

**ALAMEDA COUNTY
TRANSPORTATION COMMISSION**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2012**

ALAMEDA COUNTY TRANSPORTATION COMMISSION

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board
Alameda County Transportation Commission
Oakland, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda County Transportation Commission (the Commission) as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2012, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1, the Commission is the successor agency of the Alameda County Transportation Improvement Authority and Alameda County Congestion Management Agency. These financial statements present the financial position of the Commission and not the predecessor agencies.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2012, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis and budgetary comparison schedules as listed in the table of contents 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 financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare 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.

Vavrinck, Trine, Day & Co. LLP

Palo Alto, California
January 24, 2012

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

The following discussion and analysis of the Alameda County Transportation Commission (the Commission) financial report addresses the financial position, activities and performance of the Commission for the fiscal year ended June 30, 2012. Management encourages readers to consider information presented in this section in conjunction with the Commission's financial statements and related notes contained in the Basic Financial Statements section.

This report for the fiscal year ended June 30, 2012 is the first financial annual report of the Commission. In March 2010, the Alameda County Transportation Improvement Authority (ACTIA), the Alameda County Congestion Management Agency (ACCMA), the County of Alameda, the 14 cities within Alameda County, the Bay Area Rapid Transit District and the Alameda-Contra Costa Transit District entered into a Joint Powers Agreement. In June 2010, the Boards of ACTIA and ACCMA created a joint powers agency known as the Alameda County Transportation Commission pursuant to the California Joint Exercise of Powers Act in which ACTIA and ACCMA delegated all of their assets, liabilities, powers, functions and responsibilities to the Commission effective July 1, 2010. The Commission held its first joint meeting on July 22, 2010 and approved its first consolidated budget for fiscal year ended June 30, 2012 at its June 2011 meeting. For various reasons, including issues related to contracting with CalPERS and other required administrative tasks, the former agencies continued to exist through February 29, 2012 when they were legally dissolved and the Commission became the successor agency.

The Commission strives to plan, fund and deliver transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County.

Financial Highlights

Comparative information for fiscal year 2011 was derived from the financial information of ACCMA and ACTIA.

- Total net asset were \$241.2 million at June 30, 2012, a decrease of \$22.1 million or 8.4 percent from the prior fiscal year end primarily related to sales tax related capital project expenditures.
- Total assets decreased by \$34.0 million or 9.3 percent from \$365.7 million to \$331.7 million as of June 30, 2012 compared to June 30, 2011. Cash and investments comprised \$283.2 million or 85.4 percent of the total assets as of June 30, 2012.
- Revenues totaled \$170.4 million for the fiscal year ended June 30, 2012. This was an increase of \$7.6 million or 4.7 percent over the fiscal year ended June 30, 2011. Sales tax revenues comprised \$112.6 million or 66.1 percent of the total revenues for the year.
- Total liabilities decreased by \$11.9 million or 11.6 percent from \$102.4 million to \$90.5 million as of June 30, 2012 compared to June 30, 2011.
- Expenses totaled \$192.5 million for the fiscal year ended June 30, 2012. This was a decrease of \$19.0 million from the fiscal year ended June 30, 2011 mostly related to sales tax capital project expenditures.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Overview of the Financial Statements

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

- A Statement of Net Assets (presenting Government-wide assets and liabilities)
- A Statement of Activities (presenting Government-wide revenues and expenses)
- A Balance Sheet (presenting assets and liabilities for the governmental funds including the General Fund, ACTIA Special Revenue Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund, ACCMA Capital Projects Fund, and the Nonmajor Governmental Funds)
- A Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds (presenting revenues and expenditures by fund)
- A Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the General Fund (presenting budget versus actual revenues and expenditures)
- A Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the ACTIA Special Revenue Fund (presenting 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 the Statement of Revenues, Expenditures and Change in Fund Balances constitute 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. Total revenues, total expenditures, 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 Commission has established funds to ensure resources are utilized for the purposes intended. Funds classified as major are required to be reported individually on the financial statements and funds classified as nonmajor can be grouped and reported in a single column.

The Commission has five major funds: the General Fund, ACTIA Special Revenue Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund and ACCMA Capital Projects Fund.

General Fund – The General Fund is the chief operating fund. The General Fund receives 4.5 percent of all sales tax revenues to fund the administration of Measure B sales tax funds. Administrative costs are limited to 4.5 percent of sales tax revenues collected by the Transportation Expenditure Plan (TEP). Administrative salaries and benefits are limited to 1 percent of sales tax revenues collected by the TEP and the Public Utilities Code (PUC). This fund is also used for administering and preparing the Congestion Management Plan and for programming federal, state, and local funds to implement the Congestion Management Plan.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

ACTIA Special Revenue Fund – The ACTIA Special Revenue Fund is made up of five subfunds designed to account for sales tax revenues and expenditures related to the implementation of all programs authorized in the 2000 Measure B TEP. These subfunds include the Express Bus Subfund, Paratransit (Service Gap) Subfund, Regional Bicycle and Pedestrian Subfund, Transit-Oriented Development Subfund and the Programs Distribution Subfund.

- Express Bus Subfund – The Commission uses the Express Bus Subfund to provide funding to transit operators in Alameda County for maintenance of transit services, restoration of service cuts, expansion of transit services, and passenger safety and security.
- Paratransit (Service Gap) Subfund - The Commission uses the Paratransit (Service Gap) Subfund to provide funding in Alameda County for special transportation for seniors and people with disabilities.
- Regional Bicycle and Pedestrian Subfund – The Commission uses the Regional Bicycle and Pedestrian Subfund to provide funding to the cities and County of Alameda to be spent on planning and construction of bicycle and pedestrian projects.
- Transit-Oriented Development Subfund – The Commission uses the Transit-Oriented Development Subfund to provide funding to the cities and County of Alameda to encourage development near transit centers.
- Programs Distribution Subfund – The Commission uses the Programs Distribution Subfund to account for local streets and roads and other sales tax revenues that are immediately passed through to the cities and County of Alameda to fund transportation needs based on local priorities.

