



**ALAMEDA COUNTY CONGESTION  
MANAGEMENT AGENCY**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**



Kevin W. Harper CPA & Associates



# 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 "ACCMA") as of and for the year ended June 30, 2011, listed in the foregoing table of contents. These basic financial statements are the responsibility of the ACCMA'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 examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes 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 ACCMA as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparisons 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 21, 2011 on our consideration of the ACCMA'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.

**INDEPENDENT AUDITORS' REPORT**  
**(Continued)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section and combining statements on pages 36 and 37 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards 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 Organization*, and is also not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

As discussed in Note 1, on July 22, 2010, the ACCMA became part of the Alameda County Transportation Commission Joint Powers Authority ("Alameda CTC"). Management intends to dissolve the ACCMA during the year ending June 30, 2012 with Alameda CTC being assigned all powers and responsibilities of the ACCMA.

November 21, 2011

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2011**

This section of the Alameda County Congestion Management Agency (the "ACCMA") annual financial report presents a discussion and analysis of the ACCMA's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the ACCMA's basic financial statements and related notes to those statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Financial Highlights**

Financial highlights for the fiscal year ended June 30, 2011, include the following:

- The ACCMA's total net assets were \$9.9 million, an increase of \$0.7 million or 7.3% over the prior fiscal year (see Statement of Activities, page 13).
- Total revenues decreased by 20.3% from \$55.4 million for fiscal year 2009-10 to \$44.2 million for fiscal year 2010-11. Similarly, the ACCMA's expenses decreased by 20.7% from \$54.9 million in fiscal year 2009-10 to \$43.5 million in fiscal year 2010-11. These decreases can be attributed to a decrease in project activity related to funding availability (see Statement of Activities, page 13).
- The ACCMA's cash and investments (restricted and unrestricted) totaled \$24.0 million, an increase of \$0.7 million or 3.0% over the prior fiscal year (see Statement of Net Assets, page 12).
- The General Fund reported a net increase in fund balance at June 30, 2011 of \$0.1 million or 79.2% over the fund balance at June 30, 2010 (see Statement of Revenues, Expenditures and Changes in Fund Balance, page 15).

**Overview of the Financial Statements**

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

- A Statement of Net Assets (showing Agency-wide assets and liabilities)
- A Statement of Activities (showing Agency-wide revenues and expenses)
- A Balance Sheet (showing assets and liabilities for the General Fund, Capital Projects Fund, Exchange Fund and the Non-major Special Revenue Funds, which include the Transportation for Clean Air Fund and Vehicle Registration Fee Fund)
- A Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (showing revenues and expenditures by fund)

- A Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund (showing budget versus actual revenues and expenditures)

The Statement of Net Assets and the Statement of Activities, together, make up the *government-wide financial statements*. The Balance Sheet and Statements of Revenues, Expenditures and Changes in Fund Balances are referred to as the *fund financial statements*.

The *government-wide financial statements* report information using the economic resources measurement focus and the accrual basis of accounting. The *Statement of Net Assets* includes total assets and total liabilities with the difference between them reported as net assets. Over time, increases or decreases in net assets can indicate whether the financial health is improving or deteriorating. Total revenues, total expenses and changes in net assets are accounted for in the *Statement of Activities*, regardless of the timing of related cash flows.

The *fund financial statements* provide more detailed information by fund. A fund is a set of accounts used to control resources segregated for specific activities or purposes. The ACCMA has established funds to ensure resources are utilized for the purposes intended. Funds classified as major are reported individually on the financial statements and funds classified as non-major are grouped and reported in a single column.

The ACCMA has five funds, the General Fund, Capital Projects Fund, Exchange Fund and Special Revenue Funds. The Special Revenue Funds are made up of two funds, the Transportation for Clean Air Fund and the Vehicle Registration Fee Fund. *Combining Statements* report detailed data for each of the non-major funds.

*General Fund* – The ACCMA uses the General Fund as its chief operating fund. This fund is used for preparing the Congestion Management Plan. In prior years, the General Fund was also used for programming federal, state and local funds to implement the Congestion Management Plan; however, effective July 1, 2010, the ACCMA established the Capital Projects Fund for this purpose. The fund balance in the General Fund increased by \$0.1 million leaving an ending fund balance of \$0.2 million at June 30, 2011.

*Capital Projects Fund* – This fund is used to account for capital projects designed to implement the Congestion Management Plan for Alameda County. The amount of capital project revenues and expenditures for fiscal year 2010-2011 were \$34.2 million and \$33.2 million, respectively with the difference transferred to the General Fund to help cover administration costs.

*Exchange Fund* – Under the Exchange Program, the ACCMA entered into agreements with several local agencies to exchange the ACCMA's state or federal funds with local funding from other governments 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 ACCMA has entered into the following exchange agreements through June 30, 2011:

|   |               |
|---|---------------|
| AC Transit                                  | \$ 35,060,514 |
| BART  | 8,100,000     |
| Fremont                                     | 5,983,256     |
| Dublin                                      | 4,230,000     |
| Livermore                                   | 4,580,000     |
| ACTIA                                       | 2,300,000     |
| Union City                                  | 9,314,000     |
| MTC/ACCMA                                   | 675,000       |
| Santa Clara Valley Transportation Authority | 558,000       |
| Altamont Commuter Express                   | 432,445       |
| Berkeley                                    | 259,560       |
| Total Exchanged Funds                       | \$ 71,492,775 |

These exchanges were recognized as deferred revenue in the government-wide financial statements at the time the ACCMA entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. \$63.8 million of these exchanged funds have been collected and approximately \$57.4 million has been expended as of June 30, 2011.

Special Revenue Funds – The ACCMA has two Special Revenue Funds, the Transportation for Clean Air (TFCA) Fund and the Vehicle Registration Fee (VRF) Fund. Both are related to fees imposed on vehicle registrations in Alameda County for which the ACCMA is required to administer funds. These two Special Revenue Funds have been established to administer and account for these funds separately from other funding sources of the ACCMA to ensure that they are spent on the specific purpose intended. The TFCA funds are required to be used to implement projects aimed at reducing air pollution from motor vehicles, and the VRF funds are required to be used to implement transportation related programs and projects.

### **Government-wide Financial Analysis**

#### Net Assets

As of June 30, 2011, total assets were \$59.0 million, an increase of \$6.5 million or 12.5% over June 30, 2010 with cash and investments accounting for \$24.0 million or 40.7% of total assets.

Total liabilities were \$49.0 million as of June 30, 2011, an increase of \$5.9 million or 13.6% over June 30, 2010. Similarly, accounts receivable was \$34.7 million as of June 30, 2011, an increase of \$6.0 million or 20.9%.

Net assets were \$9.9 million at June 30, 2011, an increase of \$0.7 million or 7.3% over June 30, 2010. Of the total \$9.9 million in net assets at June 30, 2011, \$9.5 million is restricted for planning and construction.

The ACCMA does not record capital assets created by the projects it implements on its own financial statements since these assets are of value only to the local government in which they are located.

**Alameda County Congestion Management Agency**  
**Net Assets**  
**As of June 30, 2011 and 2010**

|   | <u>2011</u>                 | <u>2010</u>                 |
|---|-----------------------------|-----------------------------|
| Cash and investments                    | \$ 24,011,003               | \$ 23,321,775               |
| Receivables                             |                             |                             |
| Accounts receivable                     | 34,715,297                  | 28,708,293                  |
| Interest                                | 22,606                      | 27,312                      |
| Prepaid items                           | 24,149                      | 59,416                      |
| Capital assets net of depreciation      |                             |                             |
| Furniture and equipment                 | 135,714                     | 172,582                     |
| Building improvements                   | 85,646                      | 142,744                     |
| Automobile                              | -                           | 14,099                      |
|   | <u>                    </u> | <u>                    </u> |
| <b>Total assets</b>                     | <b>\$ 58,994,415</b>        | <b>\$ 52,446,221</b>        |
|   | <u>                    </u> | <u>                    </u> |
| Accounts payable & other liabilities    | \$ 17,590,653               | \$ 14,020,874               |
| Deferred revenue                        | 31,455,871                  | 29,156,723                  |
|   | <u>                    </u> | <u>                    </u> |
| <b>Total liabilities</b>                | <b>49,046,524</b>           | <b>43,177,597</b>           |
|   | <u>                    </u> | <u>                    </u> |
| Invested in capital assets              | 221,360                     | 329,425                     |
| Restricted for planning & construction  | 9,476,992                   | 8,799,919                   |
| Unrestricted                            | 249,539                     | 139,280                     |
|   | <u>                    </u> | <u>                    </u> |
| <b>Total net assets</b>                 | <b>9,947,891</b>            | <b>9,268,624</b>            |
|   | <u>                    </u> | <u>                    </u> |
| <b>Total liabilities and net assets</b> | <b>\$ 58,994,415</b>        | <b>\$ 52,446,221</b>        |
|   | <u>                    </u> | <u>                    </u> |

