Assets on the Statement of Net Assets:

Fund Balances on Governmental Funds' Balance Sheet	\$	8,939,199
Capital assets, net of accumulated depreciation, are reported on the Statement of Net Assets but not in governmental funds		329,425
Net Assets on Statement of Net Assets	\$	9,268,624

Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Assets on Statement of Activities:

Net Change in Fund Balances on Governmental Funds' Statement of Revenues, Expenditures and Changes in Fund Balances	\$	700,992
Depreciation expense is reported in the Statement of Activities but not in governmental funds		(133,180)
Change in Net Assets on Statement of Activities	\$	567,812

The accompanying notes are an integral part of the basic financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2010**

REVENUES	Actual	Budget		Variance With Final Budget - Over (Under)
		Original	Final	
Grants:				
Metropolitan Transportation Commission	\$ 13,190,571	\$ 14,195,102	\$ 10,630,900	\$ 2,559,671
CalTrans	15,564,832	34,273,371	20,247,600	(4,682,768)
Transportation Fund for Clean Air	566,352	1,110,050		566,352
Bay Area Air Quality Management District	707,766			707,766
AC Transit	355,584	637,850	1,076,000	(720,416)
Other	3,736,510	10,014,658	11,812,800	(8,076,290)
Revenue from Member Agencies	1,004,898	1,004,898	1,004,898	-
ACTIA/ACTA	12,674,893	10,928,831	7,574,600	5,100,293
Revenue from Exchange Program	5,245,653	2,478,757	935,200	4,310,453
Miscellaneous		4,087,800	1,333,981	(1,333,981)
Interest	57,553			57,553
Total Revenues	<u>53,104,612</u>	<u>78,731,317</u>	<u>54,615,979</u>	<u>(1,511,367)</u>
EXPENDITURES - Current:				
Salaries & Benefits	4,035,422	4,090,000	4,183,021	(147,599)
Board Meeting Per Diem	74,916	50,000	50,000	24,916
Travel & Transportation - Special Events	58,905	75,000	75,000	(16,095)
Office Space	393,486	420,000	420,000	(26,514)
Office & Related	273,286	340,000	340,000	(66,714)
Legal Counsel	52,442	100,000	100,000	(47,558)
Annual Audit	32,517	32,000	32,000	517
Professional Services	23,639	125,000	125,000	(101,361)
Legislative Advocacy	99,032	105,000	105,000	(5,968)
Consultants & Contractors	47,861,338	73,224,146	48,986,281	(1,124,943)
Miscellaneous	13,360	15,000	15,000	(1,640)
Total Expenditures	<u>52,918,343</u>	<u>78,576,146</u>	<u>54,431,302</u>	<u>(1,512,959)</u>
Net Change in Fund Balance	<u>\$ 186,269</u>	<u>\$ 155,171</u>	<u>\$ 184,677</u>	<u>\$ 1,592</u>

The accompanying notes are an integral part of the basic financial statements.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - REPORTING ENTITY

In June 1990, California voters approved a fuel tax increase as part of Propositions 111 and 108. These propositions provide a share of the fuel tax revenues to local governments. To receive these funds, local governments must conform to a Congestion Management Program. The Alameda County Congestion Management Agency (the "Agency") was created by a Joint Powers Agreement ("JPA") dated February 20, 1991 between Alameda County, all cities in the County and four transit operators (the "Member Agencies"). The Agency is responsible for preparing, adopting, revising, amending, administering, and implementing the Congestion Management Program ("CMP") and the Countywide Transportation Plan ("CTP") for Alameda County pursuant to Section 65088 at seq. of the Government Code, and providing other transportation planning and programming functions. The JPA provides for the sharing of the costs of the Agency among the Member Agencies.