ACTIA Capital Projects Fund – The ACTIA Capital Projects Fund is used to account for sales tax and other revenues and expenditures related to the implementation of capital projects designated to be funded in the 2000 Measure B TEP approved by the voters in November 2000.

ACTA Capital Projects Fund – The ACTA Capital Projects Fund is used to account for sales tax and other revenues and expenditures related to the implementation of capital projects designated to be funded in the 1986 Measure B TEP approved by the voters in November 1986.

ACCMA Capital Projects Fund – The ACCMA Capital Projects 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 the fiscal year ended June 30, 2012 were \$32.6 million and \$32.2 million, respectively, with the difference transferred to the General Fund to help cover costs incurred to administer the congestion management program.

The Commission has three nonmajor funds: the Exchange Fund, the Transportation for Clean Air Fund, and the Vehicle Registration Fee Fund.

Exchange Fund – The Exchange Fund is used to account for all activity related to the Exchange Program. Under the Exchange Program, the Commission entered into agreements with several local agencies to exchange 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 Commission programs federal or state funds to “exchange” projects, which are able to use these funds, and in return receives local funds into the Exchange Fund from the “exchange” projects sponsors. These local funds can be used for projects that either do not have the ability to make use of state or federal funds or projects that would face unacceptable delays if state or federal funds were used.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

The Commission has entered into the following exchange agreements through June 30, 2012:

Alameda County Transportation Improvement Authority	\$ 2,300,000
Alameda-Contra Costa Transit District	35,060,514
Bay Area Rapid Transit	8,100,000
City of Berkeley	259,560
City of Dublin	4,230,000
City of Fremont	5,983,256
City of Livermore	4,580,000
City of Union City	9,314,000
Metropolitan Transportation Commission	675,000
San Joaquin Regional Rail Commission	432,445
Santa Clara Valley Transportation Authority	558,000
Total Exchanged Funds	<u>\$ 71,492,775</u>

These exchanges were recognized as deferred revenue in the government-wide financial statements at the time the Commission entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. \$71.3 million of these exchanged funds have been collected and \$62.1 million has been expended as of June 30, 2012.

ACCMA Special Revenue Funds – The Commission has two ACCMA Special Revenue Funds, the *Vehicle Registration Fee (VRF) Fund* and the *Transportation for Clean Air (TFCA) Fund*. Both are related to fees imposed on vehicle registrations in Alameda County for which the Commission is required to administer funds. These two special revenue funds have been established to administer and account for these funding sources separately from other funding sources of the Commission to ensure that they are spent on the specific purpose intended.

The VRF funds are required to be used to implement transportation related programs and projects. 60 percent of net VRF collections are designated for local road improvements and repairs and will be allocated to the cities and County of Alameda automatically on a pass through basis by planning area based on a formula which was approved by the voters of Alameda County in Measure F on the November 2010 ballot. The remaining 40 percent designated for transit for congestion relief programs, local transportation technology programs, pedestrian, bicyclist access, and safety programs will be distributed on a discretionary basis by planning area. Master Program Funding Agreements have been executed with the cities and County of Alameda to govern the flow of VRF funds. Pass through funding for local road improvements and repairs began flowing to the cities and County of Alameda in June 2012.

TFCA funds are required to be used to implement projects aimed at reducing air pollution through the reduction of motor vehicle emissions. During the fiscal year ended June 30, 2012, the Commission provided funding to various sponsors including, but not limited to, Livermore Amador Valley Transit Authority for BRT Route 10 and Routes 53 and 54 shuttles to ACE, California State University East Bay for a second campus shuttle to Bay Area Rapid Transit and a pilot Transportation Demand Management Program, City of Oakland for the Free Broadway shuttle and the Cities of Alameda and Hayward for signal timing improvements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

The Commission also has one Fiduciary Fund.

Fiduciary Fund – The Fiduciary Fund is used to account for a trust set up to accumulate funds for post-employment benefits other than pensions for retirees. Fiduciary Fund activity is reported in separate financial statements because a fiduciary fund is not considered an available resource of the Commission.

The *notes to the financial statements* provide additional information that is vital to the understanding of the financial statements. These notes can be found directly following the financial statements in this financial report.

Government-wide Financial Analysis

Net Assets

As of June 30, 2012, total assets were \$331.7 million, a decrease of \$34.0 million or 9.3 percent from June 30, 2011 with cash and investments accounting for \$283.2 million or 85.4 percent of this amount.

Total liabilities were \$90.5 million as of June 30, 2012, a decrease of \$11.9 million or 11.6 percent from June 30, 2011. The significant disparity of cash over liabilities demonstrates that the Commission is well able to meet its obligations as they become due. As of June 30, 2012, the Commission had commitments for \$13.9 million towards engineering contracts, \$6.1 million towards construction contracts and \$352.5 million towards project sponsor contracts with terms ranging up to 7 years.

Net assets were \$241.2 million at June 30, 2012, a decrease of \$22.1 million or 8.4 percent from June 30, 2011. Of the total \$241.2 million in net assets at June 30, 2012, \$0.1 million or 0.05 percent is invested in capital assets, \$23.1 million or 9.56 percent is unrestricted and the balance of \$218.0 million or 90.39 percent is restricted for use towards programs and projects authorized in the Measure B 1986 and 2000 TEPs and congestion management projects.