Change in Net Assets

Total revenues in fiscal year 2010-11 were \$44.1 million, a decrease of \$11.3 million or 20.3% from fiscal year 2009-10. Total revenues in fiscal year 2009-10 were \$55.4 million, an increase of \$15.5 million or 38.8% over fiscal year 2008-09. Total expenses in fiscal year 2010-11 were \$43.5 million, a decrease of \$11.4 million or 20.8% from fiscal year 2009-10 and total expenses in fiscal year 2009-10 were \$54.9 million, an increase of \$16.2 million or 41.9% over fiscal year 2008-09. The following are changes in the key activities:

- Capital grants and contributions in fiscal year 2010-11 were \$29.1 million, a decrease of \$19.4 million or 40.0% from fiscal year 2009-10. This is due to timing on the availability of funding which has slowed the progress of some activities.



- Operating grants and contributions in fiscal year 2010-11 were \$13.8 million, an increase of \$8.0 million or 140.4% over fiscal year 2009-10.
- Administration expenses in fiscal year 2010-11 were \$5.3 million, a decrease of \$0.6 million or 10.8% from fiscal year 2009-10.
- Capital project expenses in fiscal year 2010-11 were \$28.2 million, a decrease of \$18.9 million or 40.2% from fiscal year 2009-10 mostly attributed to funding availability issues.
- Exchange fund expenses in fiscal year 2010-11 were \$7.0 million, an increase of \$6.0 million or 587.7% over fiscal year 2009-10 due to increased activity in projects utilizing Exchange funding such as the I-880 Southbound HOV Lane project.
- Special Revenue fund expenses in fiscal year 2010-11 were \$2.9 million, an increase of \$2.1 million or 276.0% over fiscal year 2009-10 due in part to election costs incurred for the new Vehicle Registration Fee.

In fiscal year 2010-11, revenues exceeded expenses by \$0.7 million, resulting in an increase to net assets which were \$9.9 million at year-end. In fiscal year 2009-10, revenues exceeded expenses by \$0.6 million, resulting in an increase to net asset which were \$9.3 million as of June 30, 2010.

**Alameda County Congestion Management Agency  
Changes in Net Assets  
As of June 30, 2011 and 2010**

|                                    | 2011                | 2010                |
|------------------------------------|---------------------|---------------------|
| <b>Revenues</b>                    |                     |                     |
| Program revenues:                  |                     |                     |
| Operating grants and contributions | \$ 13,776,147       | \$ 5,729,733        |
| Capital grants and contributions   | 29,135,906          | 48,585,065          |
| General revenues:                  |                     |                     |
| Member agency contributions        | 1,095,338           | 1,004,898           |
| Investment income                  | 119,194             | 99,822              |
| Other income                       | 15,251              | -                   |
| <b>Total revenues</b>              | 44,141,836          | 55,419,518          |
| <br><b>Expenses</b>                |                     |                     |
| General administration             | 5,332,963           | 5,978,561           |
| Capital Projects Fund              | 28,172,961          | 47,072,962          |
| Exchange Fund                      | 7,032,662           | 1,022,594           |
| Special Revenue Funds              | 2,923,983           | 777,589             |
| <b>Total expenses</b>              | 43,462,569          | 54,851,706          |
| <br>Change in net assets           | 679,267             | 567,812             |
| <br>Net assets, beginning of year  | 9,268,624           | 8,700,812           |
| <b>Net assets, end of year</b>     | <b>\$ 9,947,891</b> | <b>\$ 9,268,624</b> |

**Governmental Funds Financial Analysis**

As of June 30, 2011, the ACCMA had \$9.7 million of fund balance in the governmental funds: \$0.3 million in the General Fund, \$4.6 million in the Exchange Fund and \$4.8 million in the Special Revenue Funds. This is an increase from June 30, 2010 of \$0.8 million or 8.8%. The increase is mostly due to the addition of the new Vehicle Registration Fee Special Revenue Fund.

The excess of revenues over expenditures in the capital projects fund of \$1.0 million in fiscal year 2010-11 is generated due to the reimbursement of overhead costs which are billed to funding agencies as a percentage of salaries based on an Indirect Cost Allocation Rate audited and approved by CalTrans on an annual basis. This balance is transferred to the General Fund at the fiscal year end to cover costs incurred by the ACCMA to administer capital projects.

As of June 30, 2011, the ACCCA had \$44.2 million of revenues in the governmental funds: \$5.1 million in the General Fund, \$34.2 million in the Capital Projects Fund, \$7.0 million in the Exchange Fund, \$3.6 million in the Special Revenue Funds less \$5.8 million of inter-fund revenues which have been eliminated on a consolidated basis. This is a decrease from June 30, 2010 of \$11.3 million or 20.3%. This decrease is due to a delay in some projects due to the availability of funds.

As of June 30, 2011, the ACCMA had \$43.4 million of expenditures in the governmental funds: \$6.1 million in the General Fund, \$33.2 million in the Capital Projects Fund, \$7.0 million in the Exchange Fund, \$2.9 million in the Special Revenue Funds less \$5.8 million of inter-fund expenditures which have been eliminated on a consolidated basis. This is a decrease from June 30, 2010 of \$11.4 million or 20.7% attributed to a delay in some capital projects due to the availability of funding sources.

As of June 30, 2011, the ACCMA had \$51.1 million of assets in the governmental funds: \$16.6 million in the General Fund, \$37.3 million in the Capital Projects Fund, \$15.4 million in the Exchange Fund, \$6.4 million in the Special Revenue Funds less \$24.6 million of inter-fund receivables which have been eliminated on a consolidated basis. This is a decrease from June 30, 2010 of \$1.9 million or 3.6%.

As of June 30, 2011, the ACCMA had \$41.4 million of liabilities in the governmental funds: \$16.4 million in the General Fund, \$37.3 million in the Capital Projects Fund, \$10.8 million in the Exchange Fund, \$1.5 million in the Special Revenue Funds less \$24.6 million of inter-fund payables which have been eliminated on a consolidated basis. This is a decrease from June 30, 2010 of \$2.7 million or 6.2%.

**Capital Assets**

As of June 30, 2011, ACCMA had \$221,360 invested in capital assets, including furniture and equipment and leasehold improvements.

**The Alameda County Congestion Management Agency  
Capital Assets  
(net of accumulated depreciation)  
June 30, 2011 and 2010**

|                         | <u>2011</u>       | <u>2010</u>       |
|-------------------------|-------------------|-------------------|
| Furniture and Equipment | \$ 135,714        | \$ 172,583        |
| Leasehold improvements  | 85,646            | 142,744           |
| Automobile              | -                 | 14,099            |
| Total                   | <u>\$ 221,360</u> | <u>\$ 329,426</u> |

There were three capital asset additions in fiscal year 2010-11 including a phone system, fiber optic communications equipment, and audio/visual board room improvements. There was one disposition of an automobile.

**Comparison of Budget to 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 17, the ACCMA began the fiscal year with a revenue budget of \$4.8 million plus an operating transfer in of \$2.5 million less an expenditure budget of \$7.4 million. Throughout the year, the revenue budget was adjusted to \$5.8 million and the expenditure budget was adjusted to \$8.0 due to an increase in work being completed on the transportation and land use planning activity and activities related to the ACCMA joining of the Alameda CTC Joint Powers Agency.

Actual revenues in the General Fund were under the final revenue budget by \$0.6 million or 11.1% and under the final expenditure budget by \$1.9 million or 23.4% for the fiscal year. These variance are related to planning and programming activities in the General Fund which are billed to funding agencies on a reimbursement basis. Since expenditures were below budget, consequently so were revenues. The disparity in the difference, with revenues collected more than planning and programming expenditures, is because overhead recovery amounts are included as General Fund revenues. These amounts are invoiced to billing agencies at an indirect cost allocation rate audited and approved on an annual basis by CalTrans as a percentage of salaries and benefits costs. This methodology helps to reimburse the ACCMA for the cost of administering planning and programming activities.