As an extension of its legislatively mandated activities, the Agency also initiates a variety of studies, programs and projects that serve to implement the CMP and CTP. Examples of special studies that have resulted in projects are:

- I-680 Smart Carpool Lane
- I-880 North County Operations and Safety Study, and
- Countywide Bicycle Plan

In addition, the Agency works closely with the California Department of Transportation, the Alameda County Transportation Improvement Authority, and other federal, state and local agencies to implement projects and programs aimed at reducing congestion and improving mobility and air quality. Examples of projects currently being sponsored by the Agency include:

- I-80 Integrated Corridor Mobility Project
- I-580 Soundwall Construction Project
- I-680 Express Lane Project, and
- Central Alameda County Freeway Study

Each of the projects and programs sponsored by the Agency is funded through one or more federal, state or local grants. The Agency is reimbursed from the grants as eligible program or project implementation costs are incurred. Administrative and staff costs associated with implementing the legislatively mandated activities, such as the CMP and CTP, as well as the programming of federal and state transportation funds through the Metropolitan Transportation Commission (MTC) and the California Transportation Commission are met through planning grants from MTC and the Member Agency annual dues.

The Agency's board is composed of one representative from each of the four transit operators, two representatives from the County of Alameda, one representative per 100,000 population from each city in the County, and one representative from the Bay Area Air Quality Management District. Each city's representation is adjusted following each national census.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with the Agency's primary functions. Program revenues consist of grants and contributions that are restricted to meeting the operational or capital requirements of the Agency. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the Agency's governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Agency has one non-major fund, which is presented in a separate column of the fund financial statements.

The Agency uses the following major funds:

- *General Fund* is the general operating fund of the Agency. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.
- *Exchange Fund* is a capital projects fund used to account for the proceeds and expenditures of the Agency's Exchange Program, which is described in note 5.

Measurement Focus and Basis of Accounting

The Agency's fund financial statements are presented on a modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Agency considers revenues to be available if they are collected within six months after fiscal year end. Expenditures are recorded when the related fund liability is incurred. The modified accrual basis of accounting uses the current financial resources measurement focus whereby the balance sheet generally presents only current assets and current liabilities and the operating statement presents sources and uses of available resources during a given period. Grant revenues, local matching revenue and investment income (including the change in the fair value of investments) associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year using the modified accrual basis of accounting.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements focus on governmental activities. The statement of net assets and the statement of activities are prepared using the economic resources measurement focus

and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Net Assets

Net assets are reported in the following categories:

- Invested in capital assets – This category includes all capital assets reduced by accumulated depreciation. The Agency has no capital-related debt.
- Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.
- Unrestricted net assets – This category represents net assets of the Agency that are not restricted for any project or other purpose.

Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Investments

Investments are stated at fair value. Included in investment income is the net change in the fair value of investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments. Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or for securities of comparable maturity, quality, and type as obtained from market makers.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

By Agency policy, employees can carry over five weeks vacation benefits from year to year. The Agency has accrued \$240,058 for this liability at June 30, 2010. Sick leave benefits do not vest.

Budget

The Agency annually adopts a budget for its General Fund using the modified accrual basis. Expenditures that exceed the total approved budget are not permitted without Board approval. The Executive Director is authorized to approve expenditures in excess of budgeted line items within the three primary expenditure categories (personnel, consultants/contractors and other operating costs) in any amount as long as the total budget within each of the three expenditure categories is not overspent. Appropriations lapse at the end of the fiscal year. The Board decreased appropriations during the year for the General Fund by approximately \$24.1 million due to changes in the timing of projects and related funding.

NOTE 3 - CASH AND INVESTMENTS

As of June 30, 2010, the Agency's cash and investments were as follows:

Cash in banks and on hand	\$ 2,072,659
Investment in State Treasurer's investment pool	<u>21,249,116</u>
	<u>\$23,321,775</u>

Cash in banks is entirely insured or collateralized by the bank holding the deposit. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the Agency's name and places the Agency ahead of general creditors of the institution.