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

Statement of Net Assets June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Cash and investments	\$ 283,246,488	\$ 298,170,661
Receivables		
Sales tax receivables	18,367,599	17,546,201
Interest	90,270	110,889
Other	25,619,435	45,242,786
Land held for resale	4,068,000	4,243,000
Prepaid and other assets	213,093	103,193
Capital assets		
Furniture and equipment (net of accumulated depreciation)	110,699	264,436
Total assets	\$ 331,715,584	\$ 365,681,166
Accounts payable & accrued liabilities	\$ 64,074,400	\$ 70,856,307
Deferred revenue	26,420,220	31,455,871
Net OPEB obligation	27,915	75,863
Total liabilities	90,522,535	102,388,041
Net assets:		
Invested in capital assets	110,699	264,436
Restricted for:		
Transportation projects/programs	218,026,143	246,774,719
Unrestricted	23,056,207	16,253,970
Total net assets	241,193,049	263,293,125
Total liabilities and net assets	\$ 331,715,584	\$ 365,681,166

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

Change in Net Assets

Total revenues during fiscal year 2012 were \$170.4 million, an increase of \$7.6 million or 4.7 percent over fiscal year 2011. This increase can be attributed to an increase in sales tax revenue collections. Total revenues in fiscal year 2011 were \$162.8 million, a decrease from fiscal year 2010 of \$4.5 million or 2.7 percent. This decrease is mostly related to a delay in some projects activity due to the availability of funds. Total Expenses during fiscal year 2012 were \$192.5 million, a decrease of \$19.0 million or 9.0 percent from fiscal year 2011. This decrease is related to a change in the methodology used for capital project accruals during fiscal year 2011. Total expenses in fiscal year 2011 were \$211.5 million, an increase of \$3.2 million over fiscal year 2010.

The following are changes in key activities during fiscal year 2012:

- Operating grants and contributions for fiscal year 2012 are \$22.6 million, an increase of \$8.8 million or 63.3 percent over fiscal year 2011. This change is primarily related to collections beginning on the new VRF Fund.
- Capital grants and contributions for fiscal year 2012 are \$32.5 million, a decrease of \$6.6 million or 16.9 percent from fiscal year 2011. This change is due to the changing phases and schedule of congestion management capital projects.
- Sales tax revenues for fiscal year 2012 are \$112.6 million, an increase of \$7.2 million or 6.8 percent over fiscal year 2011.
- Administration expenses for fiscal year 2012 are \$11.3 million, a decrease of \$0.4 million or 3.2 percent from fiscal year 2011.
- Transportation improvement costs for fiscal year 2012 are \$135.1 million, a decrease of \$26.6 million or 16.5 percent. This decrease is due to a change in methodology used to accrue transportation improvement expenses in fiscal year 2011.
- Congestion management expenses for fiscal year 2012 are \$46.1 million, an increase of \$8.0 million or 20.9 percent over fiscal year 2011. This increase is attributable to the implementation of pass through funding to the cities and the County of Alameda for the VRF program in fiscal year 2012.

During fiscal year 2012, expenses exceeded revenues by \$22.1 million resulting in a decrease to net assets which were \$241.2 million as of June 30, 2012. In fiscal year 2011, expenses exceeded revenues by \$48.7 million, resulting in a decrease to net assets which were \$263.3 million as of June 30, 2011.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

**Changes in Net Assets
June 30, 2012 and 2011**

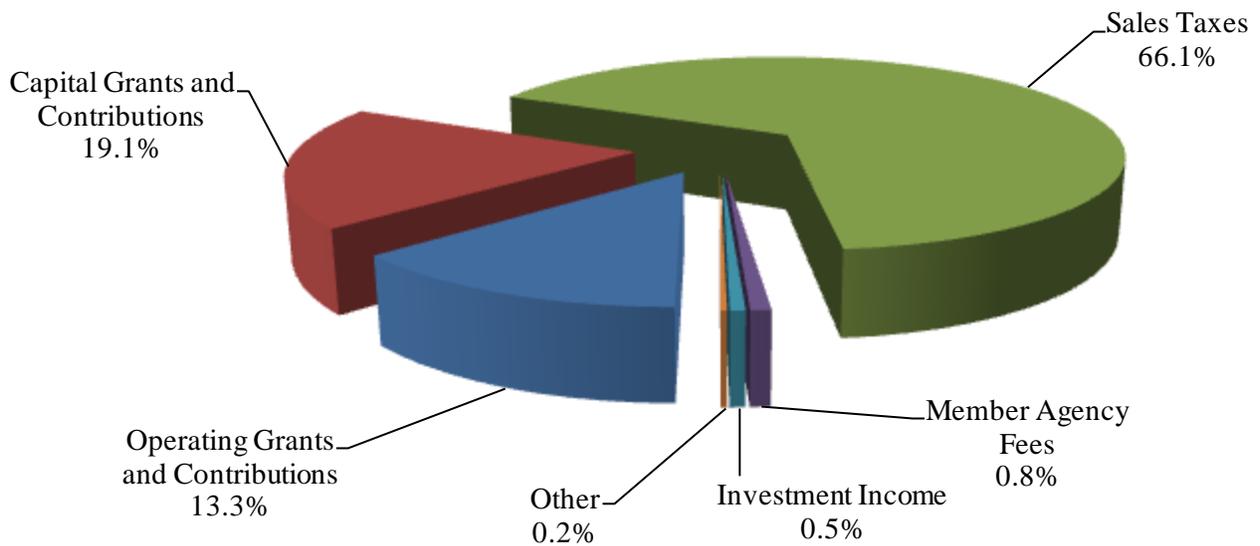
	Governmental Activities	
	2012	2011
Revenues		
Program revenues:		
Operating grants and contributions	\$ 22,634,296	\$ 13,857,159
Capital grants and contributions	32,521,003	39,150,777
General revenues:		
Sales taxes	112,568,093	105,393,811
Member agency fees	1,315,867	1,095,338
Investment income	956,225	3,313,241
Other	412,178	15,251
Total revenues	<u>170,407,662</u>	<u>162,825,577</u>
Expenses		
Administration	11,338,750	11,708,432
Transportation improvements	135,067,898	161,682,802
Congestion management	46,101,090	38,129,606
Total expenses	<u>192,507,738</u>	<u>211,520,840</u>
Change in net assets	(22,100,076)	(48,695,263)
Net assets, beginning of year	263,293,125	311,988,388
Net assets, end of year	<u>\$ 241,193,049</u>	<u>\$ 263,293,125</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