### **Summary of Known Facts, Decisions or Conditions**

Alameda CTC - The ACCMA, along with ACTIA, formally became members of the Alameda CTC, a Joint Powers Agency, on July 22, 2010. For a variety of reasons, including issues related to contracting with CalPERS, the ACCMA and ACTIA continue to exist. As part of the Joint Powers Agreement, the ACCMA and ACTIA delegated their authority to Alameda CTC including all activities and responsibilities. It is expected that all steps necessary to have Alameda CTC become the operating entity will be completed in early 2012 and that prior to the end of fiscal year 2011-12, the ACCMA will be legally dissolved and the Alameda CTC will be named the successor agency. The first consolidated Alameda CTC budget for fiscal year 2011-12 was approved by the Alameda CTC's Commission in June, 2011, and the financial databases for the ACCMA and ACTIA have been consolidated as of July, 2011 for the new fiscal year.

Sunol Smart Carpool Lane - The Sunol Smart Carpool Lane (Lane) was established by a Joint Powers Agreement (Agreement) between the ACCMA, ACTIA and the Santa Clara Valley Transportation Authority which created the Sunol Smart Carpool Lane Joint Powers Authority (Authority). The Agreement named the ACCMA as the managing agency for the project on behalf of the Authority. The Lane began operations on September 20, 2010 gaining its authority to operate in California through State law amended by 2004 legislation, AB 2032. During the transition/warranty period from construction to full operations, the ACCMA has agreed to cover the cost of operations on behalf of the Authority via its project funded by various federal, state and local sources through June 30, 2012. Since inception, the Lane has continued to show growth in revenues and riders from week to week and is expected to be independently sustainable by June 30, 2012.

Vehicle Registration Fee - In November 2010, a majority (62.8 %) of Alameda County voters approved Measure F to fund transportation related programs and projects. Measure F added \$10 to all motor Vehicle Registration Fees (VRF) collected by the Department of Motor Vehicles. The Transportation Expenditure Plan (TEP) approved with the measure allocates revenue from the VRF to transportation-related programs and projects that have a relationship or benefit to the persons who pay the fee and that sustains the County's transportation network and reduces traffic congestion and vehicle-related pollution. The measure is expected to generate approximately \$11 million annually which will be distributed net of administrative costs based on the approved TEP in the following manner:

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

*Countywide Transportation Plan* - A key ACCMA project this past year has been working in conjunction with ACTIA towards developing a Countywide Transportation Plan (CWTP) for Alameda County. The CWTP is a long-range policy document that guides decisions and articulates the vision for the County's transportation system over a 25-year planning horizon. It lays the groundwork for an investment program that is efficient and productive as well as a strategy for meeting transportation needs for all users in Alameda County. It includes projects and other improvements for new and existing freeways, local streets and roads, public transit (paratransit, buses, trains, ferries), as well as facilities and programs to support bicycling and walking. The CWTP will serve as Alameda County's input into the Metropolitan Transportation Commission's Regional Transportation Plan (RTP) from which much of Alameda County's transportation funding is derived. ACCMA and ACTIA staff continue to engage the community to provide input into the process to help prioritize transportation improvements. For the first time, the CWTP and RTP for the Bay Area will require Alameda County to meet greenhouse gas (GHG) emission reduction targets set by the State of California under SB 375. The target is a 7% GHG reduction by 2020, and a 15% GHG reduction by 2035. To address SB 375 requirements and other needs, the CWTP will address transit-oriented development and priority development areas; parking management; transportation systems management and goods movement; as well as transit connectivity, maintenance and operations.

### **Requests for Information**

This financial report is designed to provide a general overview of the ACCMA'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, 2011**

**ASSETS**

|   |    |                          |
|---|----|--------------------------|
| Cash and Investments                            | \$ | 4,528,549                |
| Restricted Cash and Investments                 |    | 19,482,454               |
| Accounts Receivable                             |    | 34,715,297               |
| Interest Receivable                             |    | 22,606                   |
| Prepaid Items                                   |    | 24,149                   |
| Capital Assets, Net of Accumulated Depreciation |    | <u>221,360</u>           |
| <b>Total Assets</b>                             |    | <u><u>58,994,415</u></u> |

**LIABILITIES**

|                          |  |                          |
|--------------------------|--|--------------------------|
| Accounts Payable         |  | 12,438,458               |
| Accrued Liabilities      |  | 152,195                  |
| Loan Payable             |  | 5,000,000                |
| Deferred Revenue         |  | <u>31,455,871</u>        |
| <b>Total Liabilities</b> |  | <u><u>49,046,524</u></u> |

**NET ASSETS**

|  |           |                         |
|--|-----------|-------------------------|
| Restricted for Planning and Construction |           | 9,476,992               |
| Invested in Capital Assets               |           | 221,360                 |
| Unrestricted                             |           | <u>249,539</u>          |
| <b>Total Net Assets</b>                  | <b>\$</b> | <u><u>9,947,891</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, 2011**

**EXPENSES**

|  |                   |
|--|-------------------|
| Salaries & Benefits                      | \$ 3,942,816      |
| Board Operations                         | 78,063            |
| Travel & Transportation - Special Events | 84,791            |
| Office Space                             | 437,995           |
| Office & Related                         | 565,439           |
| Legal Counsel                            | 227,124           |
| Annual Audit                             | 32,086            |
| Professional Services                    | 51,481            |
| Legislative Advocacy                     | 95,781            |
| Consultants & Contractors                | 34,889,116        |
| TFCA Grant Program                       | 2,031,442         |
| Election Costs                           | 772,625           |
| Depreciation                             | 133,954           |
| Administration                           | 119,856           |
| Total Expenses                           | <u>43,462,569</u> |

**PROGRAM REVENUES - Grants and Contributions:**

|  |                   |
|--|-------------------|
| Metropolitan Transportation Commission | 6,312,567         |
| CalTrans                               | 12,658,280        |
| Transportation Fund for Clean Air      | 1,830,061         |
| AC Transit                             | 200,000           |
| ACTIA                                  | 10,122,887        |
| Vehicle Registration Fees              | 1,739,271         |
| Other                                  | 10,048,987        |
| Total Program Revenues                 | <u>42,912,053</u> |

|                                 |                  |
|---------------------------------|------------------|
| Net Program Revenues (Expenses) | <u>(550,516)</u> |
|---------------------------------|------------------|

**GENERAL REVENUES**

|                        |                  |
|------------------------|------------------|
| Member Agency Fees     | 1,095,338        |
| Other                  | 15,251           |
| Interest               | 119,194          |
| Total General Revenues | <u>1,229,783</u> |

|                      |         |
|----------------------|---------|
| Change in Net Assets | 679,267 |
|----------------------|---------|

|                                 |           |
|---------------------------------|-----------|
| <b>Net Assets, July 1, 2010</b> | 9,268,624 |
|---------------------------------|-----------|

|                                  |                            |
|----------------------------------|----------------------------|
| <b>Net Assets, June 30, 2011</b> | <u><u>\$ 9,947,891</u></u> |
|----------------------------------|----------------------------|