Oversight of the State Treasurer's investment pool (Local Agency Investment Fund) is provided by the Pooled Money Investment Board consisting of the Treasurer, Controller and Director of Finance for the State of California. The Agency's position in the pool is equal to the value of the pool shares. The income from the pooled investments is allocated between the participants based on the daily cash balance maintained.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 3 - CASH AND INVESTMENTS (continued)

The Agency mitigates its risk of investment losses as follows:

- Credit risk – This is the risk that an issuer or other counterparty of a security will not fulfill its obligations. The Agency’s investment policy allows investing only in investments carrying minimum credit ratings from Standard & Poors and/or Moodys and requires diversifying the investment portfolio.
- Custodial credit risk – This is the risk that in the event a financial institution or counterparty fails, the Agency would not be able to recover the value of its deposits and investments. At June 30, 2010, the Agency’s deposits were insured up to \$250,000 by federal depository insurance and the remainder was collateralized by the financial institution’s trust department in the Agency’s name.
- Interest rate risk – This is the risk of market value declines due to rises in the general level of interest rates. To the extent possible, the maturity dates of the Agency’s investments are matched with its expected cash flow needs. Investment maturities at date of purchase can be no longer than 180 days for operating funds and three years for reserve funds.
- Concentration of credit risk – This is the risk of loss attributable to the magnitude of investment with a single issuer. The Agency’s investment policy limits investments in any one issuer to 5% of the portfolio except for government agency obligations (35%) and repurchase agreements (25% to 50% depending on the length until maturity).

Investments authorized by the Agency’s investment policy are:

- | | |
|---|--|
| • United States Treasury Bills and Notes | • Certificates of Deposit |
| • Alameda County Investment Pool | • Money Market Funds |
| • Federal Agency Obligations | • Medium Term Corporate Notes |
| • California Local Agency Investment Fund | • State of California and Local Agency Debt Securities |
| • Savings Accounts | • Repurchase Agreements |

NOTE 4 – CAPITAL ASSETS

Property and equipment costing \$5,000 or more is recorded in the statement of net assets at historical cost. Capital assets are depreciated using the straight line method over the following estimated useful lives: office furniture and equipment, five years; building improvements, remaining term of lease agreement; and automobile, five years.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 4 – CAPITAL ASSETS (continued)

Capital asset balances at June 30, 2010, and activity during the year were as follows:

	<i>Balance</i> <u>6/30/2009</u>	<i>Additions</i>	<i>Balance</i> <u>6/30/2009</u>
Office Furniture/Equipment	\$ 504,103		\$ 504,103
Building Improvements	322,529		322,529
Automobile	35,246		35,246
Subtotal	<u>861,878</u>		<u>861,878</u>
Less Accumulated Depreciation	(399,273)	\$ (133,180)	(532,453)
Net Book Value	<u>\$ 462,605</u>	<u>\$ (133,180)</u>	<u>\$ 329,425</u>

NOTE 5 – EXCHANGE PROGRAM

In May 2000, the Board adopted a Local Funds Exchange Program for the purpose of providing local funds to the Agency for use in projects that either do not have the ability to make use of state or federal funds or would face unacceptable delays and/or cost increases if state or federal funds were used directly.

The Agency has entered into agreements with several local agencies to exchange the Agency's State STIP funds with the other governments' local funding for various transportation projects. Amounts received by the Agency as a result of the exchanges are treated in the fund financial statements as deferred revenue when received. In the statement of net assets, uncollected exchange amounts are also recognized as receivables and deferred revenue. Deferred revenues are recognized as revenues at the time qualifying expenditures are incurred.

Following is a list of the funds exchanged and received from other governments through June 30, 2010:

AC Transit	\$35,060,514
BART	8,100,000
Fremont	6,280,050
Berkeley	259,560
Dublin	4,230,000
Livermore	4,580,000
MTC	750,000
Altamont Commuter Express	432,445
Santa Clara Valley Transportation Authority	558,000
Union City	<u>9,314,000</u>
Total Exchanged Funds Collected and Collectible	69,564,569
Total Expenditures Incurred:	
Year ended June 30, 2010	(6,268,247)
Previous years	<u>(44,140,293)</u>
Total Deferred Revenue – Exchange Program	<u>\$ 19,156,029</u>

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 6 - EMPLOYEE RETIREMENT PLAN

Substantially all Agency employees are eligible to participate in the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Agency's employees participate in the Miscellaneous Employee Plans. Benefit provisions under the plan are established by State statute and Agency resolution. Benefits are based on years of service, age and final compensation, equal to the average of the employees' highest consecutive 12-month period.