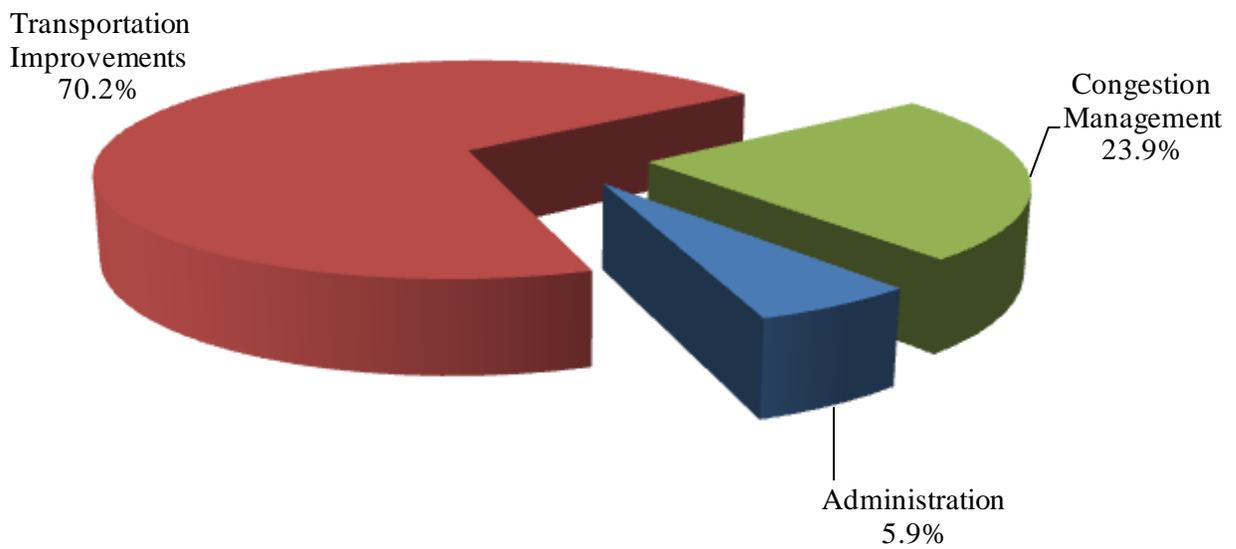
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Revenues



Expenses



ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

Governmental Funds Financial Analysis

The Commission uses fund accounting to ensure compliance with finance-related legal requirements. Governmental funds include the General Fund, ACTIA Special Revenue Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund, ACCMA Capital Projects Fund and the nonmajor funds including: the Exchange Fund, Transportation for Clean Air Fund, and Vehicle Registration Fee Fund.

As of June 30, 2012, the Commission had \$241.1 million of fund balance in the governmental funds: \$18.3 million in the General Fund, \$9.3 million in the ACTIA Special Revenue Fund, \$58.7 million in the ACTIA Capital Projects Fund, \$141.5 million in the ACTA Capital Projects Fund and \$13.3 million in the nonmajor governmental funds. This is a decrease from June 30, 2011 of \$45.6 million or 15.9 percent. This decrease is due to public transit and highways and streets related expenditures in the ACTIA and ACTA Capital Projects Funds. Construction on ACTA capital projects will continue until projects are completed. However, as of March 31, 2002 when the 1986 Measure B expired, this fund is no longer eligible to receive sales tax revenues.

For the period July 1, 2011 through June 30, 2012, the Commission had \$180.4 million of revenues in the governmental funds: \$11.0 million in the General Fund, \$64.5 million in the ACTIA Special Revenue Fund, \$53.6 million in the ACTIA Capital Projects Fund, \$0.6 million in the ACTA Capital Projects Fund, \$32.6 million in the ACCMA Capital Projects Fund, \$18.9 million in the nonmajor governmental funds less \$0.8 million of inter-fund revenues which have been eliminated on a consolidated basis. This is an increase over June 30, 2011 of \$37.7 million or 26.4 percent. This increase is mostly due to collections beginning on the Vehicle Registration Fee Fund and an increase in Sales Tax Revenues.

For the period July 1, 2011 through June 30, 2012, the Commission had \$226.0 million of expenditures in the governmental funds: \$9.3 million in the General Fund, \$65.1 million in the ACTIA Special Revenue Fund, \$81.4 million in the ACTIA Capital Projects Fund, \$23.7 million in the ACTA Capital Projects Fund, \$32.2 million in the ACCMA Capital Projects Fund, \$15.1 million in the nonmajor governmental funds less \$0.8 million of inter-fund expenditures which have been eliminated on a consolidated basis. This is an increase of \$48.1 million or 27.0 percent over June 30, 2011. This increase is primarily due to ACTIA Capital Projects Fund expenditures for public transit projects.

As of June 30, 2012, the Commission had \$331.5 million of assets in the governmental funds: \$30.4 million in the General Fund, \$20.5 million in the ACTIA Special Revenue Fund, \$93.5 million in the ACTIA Capital Projects Fund, \$150.2 million in the ACTA Capital Projects Fund, \$36.2 million in the ACCMA Capital Projects Fund, \$29.4 million in the nonmajor governmental funds less \$28.8 million of assets which have been eliminated on a consolidated basis. This is a decrease of \$23.3 million or 6.6 percent from June 30, 2011. This decrease is mostly attributed to a decrease of cash and investments in the ACTA Capital Projects Fund as it continues to fund projects while no longer collecting sales tax revenues.