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

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

|  | <u>General<br/>Fund</u> | <u>Major<br/>Capital<br/>Projects<br/>Fund</u> | <u>Exchange<br/>Fund</u> | <u>Non-major<br/>Special<br/>Revenue<br/>Funds</u> | <u>Inter-Fund<br/>Eliminations</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--|--------------------------|--|------------------------------------|---|
| <b>ASSETS</b>  |                         |  |                          |  |                                    |   |
| Cash and Investments   | \$ 4,528,549            |  |                          |  |                                    | \$ 4,528,549                            |
| Restricted Cash and Investments                                |                         | \$ 10,163,204                                  | \$ 5,018,099             | \$ 4,301,151                                       |                                    | 19,482,454                              |
| Accounts Receivable  | 2,490,395               | 27,160,927                                     |                          | 2,063,172  | \$ (4,652,499)                     | 27,061,995                              |
| Interest Receivable  | 2,440                   | 12,331   | 4,849                    | 2,986  |                                    | 22,606                                  |
| Interfund Receivable   | 9,561,505               |  | 10,385,900               |  | (19,947,405)                       | -                                       |
| Prepaid Items  | 24,149                  |  |                          |  |                                    | 24,149                                  |
| <b>Total Assets</b>  | <u>\$ 16,607,038</u>    | <u>\$ 37,336,462</u>                           | <u>\$ 15,408,848</u>     | <u>\$ 6,367,309</u>                                | <u>\$ (24,599,904)</u>             | <u>\$ 51,119,753</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>                           |                         |  |                          |  |                                    |   |
| <b>Liabilities:</b>  |                         |  |                          |  |                                    |   |
| Accounts Payable   | \$ 819,404              | \$ 10,445,669                                  | \$ 4,302,849             | \$ 1,523,035                                       | \$ (4,652,499)                     | \$ 12,438,458                           |
| Accrued Liabilities  | 152,195                 |  |                          |  |                                    | 152,195                                 |
| Loan Payable   | 5,000,000               |  |                          |  |                                    | 5,000,000                               |
| Interfund Payable  | 10,385,900              | 9,561,505                                      |                          |  | (19,947,405)                       | -                                       |
| Deferred Revenue   |                         | 17,329,288                                     | 6,473,281                |  |                                    | 23,802,569                              |
| <b>Total Liabilities</b>                                       | <u>16,357,499</u>       | <u>37,336,462</u>                              | <u>10,776,130</u>        | <u>1,523,035</u>                                   | <u>(24,599,904)</u>                | <u>41,393,222</u>                       |
| <b>Fund Balances:</b>  |                         |  |                          |  |                                    |   |
| <b>Restricted:</b>   |                         |  |                          |  |                                    |   |
| Transportation Fund for Clean Air<br>Vehicle Registration Fees |                         |  |                          | 3,912,293<br>931,981                               |                                    | 3,912,293<br>931,981                    |
| Committed  |                         |  | 4,632,718                |  |                                    | 4,632,718                               |
| Unassigned   | 249,539                 |  |                          |  |                                    | 249,539                                 |
| <b>Fund Balances</b>   | <u>249,539</u>          | <u>-</u>                                       | <u>4,632,718</u>         | <u>4,844,274</u>                                   | <u>-</u>                           | <u>9,726,531</u>                        |
| <b>Total Liabilities and Fund<br/>Balances</b>                 | <u>\$ 16,607,038</u>    | <u>\$ 37,336,462</u>                           | <u>\$ 15,408,848</u>     | <u>\$ 6,367,309</u>                                | <u>\$ (24,599,904)</u>             | <u>\$ 51,119,753</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, 2011**

|  | <u>General<br/>Fund</u> | <u>Major<br/>Capital<br/>Projects<br/>Fund</u> | <u>Exchange<br/>Fund</u> | <u>Non-major<br/>Special<br/>Revenue<br/>Funds</u> | <u>Inter-Fund<br/>Eliminations</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--|--------------------------|--|------------------------------------|---|
| <b>REVENUES</b>                              |                         |  |                          |  |                                    |   |
| Grants:                                      |                         |  |                          |  |                                    |   |
| Metropolitan Transportation Commission       | \$ 1,499,174            | \$ 4,813,393                                   |                          |  |                                    | \$ 6,312,567                            |
| CalTrans                                     | 1,475,874               | 11,182,406                                     |                          |  |                                    | 12,658,280                              |
| Transportation Fund for Clean Air            | 237,597                 | 369,059  |                          | \$ 1,830,061                                       | \$ (606,656)                       | 1,830,061                               |
| AC Transit                                   |                         | 200,000  |                          |  |                                    | 200,000                                 |
| ACTIA  | 199,205                 | 9,923,682                                      |                          |  |                                    | 10,122,887                              |
| Other  |                         | 3,016,425                                      | \$ 7,032,562             |  |                                    | 10,048,987                              |
| Member Agency Fees                           | 1,095,338               |  |                          |  |                                    | 1,095,338                               |
| Exchange Program Funds                       | 582,986                 | 4,645,237                                      |                          |  | (5,228,223)                        | -                                       |
| Vehicle Registration Fees                    |                         |  |                          | 1,739,271  |                                    | 1,739,271                               |
| Other  | 25,825                  |  |                          |  |                                    | 25,825                                  |
| Interest                                     | 32,526                  | 54,844   | 13,956                   | 17,868   |                                    | 119,194                                 |
| Total Revenues                               | <u>5,148,525</u>        | <u>34,205,046</u>                              | <u>7,046,518</u>         | <u>3,587,200</u>                                   | <u>(5,834,879)</u>                 | <u>44,152,410</u>                       |
| <b>EXPENDITURES</b>                          |                         |  |                          |  |                                    |   |
| Current:                                     |                         |  |                          |  |                                    |   |
| Salaries & Benefits                          | 2,970,637               | 972,179  |                          |  |                                    | 3,942,816                               |
| Board Operations                             | 78,063                  |  |                          |  |                                    | 78,063                                  |
| Travel & Transportation - Special Events     | 84,791                  |  |                          |  |                                    | 84,791                                  |
| Office Space                                 | 437,995                 |  |                          |  |                                    | 437,995                                 |
| Office & Related Costs                       | 565,279                 |  | 100                      | 60   |                                    | 565,439                                 |
| Legal Counsel                                | 227,124                 |  |                          |  |                                    | 227,124                                 |
| Annual Audit                                 | 32,086                  |  |                          |  |                                    | 32,086                                  |
| Professional Services                        | 51,481                  |  |                          |  |                                    | 51,481                                  |
| Legislative Advocacy                         | 95,781                  |  |                          |  |                                    | 95,781                                  |
| Consultants & Contractors                    | 1,476,355               | 32,215,078                                     | 7,032,562                |  | (5,834,879)                        | 34,889,116                              |
| TFCA Grant Program                           |                         |  |                          | 2,031,442  |                                    | 2,031,442                               |
| VRF Election Costs                           |                         |  |                          | 772,625  |                                    | 772,625                                 |
| Administration                               |                         |  |                          | 119,856  |                                    | 119,856                                 |
| Capital Outlay                               | 36,463                  |  |                          |  |                                    | 36,463                                  |
| Total Expenditures                           | <u>6,056,055</u>        | <u>33,187,257</u>                              | <u>7,032,662</u>         | <u>2,923,983</u>                                   | <u>(5,834,879)</u>                 | <u>43,365,078</u>                       |
| Excess of Revenues Over (Under) Expenditures | <u>(907,530)</u>        | <u>1,017,789</u>                               | <u>13,856</u>            | <u>663,217</u>                                     | <u>-</u>                           | <u>787,332</u>                          |
| <b>OTHER FINANCING SOURCES (USES):</b>       |                         |  |                          |  |                                    |   |
| Operating Transfer In                        | 1,017,789               |  |                          |  | (1,017,789)                        | -                                       |
| Operating Transfer Out                       |                         | (1,017,789)                                    |                          |  | 1,017,789                          | -                                       |
| Total Other Financing Sources (Uses)         | <u>1,017,789</u>        | <u>(1,017,789)</u>                             | <u>-</u>                 | <u>-</u>   | <u>-</u>                           | <u>-</u>                                |
| Net Change in Fund Balances                  | 110,259                 | -  | 13,856                   | 663,217  | -                                  | 787,332                                 |
| Fund Balances, July 1, 2010                  | 139,280                 | -  | 4,618,862                | 4,181,057  | -                                  | 8,939,199                               |
| Fund Balances, June 30, 2011                 | <u>\$ 249,539</u>       | <u>\$ -</u>                                    | <u>\$ 4,632,718</u>      | <u>\$ 4,844,274</u>                                | <u>\$ -</u>                        | <u>\$ 9,726,531</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, 2011**

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

|  |                            |
|--|----------------------------|
| Fund Balances on governmental funds' Balance Sheet   | \$ 9,726,531               |
| Capital assets, net of accumulated depreciation, are reported on the Statement of Net Assets but not in governmental funds | <u>221,360</u>             |
| Net Assets on Statement of Net Assets  | <u><u>\$ 9,947,891</u></u> |