Funding requirements for the plan are determined as of each June 30 on an actuarial basis by CalPERS and the Agency must contribute these amounts. The plan's provisions and benefits in effect at June 30, 2007 (the date of the most recent available actuarial report from CalPERS), are summarized as follows:

Benefit payments	Monthly for life
Retirement age	50
Required employee contribution rate	7%
Required employer contribution rate, year ended June 30, 2010	11.062%
Actuarially required contribution paid, year ended June 30, 2010	\$314,075

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Agency's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the Agency must pay annually to fund an employee's projected retirement benefit. The actuarial assumptions used to compute contribution requirements are also used to compute the pension benefit obligation.

CalPERS uses the 15-year smoothed market method of valuing the plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. The Agency's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 20-year period.

The plan's actuarial value (which differs from market value) and funding progress over the past two years are set forth below at their actuarial valuation date of June 30 (dollars in thousands):

<i>Actuarial Valuation Date</i>	<i>Accrued Liability</i>	<i>Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Liability as % of Payroll</i>
June 30, 2006	\$ 912,989	\$ 787,759	\$ 125,230	86.3%	\$ 200,320	62.5%
June 30, 2007	1,315,454	1,149,247	166,207	87.4%	289,090	57.5%
June 30, 2008	1,539,910	1,337,708	200,202	87.0%	333,308	60.1%

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**

NOTE 6 - EMPLOYEE RETIREMENT PLAN (continued)

Audited annual financial statements are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Operating Lease

The Agency is obligated under an operating lease through September 30, 2013 for the premises located at 1333 Broadway, Oakland. Minimum rental commitments for each year ending June 30 as follows:

2011	\$ 437,551
2012	461,494
2013	475,198
2014	121,557

Grants

The Agency participates in a number of state and federal grant programs that are subject to financial and compliance audits by the grantors. Audits of certain grant programs for or including the year ended June 30, 2010, have not yet been conducted or completed. Accordingly, the Agency's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a material effect on the financial position of the Agency.

Construction

The Agency had construction commitments of approximately \$14.9 million as of June 30, 2010.

Funding Agreements

The Agency has entered into agreements with several local governments to provide funding for transportation projects. As of June 30, 2010, the remaining project costs to be paid by the Agency totaled approximately \$11.4 million.

NOTE 8 - INTERFUND ACTIVITY

As of June 30, 2010, the General Fund's interfund liability due to the Exchange Capital Projects Fund in the amount of \$10,385,900 resulted from cash advances. This amount will be repaid from future unrestricted General Fund revenue.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010**

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Agency participates in the California Employers' Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. CERBT provides lifetime healthcare benefits to retired Agency employees and their eligible family members. The Agency has one eligible retiree as of June 30, 2010. Employees hired before January 26, 2006 are eligible for benefits if they retire from the Agency and are immediately eligible to receive a pension from CalPERS. Employees hired after January 26, 2006 are eligible for benefits if they retire from the Agency, are immediately eligible to receive a pension from CalPERS and have ten years of public service, including at least five years with the Agency.

Benefit provisions are established and may be amended through by the Agency. CERBT issues a publicly available financial report that may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 93811.

For retirees hired before January 26, 2006, the Agency contributed 80% of the amount it contributes on behalf of active employees during calendar year 2009. This percentage will increase each year until it reaches 100% in calendar year 2013. The funding policy is established and may be amended by the Agency. The Agency obtained an actuarial valuation as of July 1, 2009.

The Agency is required to contribute the actuarially determined annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to fund the cost of each employee's postemployment healthcare during the years that employee is working. The Agency joined CERBT during fiscal year 2007-08, and it contributed the full actuarially determined accrued liability of \$556,417 at that time plus the ARC of \$85,795, \$90,000 and \$125,353 for the years ended June 30, 2008, 2009 and 2010, respectively.