As of June 30, 2012, the Commission had \$90.3 million of liabilities in the governmental funds: \$12.1 million in the General Fund, \$11.2 million in the ACTIA Special Revenue Fund, \$34.7 million in the ACTIA Capital Projects Fund, \$8.7 million in the ACTA Capital Projects Fund, \$36.2 million in the ACCMA Capital Projects Fund, \$16.1 million in the nonmajor governmental funds less \$28.8 million of liabilities which have been eliminated on a consolidated basis. This is an increase of \$22.2 million or 32.6 percent over June 30, 2011. This increase is mostly related to a change in methodology used to accrue ACTIA Capital Project expenditures in fiscal year 2011.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2012

Fiduciary Fund

The Commission has a fiduciary fund which is a trust designed to accumulate assets to fund post-employment benefits other than pension for retirees. These funds are excluded from the government-wide financial statements because they do not represent resources of the Commission. As of June 30, 2012, net assets in the trust were \$0.9 million.

Capital Assets

As of June 30, 2012, the Commission had \$110,699 invested in capital assets, including furniture and equipment and leasehold improvements. There were no capital asset additions or dispositions during the period July 1, 2011 through June 30, 2012.

Capital Assets
(net of accumulated depreciation and amortization)
As of June 30, 2012 and 2011

	2012	2011
Furniture and equipment (net of accumulated depreciation)	\$ 66,464	\$ 154,137
Leasehold improvements (net of accumulated amortization)	44,235	110,299
Total	<u>\$ 110,699</u>	<u>\$ 264,436</u>

Comparison of Budget to Actual

General Fund - The Commission began the fiscal year with an adopted revenue budget of \$11.6 million and an expenditures budget of \$9.7 million resulting in a surplus in the General Fund balance of \$1.9 million. In the final adopted budget, the revenue budget was revised to \$13.1 million and the expenditure budget was revised to \$11.7 million resulting in a surplus in the General Fund of \$1.4 million. The adjustments were mostly related to an increase in sales tax revenues and an increase in planned efforts to complete the Countywide Transportation Plan.

Actual revenues from sales tax, project revenues, member agency fees, investment income and other were \$11.4 million which is less than final budget by \$1.7 million or 12.7 percent and actual administrative expenditures were \$9.3 million which is less than final budget by \$2.3 million or 19.9 percent. These variances are mostly 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 budgetary difference, with the revenues variance more than the expenditure variance, is because overhead recovery amounts are included as General Fund revenues in the budget. 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 Commission for the cost of administering planning and programming activities.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

ACTIA Special Revenue Fund – The Commission began the fiscal year with an adopted revenue budget of \$59.5 million and an expenditure budget of \$60.8 million resulting in a reduction in the ACTIA Special Revenue Fund balance of \$1.3 million. In the final adopted budget, the revenue budget was revised to \$62.9 million and the expenditure budget was revised to \$66.7 million resulting in a reduction in the ACTIA Special Revenue Fund balance of \$3.8 million. The adjustments were mostly related to an increase in sales tax revenues and the related pass through expenditures.

Actual revenues from sales tax, project revenues and investment income were \$64.5 million which is more than final budget by \$1.5 million or 2.4 percent and actual expenditures were \$65.1 million which is less than final budget by \$1.6 million or 2.3 percent. These variances are correlated because the bulk of the expenditures in this fund are directly passed through to the cities and County of Alameda at a predetermined calculation based on the Transportation Expenditure Plan.

Other Significant Matters

2012 Transportation Expenditure Plan – On November 6, 2012, the Commission placed Measure B1 on the ballot for Alameda County. Measure B1, a sales tax measure that would augment and extend the county's existing half-cent transportation sales tax, is supported by the 2012 Transportation Expenditure Plan (2012 TEP). Because it was a special tax, Measure B1 required two-thirds or 66.67 percent voter approval to pass. Alameda County voters came out in strong support of Measure B1. However when all the votes were counted the measure received 66.53 percent approval of the Alameda County voters, just 0.14 percent short of passing. Since the margin was so slight, the Commission engaged the county registrar's office in the recounting process. The Commission was hoping that it would still have the opportunity to provide Alameda County with \$7.8 billion in funding over the next 30 years to increase mobility, create jobs, reduce congestion and protect the environment. The 2012 TEP responded to the many transportation needs in Alameda County by providing details of how the funds would have been used to restore and expand transit services, fix potholes and reduce highway congestion, expand bicycle and pedestrian access and connect transit with housing and jobs. The recounting process was discontinued after only one day when the initial results of the recounting process did not produce enough positive votes within the sample to change the outcome of the election.

Sunol Smart Carpool Lane - A Joint Powers Agreement (Agreement) between the Commission's former agencies, ACTIA and ACCMA, and the Santa Clara Valley Transportation Authority established the Sunol Smart Carpool Lane (Lane), which created the Sunol Smart Carpool Lane Joint Powers Authority (Authority). The Agreement named the Commission 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 Commission agreed to cover the cost of operations on behalf of the Authority via its capital project program 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 in the near future.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Vehicle Registration Fee - In November 2010, a majority (62.8 percent) of Alameda County voters approved Measure F to fund transportation related programs and projects. Measure F added \$10 to all motor vehicle registration fees collected by the Department of Motor Vehicles in Alameda County. The Expenditure Plan approved with the measure allocates revenue from the VRF to transportation-related programs and projects that must have a relationship or benefit to the persons who pay the fee and also must sustain the County's transportation network and reduce 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 Expenditure Plan in the following manner:

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

Countywide Transportation Plan - One key project for the Commission during the fiscal year has been 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. The Commission engaged 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 percent GHG reduction by 2020, and a 15 percent 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 Alameda CTC'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 TRANSPORTATION COMMISSION

STATEMENT OF NET ASSETS JUNE 30, 2012

ASSETS

Cash and investments	\$ 283,246,488
Sales tax receivable	18,367,599
Interest receivable	90,270
Other receivable	25,619,435
Land held for resale	4,068,000
Prepays and other assets	213,093
Capital assets, net of accumulated depreciation	110,699
Total Assets	<u>331,715,584</u>

LIABILITIES

Accounts payable and accrued liabilities	64,074,400
Deferred revenue	26,420,220
Net OPEB obligation - due in more than one year	27,915
Total Liabilities	<u>90,522,535</u>