**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  | \$ 787,332               |
| Net change in capital assets due to purchases and disposals is reported on governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances but not in the Statement of Activities | 25,889                   |
| Depreciation expense is reported in the Statement of Activities but not in governmental funds  | <u>(133,954)</u>         |
| Change in Net Assets on Statement of Activities  | <u><u>\$ 679,267</u></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 BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2011**

| <b>REVENUES</b>                              | <b>Actual</b>     | <b>Budget</b>    |                  | <b>Variance With<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|--|-------------------|------------------|------------------|--|
|  |                   | <b>Original</b>  | <b>Final</b>     |  |
| Grants:                                      |                   |                  |                  |  |
| MTC Planning Funds                           | \$ 1,499,174      | \$ 1,534,700     | \$ 1,633,900     | \$ (134,726)   |
| Caltrans STIP Funds                          | 1,475,874         | 1,828,000        | 1,828,000        | (352,126)  |
| ACCMA TFCA                                   | 237,597           | 200,000          | 203,600          | 33,997   |
| ACTIA Measure B                              | 199,205           | 90,300           | 310,000          | (110,795)  |
| Other  | -                 | 70,000           | 70,000           | (70,000)   |
| Revenue from Member Agencies                 | 1,095,338         | 1,095,338        | 1,095,338        | -  |
| Revenue from Exchange Program                | 582,986           | -                | 652,000          | (69,014)   |
| Miscellaneous                                | 25,825            | -                | -                | 25,825   |
| Interest                                     | 32,526            | -                | -                | 32,526   |
| <b>Total Revenues</b>                        | <b>5,148,525</b>  | <b>4,818,338</b> | <b>5,792,838</b> | <b>(644,313)</b>   |
| <b>EXPENDITURES</b>                          |                   |                  |                  |  |
| Current:                                     |                   |                  |                  |  |
| Salaries & Benefits                          | 2,970,637         | 1,948,802        | 2,357,845        | 612,792  |
| Board Operations                             | 78,063            | 60,000           | 60,000           | 18,063   |
| Travel & Transportation - Special Events     | 84,791            | 85,000           | 85,000           | (209)  |
| Office Space                                 | 437,995           | 440,000          | 420,000          | 17,995   |
| Office & Related                             | 565,279           | 296,500          | 312,500          | 252,779  |
| Legal  | 227,124           | 100,000          | 195,000          | 32,124   |
| Annual Audit                                 | 32,086            | 32,000           | 32,000           | 86   |
| Professional Services                        | 51,481            | 125,000          | 125,000          | (73,519)   |
| Legislative Advocacy                         | 95,781            | 108,000          | 108,000          | (12,219)   |
| Consultants & Contractors                    | 1,476,355         | 4,146,400        | 4,285,200        | (2,808,845)  |
| Capital Outlay                               | 36,463            | 20,000           | 20,000           | 16,463   |
| <b>Total Expenditures</b>                    | <b>6,056,055</b>  | <b>7,361,702</b> | <b>8,000,545</b> | <b>(1,944,490)</b>   |
| Excess of revenues over (under) expenditures | (907,530)         | (2,543,364)      | (2,207,707)      | 1,300,177  |
| <b>OTHER FINANCING SOURCES -</b>             |                   |                  |                  |  |
| Operating Transfer In                        | 1,017,789         | 2,548,982        | 2,238,978        | (1,221,189)  |
| <b>Net Change in Fund Balance</b>            | <b>\$ 110,259</b> | <b>\$ 5,618</b>  | <b>\$ 31,271</b> | <b>\$ 78,988</b>   |

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

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - REPORTING ENTITY**

In June 1990, California voters approved a fuel tax increase as part of Propositions 111 and 108. To receive a share of the fuel tax revenues, local governments must conform to a Congestion Management Program (“CMP”). The Alameda County Congestion Management Agency (the “ACCMA”) was created by a Joint Powers Agreement (“JPA”) dated February 20, 1991 between Alameda County, all fourteen cities in the County and four transit operators (the “Member Agencies”). The ACCMA is responsible for preparing, adopting, revising, amending, administering, and implementing the CMP and the Countywide Transportation Plan (“CWTP”) 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 ACCMA among the Member Agencies.

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

- I-880 North County Operations and Safety Study
- Countywide Bicycle and Pedestrian Plans
- Historic Parkway – State Route 84 Local Area Transportation Improvement Program
- Central County Freeway Study – State Route 238 Local Area Transportation Improvement Program
- Tri-Valley Triangle Study
- San Pablo Avenue Corridor Transit Operations and Improvement Study

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

- I-80 Integrated Corridor Mobility Project
- I-880 North Safety & Operations Improvements
- I-580 East & Westbound High Occupancy Vehicle (HOV) Lanes, and
- I-680 Northbound Express Lane & HOV Project

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 1 - REPORTING ENTITY (continued)**

Each of the projects and programs sponsored by the ACCMA is funded through one or more federal, state or local grants. The ACCMA 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 CWTP, 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, Member Agency annual dues and other local funding sources.

The ACCMA’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.

On March 25, 2010, the ACCMA, ACTIA, the County of Alameda, the fourteen cities within Alameda County, the Bay Area Rapid Transit District and the Alameda-Contra Costa Transit District entered into a Joint Powers Agreement (JPA). On June 24, 2010, the Boards of ACCMA and ACTIA gave the final approval which created a joint powers agency, pursuant to the California Joint Exercise of Powers Act, known as the Alameda County Transportation Commission (“Alameda CTC”).

On July 22, 2010, the ACCMA along with ACTIA, became a part of the Alameda CTC joint powers authority. Alameda CTC has all of the powers, functions and responsibilities of both agencies along with certain additional powers as described in the JPA. It is expected that all steps necessary for Alameda CTC to be named the successor agency of the ACCMA and ACTIA will be completed prior to the end of fiscal year 2011-12. At that time, the ACCMA will be terminated. For fiscal year 2011-12, the ACCMA is operating as part of the Alameda CTC for which a consolidated budget was adopted by the Commission in June, 2011. Alameda CTC’s mission is to plan, fund and deliver a broad spectrum of transportation projects and programs to enhance mobility throughout Alameda County.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**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 activities of the ACCMA. The effect of inter-fund activity has been eliminated from these statements.

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.

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 ACCMA's primary functions. Program revenues consist of grants and contributions that are restricted to meeting the operational or capital requirements of the ACCMA. Member agency fees, interest and other revenues not included in program revenues are reported as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements. Non-major funds are summarized and presented in one column of the fund financial statements.

The ACCMA uses the following major funds:

- *General Fund* is the general operating fund of the ACCMA. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.
- *Capital Projects Fund* is used to account for the proceeds and expenditures related to the construction of capital improvement projects implemented to reduce congestion or improve mobility in Alameda County. The ACCMA does not retain ownership of these improvements. They are transferred to the sponsor or managing jurisdiction upon completion.
- *Exchange Fund* is a capital projects fund used to account for the proceeds and expenditures of the ACCMA's Exchange Program, which is described in more detail in note 5.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus and Basis of Accounting**

The ACCMA'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 thereafter to pay current liabilities. The ACCMA 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 subject to accrual and have been recognized as revenues of the current fiscal year using the modified accrual basis of accounting.

**Net Assets**

Net assets are reported in the following categories:

- Invested in capital assets – This category includes all capital assets net of accumulated depreciation. The ACCMA 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 ACCMA that are not restricted for any project or other purpose. The deficit at June 30, 2011, will be covered by future general revenues.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Balances**

Governmental funds report fund balance in classifications based primarily on the extent to which the ACCMA is bound to honor constraints on how the funds can be spent. As of June 30, 2011, the ACCMA's fund balances for governmental funds are made up of the following:

- ***Restricted*** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
  
- ***Committed*** – includes amounts that can only be used for the specific purposes determined by a formal action of the ACCMA's Board. Commitments may be changed or lifted only by the ACCMA taking the same formal action that imposed the constraint originally.
  
- ***Assigned*** – comprises amounts intended to be used by the ACCMA for specific purposes that are neither restricted nor committed. Intent is expressed by the ACCMA Board.
  
- ***Unassigned*** – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is usually depleted in the order of restricted, committed, assigned then unassigned.

All of the ACCMA's restricted, committed and assigned funds are required to be used for projects and programs designed to reduce congestion or improve mobility in Alameda County.



**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 interest income is the net change in the fair value of investments which consists of the realized gains or losses and the unrealized appreciation or 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.

**Employee Benefits**

In compliance with ACCMA policy, employees are permitted to carry over five weeks of accrued vacation days from year to year. The ACCMA has accrued \$152,195 for this liability at June 30, 2011. Sick leave benefits do not vest.