As of July 1, 2009 and 2007, the funded status of the Agency's portion of CERBT was as follows:

	<i>2009</i>	<i>2007</i>
Actuarial accrued liability (AAL)	\$972,130	\$ 652,181
Actuarial value of plan assets	<u>556,291</u>	<u>556,417</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$415,839</u>	<u>\$ 95,764</u>
Funded ratio (actuarial value of plan assets/AAL)	57.2%	85.3%

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of July 1, 2009, the entry age normal cost method was used. The actuarial assumptions included a 7.75% investment rate of return; an annual healthcare cost trend rate varying between 7.9% in calendar year 2011 to 5.5% in 2019 and thereafter; and a 3.25% annual increase in projected payroll.

NOTE 10 – SUBSEQUENT EVENT

On July 22, 2010, the Agency's Board voted to merge with the Alameda County Transportation Improvement Authority to form the new Alameda County Transportation Commission. After operations of the two entities are complete, the Agency will be dissolved.



Kevin W. Harper CPA & Associates

**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***

The Board of Directors
Alameda County Congestion Management Agency:

We have audited the basic financial statements of Alameda County Congestion Management Agency (the "Agency") as of and for the year ended June 30, 2010, and have issued our report thereon dated November 5, 2010. Our report included an explanatory paragraph describing the Agency's merger with the Alameda County Transportation Improvement Authority. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Agency's financial statement that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**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 (Continued)***

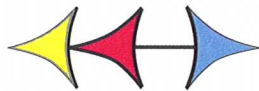
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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 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*.

This report is intended for the information of management, Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin W. Harper CPA & Associates

November 5, 2010



Kevin W. Harper CPA & Associates

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
Alameda County Congestion Management Agency:

Compliance

We have audited the compliance of Alameda County Congestion Management Agency (the "Agency") with the types of compliance requirements described in the *U.S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2010. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of auditors' results, findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency'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. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A control deficiency in an entity's 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 noncompliance with a type of requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

This report is intended for the information of management, Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin W. Auyer CPA & Associates

November 5, 2010

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Transportation – Passed Through California Department of Transportation – Highway Planning and Construction:	20.205	
O&M I-880 Smart Corridor		\$ 65,327
I-80 Gilman Interchange		9,940
Grand MacArthur Corridor		269,851
I-880 SB HOV Lane		2,958,320
I-80 Integrated Corridor		750,757
I-580 Soundwall		4,771,827
I-80 Safety Improvement		1,351,105
I-680 Smart Lane		317,215
I-680 Sunol Grade		734
I-680 SB Smart Lane		39,118
N-I-580 Corridor Management		<u>167,688</u>
Total expenditures of federal awards		<u><u>\$10,701,882</u></u>

See notes to schedule of expenditures of federal awards.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

NOTE 1 - GENERAL

The schedule of expenditures of federal awards (the "Schedule") presents the activity of all federal award programs of the Agency. The reporting entity is defined in Note 1 of the Agency's basic financial statements. Because the Schedule presents only the federal award activity of the Agency, it is not intended to and does not present the financial position, changes in financial position or the cash flows of the Agency.

NOTE 2 - BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting. The Agency's revenue from federal awards is passed through the California Department of Transportation (CalTrans) and is reported in the basic financial statements as grant revenue from CalTrans. Expenditures of federal awards are reported in the Agency's statement of activities as consultants & contractors and salaries & benefits expenses for the year ended June 30, 2010.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
SCHEDULE OF AUDITORS' RESULTS, FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

(1) Summary of Auditors' Results

- (a) Type of report issued on the financial statements: Unqualified opinion
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements: None Reported Material Weaknesses: No
- (c) Noncompliance noted which is material to the financial statements: No
- (d) Significant deficiencies in internal control over major programs disclosed: None Reported Material Weaknesses: No
- (e) Type of report issued on compliance for major programs: Unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: No
- (g) Major programs: Highway Planning and Construction (CFDA# 20.205) \$10,701,882
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: Yes

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: None

(3) Findings and Questioned Costs Relating to Federal Awards: None

(4) Status of Prior Years Findings: No prior year findings