NET ASSETS

Invested in capital assets	110,699
Restricted	218,026,143
Unrestricted	23,056,207
Total Net Assets	<u>\$ 241,193,049</u>

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets Total Governmental Activities
Governmental Activities:				
Administration	\$ 11,338,750	\$ -	\$ -	\$ (11,338,750)
Transportation improvement	135,067,898	20,343	81,048	(134,966,507)
Congestion management	46,101,090	22,613,953	32,439,955	8,952,818
Total Governmental Activities	\$ 192,507,738	\$ 22,634,296	\$ 32,521,003	(137,352,439)
General revenues and subventions				
Sales tax				112,568,093
Member agency fees				1,315,867
Interest and investment earnings				956,225
Other revenues				412,178
Subtotal, general revenues				115,252,363
Change in Net Assets				(22,100,076)
Net Assets - Beginning				263,293,125
Net Assets - Ending				\$ 241,193,049

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012**

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
ASSETS			
Cash and investments	\$ 21,244,974	\$ 9,954,086	\$ 86,061,917
Sales tax receivable	826,542	10,507,093	7,033,964
Interest receivable	1,104	-	43,517
Other receivable	3,138,968	21,218	312,516
Due from other funds	5,018,122	-	-
Land held for sale	-	-	-
Prepays and other assets	202,801	-	-
Total Assets	\$ 30,432,511	\$ 20,482,397	\$ 93,451,914
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,286,715	\$ 11,230,141	\$ 34,705,001
Due to other funds	10,824,395	-	-
Deferred revenue	-	-	-
Total Liabilities	12,111,110	11,230,141	34,705,001
Fund Balances			
Restricted			
ACTIA special revenue	-	9,252,256	-
Capital projects	-	-	58,746,913
Transportation for clean air	-	-	-
Vehicle registration fee	-	-	-
Assigned	-	-	-
Unassigned	18,321,401	-	-
Total Fund Balances	18,321,401	9,252,256	58,746,913
Total Liabilities and Fund Balances	\$ 30,432,511	\$ 20,482,397	\$ 93,451,914

The accompanying notes are an integral part of these financial statements.

ACTA Capital Projects Fund	ACCMA Capital Projects Fund	Nonmajor Governmental Funds	Inter-Fund Eliminations	Total Governmental Funds
\$ 136,090,694	\$ 14,028,344	\$ 15,866,473	\$ -	\$ 283,246,488
-	-	-	-	18,367,599
16,454	16,343	12,852	-	90,270
33,953	22,180,266	3,141,771	(3,361,655)	25,467,037
10,000,000	-	10,385,900	(25,404,022)	-
4,068,000	-	-	-	4,068,000
10,292	-	-	-	213,093
<u>\$ 150,219,393</u>	<u>\$ 36,224,953</u>	<u>\$ 29,406,996</u>	<u>\$ (28,765,677)</u>	<u>\$ 331,452,487</u>
\$ 3,718,959	\$ 9,676,945	\$ 6,818,294	\$ (3,361,655)	\$ 64,074,400
5,018,122	9,561,505	-	(25,404,022)	-
-	16,986,503	9,281,319	-	26,267,822
<u>8,737,081</u>	<u>36,224,953</u>	<u>16,099,613</u>	<u>(28,765,677)</u>	<u>90,342,222</u>
-	-	-	-	9,252,256
141,482,312	-	-	-	200,229,225
-	-	3,387,914	-	3,387,914
-	-	5,156,748	-	5,156,748
-	-	4,762,721	-	4,762,721
-	-	-	-	18,321,401
<u>141,482,312</u>	<u>-</u>	<u>13,307,383</u>	<u>-</u>	<u>241,110,265</u>
<u>\$ 150,219,393</u>	<u>\$ 36,224,953</u>	<u>\$ 29,406,996</u>	<u>\$ (28,765,677)</u>	<u>\$ 331,452,487</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2012

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

Fund Balances on governmental funds Balance Sheet	\$ 241,110,265
Certain long-term receivables are recognized on the Statement of Net Assets, but because these receivables are not available as current resources, they are not recognized on the governmental funds' balance sheet.	152,398
Certain deferrals of revenue are recognized on the Statement of Net Assets, but because these deferrals of revenues are not available as current resources, they are not recognized on the governmental funds' balance sheet.	(152,398)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	110,699
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of the Net OPEB Obligation.	(27,915)
Net Assets on Statement of Net Assets	<u>\$ 241,193,049</u>

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
REVENUES			
Sales tax	\$ 5,065,564	\$ 64,394,013	\$ 43,108,516
Project revenue	4,531,006	20,343	10,047,094
Member agency fees	1,315,867	-	-
Vehicle registration fees	-	-	-
Investment income	31,640	41,226	180,943
Other income	96,334	-	294,291
Total Revenues	11,040,411	64,455,582	53,630,844
EXPENDITURES			
Administrative			
Salaries and benefits	3,539,438	91,689	54,470
Office rent	798,776	-	-
Professional services	1,558,181	842,386	-
Planning and programming	2,484,552	-	-
Other	955,977	342	2,791
Transportation improvements			
Highways and streets	-	-	16,740,345
Public transit	-	34,540,732	57,440,503
Local transportation	-	29,654,819	7,122,315
Congestion management	-	-	-
Total Expenditures	9,336,924	65,129,968	81,360,424
OTHER FINANCING SOURCES (USES)			
Operating Transfer In	363,944	-	-
Operating Transfer Out	-	-	-
Total Other Financing Sources (uses)	363,944	-	-
NET CHANGE IN FUND BALANCES	2,067,431	(674,386)	(27,729,580)
Fund Balances - Beginning	16,253,970	9,926,642	86,476,493
Fund Balances - Ending	\$ 18,321,401	\$ 9,252,256	\$ 58,746,913

The accompanying notes are an integral part of these financial statements.