**Budget**

The ACCMA annually adopts a budget for its General Fund using the modified accrual basis of accounting. 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. Appropriation authority lapses at the end of the fiscal year. The Board increased appropriations during the fiscal year for the General Fund by \$638,843 mostly due to administrative costs related to joining the Alameda CTC JPA which were not included in the original budget for fiscal year 2010-11.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011**

**NOTE 3 - CASH AND INVESTMENTS**

As of June 30, 2011, the ACCMA’s cash and investments were as follows:

|   |               |
|---|---------------|
| Cash in Banks                                   | \$ 3,788,045  |
| Investment in State Treasurer's Investment Pool | 20,222,958    |
| Total Cash and Investments                      | \$ 24,011,003 |

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 ACCMA’s name and places the ACCMA ahead of general creditors of the institution.

Oversight of the State Treasurer's investment pool or Local Agency Investment Fund (“LAIF”) is provided by the Pooled Money Investment Board consisting of the Treasurer, Controller and Director of Finance for the State of California. The ACCMA'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. Funds invested in LAIF are available for withdrawal on demand. LAIF records investments on an amortized cost basis, and LAIF is not rated.

The ACCMA 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 ACCMA’s investment policy allows investing only in investments carrying minimum credit ratings from “A” to “AA” from one or two nationally recognized rating agencies, depending on the investment type, and requires diversification in the investment portfolio.
- Custodial credit risk – This is the risk that in the event a financial institution or counterparty fails, the ACCMA would not be able to recover the value of its deposits and investments. At June 30, 2011, the ACCMA’s deposits were insured up to \$250,000 by the Federal Depository Insurance Corporation and the remainder was collateralized by the financial institution’s trust department in the ACCMA’s name.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 3 - CASH AND INVESTMENTS (continued)**

- 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 ACCMA’s investments are matched with its expected cash flow needs. Investment maturities greater than three years require the approval of the Treasurer/Auditor. Long-term securities of more than one year are limited to 40% of the portfolio.
- Concentration of credit risk – This is the risk of loss attributable to the magnitude of investment with a single issuer. The ACCMA’s investment policy limits investments in any one issuer to 5% of the portfolio except for government agency obligations (35%), repurchase agreements (25% to 50% depending on the length of time until maturity) and LAIF for which the policy allows up to the maximum amount permitted by law.

Investments authorized by the ACCMA’s investment policy include:

- |   |   |
|---|---|
| • United States Treasury Bills and Notes                  | • Medium Term Corporate Notes             |
| • Federal Agency Obligations                              | • Savings/Money Market Accounts           |
| • State of California and Local Agency<br>Debt Securities | • Mortgage & Asset-Backed Obligations     |
| • Bankers’ Acceptances                                    | • Certificates of Deposit                 |
| • Commercial Paper  | • Mutual Funds                            |
| • Repurchase Agreements                                   | • California Local Agency Investment Fund |

**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, 2011**

**NOTE 4 – CAPITAL ASSETS (continued)**

Capital asset balances at June 30, 2011, and activity during the year were as follows:

|                                  | <i>Balance<br/>6/30/2010</i> | <i>Additions</i>   | <i>Disposals</i>  | <i>Balance<br/>6/30/2011</i> |
|----------------------------------|------------------------------|--------------------|-------------------|------------------------------|
| Office Furniture/Equipment       | \$ 504,103                   | \$ 36,463          |                   | \$ 540,566                   |
| Building Improvements            | 322,529                      |                    |                   | 322,529                      |
| Automobile                       | 35,246                       |                    | \$(35,246)        |                              |
| Subtotal                         | 861,878                      | 36,463             | (35,246)          | 863,095                      |
| Less Accumulated<br>Depreciation | (532,453)                    | (133,954)          | 24,672            | (641,735)                    |
| Net Book Value                   | <u>\$ 329,425</u>            | <u>\$ (97,491)</u> | <u>\$(10,574)</u> | <u>\$ 221,360</u>            |

**NOTE 5 – EXCHANGE PROGRAM**

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

The ACCMA has entered into agreements with several local agencies to exchange State STIP funds with the other governments' local funding for various transportation projects. The revenues received by the ACCMA as a result of the exchange are treated for financial reporting purposes as deferred revenue. These deferred revenues are recognized as revenues at the time qualifying expenditures are incurred.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 5 – EXCHANGE PROGRAM (continued)**

Following is a list of the funds exchanged from other governments through June 30, 2011:

|   |                            |
|---|----------------------------|
| AC Transit                                      | \$35,060,514               |
| BART  | 8,100,000                  |
| Fremont   | 5,983,256                  |
| Dublin  | 4,230,000                  |
| Livermore                                       | 4,580,000                  |
| ACTIA   | 2,300,000                  |
| Union City                                      | 9,314,000                  |
| MTC/ACCMA                                       | 675,000                    |
| Santa Clara Valley Transportation Authority     | 558,000                    |
| Altamont Commuter Express                       | 432,445                    |
| Berkeley  | 259,560                    |
| Total Exchanged Funds                           | <u>71,492,775</u>          |
| Total Expenditures Incurred:                    |                            |
| Year ended June 30, 2011                        | (6,957,562)                |
| Previous years                                  | <u>(50,408,630)</u>        |
| Total Deferred Revenue – accrual basis          | 14,126,583                 |
| Less Amount not yet Collected                   | <u>(7,653,302)</u>         |
| Total Deferred Revenue – modified accrual basis | <u><u>\$ 6,473,281</u></u> |

**NOTE 6 - EMPLOYEE RETIREMENT PLAN**

All ACCMA 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, disability and death benefits to plan members based on the participant's age, years of service and final compensation. Employees vest after five years of service and can receive the maximum benefit of 2.5% of annual salary at age 55. The ACCMA's employees participate in the Miscellaneous Employee Plan risk pool. Benefit provisions under the plan are established by State statute and ACCMA resolution.

The ACCMA is required to contribute the funding requirement amounts for the plan which are determined as of each June 30 on an actuarial basis by CalPERS. Employees have an obligation to contribute eight percent of their salary to the plan, however the ACCMA makes seven percent of this contribution on the employee's behalf.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 6 - EMPLOYEE RETIREMENT PLAN (continued)**

The plan's provisions and benefits in effect at June 30, 2009 (the date of the most recent available actuarial report from CalPERS), are summarized as follows:

|   |                  |
|---|------------------|
| Benefit payments  | Monthly for life |
| Minimum retirement age  | 50               |
| Required employee contribution rate                           | 8%               |
| Required employer contribution rate, year ended June 30, 2011 | 14.256%          |

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the ACCMA'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 ACCMA 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, a projected salary increase ranging from 3.25% to 14.45%, inflation of 3.0% and payroll growth of 3.25%. Annual salary increases are assumed to vary by duration of service. The ACCMA's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 20-year period.

The following table shows ACCMA's required contributions and percentage contributed for the current year and each of the preceding two years.

| <i>Fiscal Year Ended</i> | <i>Annual Pension Cost<br/>(APC)</i> | <i>Percentage of APC<br/>Contributions</i> | <i>Net Pension<br/>Obligation</i> |
|--------------------------|--------------------------------------|--|-----------------------------------|
| 6/30/2009                | \$ 521,850                           | 100%                                       | \$ -                              |
| 6/30/2010                | 559,040                              | 100%                                       | -                                 |
| 6/30/2011                | 491,163                              | 100%                                       | -                                 |

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 6 - EMPLOYEE RETIREMENT PLAN (continued)**

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

| <i>Actuarial<br/>Valuation<br/>Date</i> | <i>Accrued<br/>Liability</i> | <i>Value of<br/>Assets</i> | <i>Unfunded<br/>Liability</i> | <i>Funded<br/>Ratio</i> | <i>Covered<br/>Payroll</i> | <i>Liability as<br/>% of<br/>Payroll</i> |
|---|------------------------------|----------------------------|-------------------------------|-------------------------|----------------------------|--|
| June 30, 2007                           | \$1,315,454                  | \$1,149,247                | \$166,207                     | 87.4%                   | \$289,090                  | 57.5%                                    |
| June 30, 2008                           | 1,537,910                    | 1,337,708                  | 200,202                       | 87.0%                   | 333,308                    | 60.1%                                    |
| June 30, 2009                           | 1,834,425                    | 1,493,431                  | 340,994                       | 81.4%                   | 355,150                    | 96.0%                                    |

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 ACCMA is obligated under an operating lease with CIM/Oakland 1333 Broadway LP through November 30, 2013 for the premises located at 1333 Broadway, Oakland. Minimum rental commitments for each year ending June 30 as follows:

|      |           |
|------|-----------|
| 2012 | \$461,497 |
| 2013 | 475,205   |
| 2014 | 121,657   |

**Grants**

The ACCMA 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, 2011, have not yet been conducted or completed. Accordingly, the ACCMA'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 ACCMA.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES (continued)**

**Construction**

The ACCMA had construction commitments of approximately \$10.4 million as of June 30, 2011.