ACTA Capital Projects Fund	ACCMA Capital Projects Fund	Nonmajor Governmental Funds	Inter-Fund Eliminations	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 112,568,093
33,954	32,501,104	6,628,590	(848,918)	52,913,173
-	-	-	-	1,315,867
-	-	12,242,126	-	12,242,126
594,342	55,457	52,617	-	956,225
21,553	-	-	-	412,178
<u>649,849</u>	<u>32,556,561</u>	<u>18,923,333</u>	<u>(848,918)</u>	<u>180,407,662</u>
278,619	227,102	-	-	4,191,318
114,112	-	-	-	912,888
128,039	-	-	-	2,528,606
-	-	-	-	2,484,552
117,308	-	108,449	-	1,184,867
23,060,693	-	-	-	39,801,038
-	-	-	-	91,981,235
-	-	-	-	36,777,134
-	31,965,515	14,984,493	(848,918)	46,101,090
<u>23,698,771</u>	<u>32,192,617</u>	<u>15,092,942</u>	<u>(848,918)</u>	<u>225,962,728</u>
-	-	-	(363,944)	-
-	(363,944)	-	363,944	-
-	(363,944)	-	-	-
(23,048,922)	-	3,830,391	-	(45,555,066)
164,531,234	-	9,476,992	-	286,665,331
<u>\$ 141,482,312</u>	<u>\$ -</u>	<u>\$ 13,307,383</u>	<u>\$ -</u>	<u>\$ 241,110,265</u>

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

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	\$ (45,555,066)
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measureable and available. On the government-wide financial statements, revenues are recorded when earned, regardless of the timing of related cash flows. The government-wide financial statements recognized this revenue in the previous fiscal year.	(10,000,000)
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Statement of Activities recognized this expense in the previous fiscal year.	33,560,779
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures, however for governmental activities those costs are capitalized in the Statement of Net Assets and allocated over the estimated useful life of the asset as depreciation.	(153,737)
In the Statement of Activities, other postemployment benefits are measured by the annual required contribution of the employer. In the governmental funds, expenditures for postemployment benefits are measured by the amount actually contributed. The difference between the annual required contribution and the amount contributed is reported in the Statement of Activities.	47,948
Change in Net Assets on Statement of Activities	<u><u>\$ (22,100,076)</u></u>

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FIDUCIARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Retiree Benefits Trust Fund
ASSETS	
Deposits and investments	\$ 910,372
NET ASSETS	
Held in trust for OPEB benefits	\$ 910,372

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FIDUCIARY FUND

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	Retiree Benefits Trust Fund
ADDITIONS:	
Investments earnings	\$ 865
Contributions	14,724
Total Additions	<u> 15,589</u>
Net Assets- Beginning	894,783
Net Assets- Ending	<u><u> \$ 910,372</u></u>

The accompanying notes are an integral part of these financial statements.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 - REPORTING ENTITY

The Alameda County Transportation Authority (ACTA) was created by the approval of Measure B in November 1986. Measure B authorized the imposition of a one-half of one percent sales and use tax in the County. The proceeds are principally reserved for highway improvements, local transportation improvements, and transit funding in the County. The sales tax commenced April 1, 1987 and expired on March 31, 2002. ACTA was responsible for completing all of the projects in the expenditure plan adopted by voters, or to delegate this responsibility. Revenues from interest on the fund balance are estimated to cover all future administrative costs. ACTA was the sole independent Authority responsible for receiving and allocating funds from the 1986 Measure B necessary to complete the program.

The Alameda County Board of Supervisors created the Alameda County Transportation Improvement Authority (ACTIA) in 1998, to place a ballot measure to authorize the imposition of a one-half of one percent sales and use tax (the sales tax) in Alameda County before Alameda County voters in June 1998. This measure did not receive two-thirds voter support. A subsequent ballot measure was placed on the November 2000 ballot, and was approved by over two-thirds of the voters. The proceeds from the sales tax are principally reserved for highway infrastructure, mass transit, local transportation, and administrative costs. The sales tax commenced April 1, 2002 and will expire on March 31, 2022.

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). A Joint Powers Agreement dated February 20, 1991 between Alameda County, all fourteen cities in the County, and four transit operators (the Member Agencies) created the Alameda County Congestion Management Agency (ACCMA). The ACCMA was responsible for preparing, adopting, revising, amending, administering, and implementing the CMP and the Countywide Transportation Plan (CWTP) for Alameda County pursuant to §65088 at seq. of the Government Code, and providing other transportation planning and programming functions.

On March 25, 2010, ACTIA, ACCMA, 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. On June 24, 2010, the Boards of ACTIA and ACCMA created a joint powers agency, pursuant to the California Joint Exercise of Powers Act, known as the Alameda County Transportation Commission (the Commission). The Commission is the successor agency of ACCMA and ACTIA. On June 24, 2010, the ACTA Board adopted a resolution to transfer all of ACTA's assets, responsibilities, functions, and liabilities to ACTIA, effective on July 1, 2010. ACTA was dissolved and extinguished effective July 1, 2010, following the transfer.

On February 29, 2012, at a joint meeting, the ACTIA and the ACCMA Boards of Directors adopted a resolution to transfer all of ACTIA's and ACCMA's assets, responsibilities, functions, and liabilities to the Commission effective March 1, 2012.

The Commission's mission is to plan, fund and deliver a broad spectrum of transportation projects and programs to enhance mobility throughout Alameda County. Each of the projects and programs sponsored by the Commission is funded through one or more federal, state, or local sources. The Commission is reimbursed from grants as eligible program or project implementation costs are incurred. Administrative and staff costs associated with implementing the legislatively mandated activities, such as the Congestion Management Program and the Countywide Transportation Plan, as well as the programming of federal and state transportation funds through the California Department of Transportation (Caltrans) and the California Transportation Commission are met through planning and programming grants from the Metropolitan Transportation Commission and Caltrans, member agency annual dues and other local funding sources.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

The Commission is governed by a twenty-two member Board of Directors made up of five members of the Alameda County Board of Supervisors, two members representing the City of Oakland, one member representing the City of Fremont, one member representing the City of Hayward, 11 members each representing one of the other 11 cities in Alameda County, one member representing the Bay Area Rapid Transit District and one member representing Alameda-Contra Costa Transit District. Four community advisory committees including the Bicycle and Pedestrian Advisory Committee, Citizens Advisory Committee, Citizens Watchdog Committee and Paratransit Advisory and Planning Committee extend the Commission's work and the Alameda County Technical Advisory Committee will continue to provide technical feedback to the Commission.