**Funding Agreements**

**Exchange Fund** - The ACCMA has entered into Exchange agreements with several local governments to provide funding for transportation projects. As of June 30, 2011, the remaining project costs to be paid by the ACCMA totaled approximately \$10.1 million.

**Capital Projects Fund** - The Sunol Smart Carpool Lane Joint Powers Authority (“Authority”) is a joint powers authority, organized in February 2006 pursuant to a Joint Exercise of Powers Resolution (“Resolution”) among the ACCMA, ACTIA and the Santa Clara Valley Transportation Authority. The Resolution was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The Authority was formed to plan, design and construct and then administer the operation of a value pricing high-occupancy vehicle program on the Sunol Grade segment of southbound Interstate-680 in Alameda and Santa Clara Counties.

The Authority was formed as a result of a planning study completed by the ACCMA and evolved into an ACCMA capital project. The lane went into operations on September 20, 2010. The ACCMA was designated the managing agency for the Authority and has provided administrative, accounting and other support since its inception. The ACCMA has agreed to cover the costs of operations for the Authority during the ramp up and warranty period of operations as part of its original capital project through June 30, 2012. During the period of September 20, 2010 through June 30, 2011, the ACCMA incurred administrative and operating expenses on behalf of the Authority as follows:

|  |                  |
|--|------------------|
| California Highway Patrol enforcement    | \$169,487        |
| Executive director compensation          | 149,012          |
| Bay Area Toll Authority transaction fees | 121,395          |
| ACCMA staff time charges                 | 115,528          |
| Legal fees                               | 49,942           |
| Insurance                                | 28,414           |
| Utilities                                | 19,597           |
| Other                                    | <u>17,074</u>    |
| Total                                    | <u>\$670,449</u> |



**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES (continued)**

Since project inception in fiscal year 2001-02, the ACCMA has incurred capital project costs in the amount of \$36.3 million, including operating costs on the Sunol Smart Car Pool Lane project.

**Insurance**

The ACCMA is exposed to various risks of loss related to torts; theft or damage to assets; errors and omissions; employees' injuries; natural disasters; and unemployment.

The following is a table summarizing the ACCMA's insurance coverage:

| <i>Type of Coverage</i> | <i>Deductible</i> | <i>Coverage</i>                  |
|-------------------------|-------------------|----------------------------------|
| • General Liability     | \$ 250            | Up to \$4,000,000 per occurrence |
| • Property Coverage     | 250               | Up to \$513,700 per occurrence   |
| • Workers' Compensation | -                 | Up to \$1,000,000 per occurrence |
| • Employment Practices  | 35,000            | Up to \$2,000,000 per occurrence |
| • Automobile Liability  | -                 | Up to \$1,000,000 per occurrence |
| • Director & Officers   | 25,000            | Up to \$2,000,000 per occurrence |
| • Crime                 | 10,000            | Up to \$1,000,000 per occurrence |
| • Umbrella/Excess       | 10,000            | Up to \$1,000,000 per occurrence |

There were no claims in excess of insured amounts during the past three fiscal years.

**NOTE 8 – INTER-FUND ACTIVITY**

As of June 30, 2011, the General Fund's inter-fund liability due to the Exchange Fund in the amount of \$10,385,900 as well as the Capital Projects Fund's inter-fund liability to the General Fund in the amount of \$9,561,505 resulted from cash advances for capital projects. This arrangement is necessary because capital project funding is received on a reimbursement basis. These amounts will be repaid from revenue received from funding agencies as the ACCMA is reimbursed for capital project expenditures. These amounts are shown in the eliminations column of the fund financial statements and are eliminated from the government-wide financial statements.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 8 – INTER-FUND ACTIVITY (continued)**

The ACCMA also experiences inter-fund activity when one of the special revenue funds or the Exchange Fund provides funding for a capital project or program. As of June 30, 2011, the General Fund and the Capital Projects Fund had revenues of \$237,597 and \$369,059, respectively, from the Transportation for Clean Air (TFCA) Fund and \$582,986 and \$4,645,237, respectively, from the Exchange Fund. As of June 30, 2011, \$4,652,499 of these revenues had not yet been paid by the TFCA and Exchange Funds to the General and Capital Projects Funds. Since the TFCA and Exchange Funds have already recorded all funds received as revenues and all funding requirements as expenditures, these inter-fund revenues and related expenditures in the General Fund and the Capital Projects Fund are included in the elimination column of the fund financial statements and are eliminated from the government-wide financial statements.

**NOTE 9 – LOAN**

The ACCMA entered into a loan agreement with ACTIA dated March 24, 2011, whereby ACTIA agreed to loan up to \$25 million to the ACCMA, if needed. The outstanding loan payable to ACTIA at June 30, 2011 was \$5 million. The loan carries no interest and is repayable to ACTIA when the ACCMA is in a position to do so, which is expected to be during the fiscal year 2014-15 when current capital projects are through the construction phase. The ACCMA may repay the loan, in whole or in part, at anytime without penalty.

**NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The ACCMA participates in the California Employers' Retirement Benefit Trust ("CERBT"), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. The CERBT provides lifetime healthcare benefits to retired ACCMA employees and their eligible family members. These benefit provisions were established and may be amended by the ACCMA. The amount the ACCMA will contribute will never exceed the amount contributed on behalf of active employees. The ACCMA had four eligible retirees as of June 30, 2011.

Employees hired after January 26, 2006 are eligible for benefits if they retire from the ACCMA, are immediately eligible to receive a pension from CalPERS and have 10 years of public service, including at least five years with the ACCMA. The ACCMA will contribute based on years of public service and the following formula: 50% after 10 years with an additional 5% for each additional year of service reaching a maximum of 100% after 20 years of service.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS  
(continued)**

The ACCMA obtained an actuarial valuation as of July 1, 2009. The funding policy established by the ACCMA is to contribute annually the full Annually Required Contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ACCMA’s annual other post employment benefit (“OPEB”) obligation cost is calculated based on the ARC of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to fund normal cost each year and amortize any unfunded actuarially accrued liabilities over a period of up to 30 years.

The following tables show the ARC of the ACCMA, the components of ACCMA’s annual OPEB costs for the year, the amount actually contributed to the Plan and the changes in ACCMA’s net OPEB cost obligation to the Plan.

|  |            |
|--|------------|
| Normal Cost at Year End                        | \$ 115,391 |
| Amortization of UAAL                           | 27,368     |
|  | 142,759    |
| Annual Required Contribution (ARC)             | 142,759    |
| Interest on Prior Year Net OPEB Obligation     | -          |
| Adjustment to ARC                              | -          |
|  | 142,759    |
| Annual OPEB Cost                               | 142,759    |
| Contributions made                             | (142,759)  |
|  | -          |
| Increase (Decrease) in Net OPEB Obligation     | -          |
| Net OPEB Obligation - Beginning of Fiscal Year | -          |
| Net OPEB Obligation - End of Fiscal Year       | \$ -       |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for fiscal year 2011 were as follows:

| <i>Fiscal Year</i> | <i>Annual<br/>OPEB<br/>Cost</i> | <i>Actual<br/>Contribution</i> | <i>Percentage of<br/>ARC<br/>Contributed</i> | <i>Net OPEB<br/>Obligation<br/>(Asset)</i> |
|--------------------|---------------------------------|--------------------------------|--|--|
| 6/30/2009          | \$89,770                        | \$ 90,000                      | 100%   | \$ (230)                                   |
| 6/30/2010          | 136,217                         | 136,217                        | 100%   | -  |
| 6/30/2011          | 142,759                         | 142,759                        | 100%   | -  |

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**

**NOTE 10 – 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. The Unfunded Actuarially Accrued Liability (“UAAL”) is being amortized on a level dollar approach on a closed basis over 30 years beginning in fiscal year 2007-08.

The table below presents multi-year funding progress information demonstrating whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

| <i>Actuarial<br/>Valuation Date</i> | <i>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)<br/>(a)</i> | <i>Actuarial<br/>Value of<br/>Assets<br/>(b)</i> | <i>Unfunded<br/>AAL<br/>(UAAL)<br/>(a)-(b)</i> | <i>Funded<br/>Status<br/>(b)/(a)</i> | <i>Annual<br/>Covered<br/>Payroll<br/>(c)</i> | <i>UAAL As a<br/>% of<br/>Covered<br/>Payroll<br/>[(a)-(b)]/(c)</i> |
|-------------------------------------|--|--|--|--------------------------------------|---|---|
| 6/30/2008                           | \$ 777,380   | \$ 683,484                                       | \$ 93,896                                      | 87.9%                                | \$ 2,689,958                                  | 3.5%  |
| 6/30/2009                           | 972,130  | 556,291  | 415,839  | 57.2%                                | 2,907,338                                     | 14.3%   |
| 6/30/2010                           | 1,143,281  | 727,326  | 415,955  | 63.6%                                | 2,813,500                                     | 14.8%   |

The CERBT issues a publicly available financial report that may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 93811.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2011**

**NOTE 11 – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT  
 AND SERVICE ENHANCEMENT ACCOUNT**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.9 billion of state general obligation bonds authorized, \$4 billion was set aside by the state as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital enhancements or expansions, new capital projects, bus rapid transits improvements or for rolling stock procurement, rehabilitation or replacement.

In fiscal year 2009-10, the ACCMA applied for and received \$283,155 from the State’s PTMISEA account and expended \$201,855 leaving a remaining balance of \$80,716. During the year ended June 30, 2011, the ACCMA did not apply for or spend any PTMISEA funds therefore the balance from the prior year remains as follows:

|   |           |
|---|-----------|
| Balance of PTMISEA funds, June 30, 2010 | \$ 80,716 |
| Proceeds received                       | -         |
| Expenditures incurred                   | -         |
| Unexpended Proceeds, June 30, 2011      | \$ 80,716 |

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011**

|                                      | <i>Transportation<br/>Fund for<br/>Clean Air</i> | <i>Vehicle<br/>Registration<br/>Fund</i> | <i>Total<br/>Non-Major<br/>Special<br/>Revenue<br/>Funds</i> |
|--------------------------------------|--|--|--|
| <b>ASSETS</b>                        |  |  |  |
| Restricted Cash and Investments      | \$ 3,759,717                                     | \$ 541,434                               | \$ 4,301,151   |
| Accounts Receivable                  | 900,000  | 1,163,172                                | 2,063,172  |
| Interest Receivable                  | 2,986  |  | 2,986  |
|                                      | <b>Total Assets</b>                              | <b>\$ 1,704,606</b>                      | <b>\$ 6,367,309</b>  |
| <b>LIABILITIES AND FUND BALANCES</b> |  |  |  |
| Liabilities - Accounts Payable       | \$ 750,410                                       | \$ 772,625                               | \$ 1,523,035   |
|                                      | <b>Total Liabilities</b>                         | <b>772,625</b>                           | <b>1,523,035</b>   |
| Fund Balances - Restricted:          |  |  |  |
| Transportation Fund for Clean Air    | 3,912,293  |  | 3,912,293  |
| Vehicle Registration Fees            |  | 931,981                                  | 931,981  |
|                                      | <b>Fund Balances</b>                             | <b>931,981</b>                           | <b>4,844,274</b>   |
|                                      | <b>Total Liabilities and Fund<br/>Balances</b>   | <b>\$ 1,704,606</b>                      | <b>\$ 6,367,309</b>  |

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2011**

|                                     | <i><b>Transportation<br/>Fund for<br/>Clean Air</b></i> | <i><b>Vehicle<br/>Registration<br/>Fund</b></i> | <i><b>Total<br/>Non-Major<br/>Special<br/>Revenue<br/>Funds</b></i> |
|-------------------------------------|---|---|---|
| <b>REVENUES</b>                     |   |   |   |
| Grants:                             |   |   |   |
| Transportation Fund for Clean Air   | \$ 1,830,061  |   | \$ 1,830,061  |
| Vehicle Registration Fees           |   | \$ 1,739,271                                    | 1,739,271   |
| Interest                            | 17,868  |   | 17,868  |
| Total Revenues                      | 1,847,929   | 1,739,271                                       | 3,587,200   |
| <b>EXPENDITURES</b>                 |   |   |   |
| Current:                            |   |   |   |
| TFCA Grant Program                  | 2,031,442   |   | 2,031,442   |
| VRF Election Costs                  |   | 772,625   | 772,625   |
| Administration                      | 85,191  | 34,665  | 119,856   |
| Office & Related Costs              | 60  |   | 60  |
| Total Expenditures                  | 2,116,693   | 807,290   | 2,923,983   |
| Net Change in Fund Balances         | (268,764)   | 931,981   | 663,217   |
| <b>Fund Balances, July 1, 2010</b>  | 4,181,057   | -   | 4,181,057   |
| <b>Fund Balances, June 30, 2011</b> | \$ 3,912,293  | \$ 931,981                                      | \$ 4,844,274  |



Kevin W. Harper CPA & Associates

**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 "ACCMA") as of and for the year ended June 30, 2011, and have issued our report thereon dated November 21, 2011. 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 ACCMA's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ACCMA's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the ACCMA's internal control over financial reporting.

*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.

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 over financial reporting that might be deficiencies, 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.



**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 ACCMA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

November 21, 2011



Kevin W. Harper CPA & Associates

**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**

The Board of Directors  
Alameda County Congestion Management Agency:

Compliance

We have audited Alameda County Congestion Management Agency (the "ACCMA") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on the ACCMA's major federal program for the year ended June 30, 2011. The ACCMA'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 grants applicable to its major federal program is the responsibility of the ACCMA's management. Our responsibility is to express an opinion on the ACCMA'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 ACCMA'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 ACCMA's compliance with those requirements.

In our opinion, the ACCMA complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2011.

**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)**

Internal Control over Compliance

Management of the ACCMA 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 ACCMA's internal control over compliance with requirements that could have a direct and material effect on its major federal program to determine our auditing procedures for the purpose of expressing

our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 ACCMA'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 with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 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.

November 21, 2011

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2011**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Expenditures</u>           |
|--|------------------------------------|-------------------------------|
| <b>U.S. Department of Transportation – Passed Through<br/>California Department of Transportation – Highway<br/>Planning and Construction:</b> | 20.205                             |                               |
| Countywide Bicycle Plan  |                                    | \$ 83,198                     |
| Programming Funding  |                                    | 59,810                        |
| Webster Street SMART Corridor  |                                    | 2,016                         |
| I-80 Gilman Interchange  |                                    | 25,235                        |
| Safe Routes to School  |                                    | 4,698                         |
| I-880 SB HOV Lane  |                                    | 70,609                        |
| Implementation of Ramp Metering  |                                    | 62,810                        |
| I-680 SMART Carpool Lane   |                                    | 169,206                       |
| Congestion Management Program  |                                    | 351,447                       |
| Travel Model Support   |                                    | 142,081                       |
| I-880 Integrated Corridor  |                                    | 667,230                       |
| Center to Center   |                                    | 260,479                       |
| Transportation and Land Use  |                                    | 114,003                       |
| Planning Funding   |                                    | 995,584                       |
| I-580 EB HOT Lane (American Recovery<br>and Reinvestment Act funds)  |                                    | 805,059                       |
| I-880 North Safety Improvements  |                                    | 734,364                       |
| I-580 Corridor Row Acquisition   |                                    | 685,407                       |
| I-580 Tri-Valley Rapid Co  |                                    | 846,246                       |
| I-580 Soundwall Project  |                                    | <u>2,230,934</u>              |
| <br>Total expenditures of federal awards   |                                    | <br><u><u>\$8,310,416</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, 2011**

**NOTE 1 - GENERAL**

The schedule of expenditures of federal awards (“Schedule”) presents the activity of all federal award programs of the ACCMA for fiscal year 2010-11. The reporting entity is defined in Note 1 of the ACCMA’s basic financial statements. Because the Schedule presents only the federal award activity of the ACCMA, it is not intended to and does not present the financial position, changes in financial position or the cash flows of the ACCMA.

**NOTE 2 – BASIS OF ACCOUNTING**

The Schedule is presented using the modified accrual basis of accounting. The ACCMA’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 ACCMA’s statement of activities as “consultants & contractors” and “salaries & benefits” expenses for the year ended June 30, 2011.

**ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY  
SCHEDULE OF AUDITORS' RESULTS, FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**(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) \$ 8,310,416
- (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**