These financial statements present the results of financial operations of the Commission as of June 30, 2012 and for the fiscal year then ended. The financial statements consider transactions of ACTIA and ACCMA through February 29, 2012, the official termination date of those agencies, as if they were the Commission's financial transactions in compliance with Accounting Principles Board (APB) Opinion No. 16.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all activities of the Commission. The effect of inter-fund activity is 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. Sales tax revenues are recorded when the tax is due from the State Board of Equalization. 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 Commission's primary functions. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements. Interest and other revenues not included in program revenues are reported as general revenues.

The Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balances, are reported in separate columns in the fund financial statements. Nonmajor funds are summarized and presented in one column of the fund financial statements.

The Commission uses the following funds:

General Fund—The General Fund is the general operating fund of the Commission. Its purpose is to account for all financial resources and transactions not accounted for in another fund. Included in the General Fund is a subfund that accounts for the administration costs related to the 2000 Measure B Sales Tax Program (Measure B), which is limited to 4.5 percent of net revenues. Administration costs include salaries, benefits, professional fees, rent expense, office supplies and equipment, utilities, and other costs that cannot be specifically identified with another fund. Administrative salaries and benefits in support of the 2000 Transportation Expenditure Plan are limited by Measure B to one percent of sales tax revenues. Revenues in excess of administrative expenditures in any one year are reserved for future administrative costs.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Special Revenue Fund - Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

ACTIA Special Revenue Fund—The ACTIA Special Revenue Fund accounts for resources accumulated as required by Measure B for restricted allocation to local cities and the County for local transportation improvements, streets and roads, and to transit agencies for operations and maintenance.

Nonmajor Vehicle Registration Fee Fund—The Vehicle Registration Fee Fund accounts for the November 2010, Measure F Vehicle Registration Fee (VRF) Program. Collection of the \$10 per year, per vehicle registration fee started in the first week of May 2011. The goal of the VRF program is to sustain the County’s transportation network and reduce traffic congestion and vehicle related pollution.

Nonmajor Transportation for Clean Air Fund—Alameda County has a four-dollar per vehicle registration fee to support projects of the Bay Area Air Quality Management District (BAAQMD). Of the total collections, BAAQMD passes 40 percent of the proceeds to the Commission which is tasked with programming those revenues for various projects within Alameda County. The Transportation for Clean Air Fund accounts for this activity.

Capital Project Funds

Capital Project funds are used to account for and report financial resources that are restricted, committed, or assigned to the acquisition, or construction of major capital construction and other capital assets. The Commission uses the following capital projects funds:

ACTIA Capital Projects Fund—The ACTIA Capital Projects Fund accounts for resources accumulated and payments made for the acquisition or construction of major capital improvements in accordance with the Alameda County 2000 Measure B 20-Year Transportation Expenditure Plan.

ACTA Capital Projects Fund—The ACTA Capital Projects Fund accounts for the construction of major capital improvements in accordance with the 1986 Measure B Transportation Expenditure Plan.

ACCMA Capital Projects Funds—The ACCMA Capital Projects Fund accounts for the proceeds and expenditures related to the construction of capital improvement projects. These projects are implemented to reduce congestion or improve mobility in Alameda County.

Nonmajor Exchange Fund—The Exchange Fund is a capital projects fund accounting for the proceeds and expenditures of the Commission’s Exchange Program, which is described in more detail in Note 5.

The Commission does not retain ownership of the assets produced in relation to capital improvements to which it provides funding through its Capital Project Funds. The assets are transferred to the sponsor or managing jurisdiction upon completion.

Fiduciary Fund

Fiduciary Funds are trust funds used to account for the assets held by the Commission under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Commission’s programs. The Commission’s Fiduciary Fund is a trust fund which accounts for retiree medical

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

benefits and allocated resources to provide medical benefits for retirees. The Fiduciary Fund reporting focuses on net assets and changes in net assets.

Measurement Focus and Basis of Accounting

The Commission's governmental 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 that they are collectible within the current period or soon thereafter to pay current liabilities. The Commission considers revenues 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 Statement of Revenues, Expenditures, and Change in Fund Balances presents sources and uses of available resources during a given period. Sales tax revenue, 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 in the current reporting period using the modified accrual basis of accounting.

Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the Commission.

Net Assets

Net assets are reported on the government-wide statement of net assets in the following categories:

Invested in capital assets-- This category includes all capital assets net of accumulated depreciation. The Commission has no capital related debt.

Restricted net assets-- This category represents assets with 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 Commission that are not restricted for any project or other purpose.

Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the classification of fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Commission prioritizes and expends funds in the following order: Restricted,

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint. The three classifications are discussed in more detail below:

Restricted – The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Assigned – The assigned fund balance classification reflects amounts that the Commission intends to be used for specific purposes. Assignments may be established either by the governing body or by a designee of the governing body, and are not subject to the restricted or the committed levels of constraint.

Unassigned – In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

Restricted and assigned fund balances are required to be used for transportation related projects and programs designed to reduce congestion or improve mobility in Alameda County.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the Commission considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed, unless the governing board has directed otherwise in its commitment or assignment actions.

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 that 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.

Budget

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The Commission annually adopts a budget for all of its governmental funds using the modified accrual basis of accounting for the following fiscal year. The Commission may approve budget modifications during the year as needed. Expenditures that exceed the total approved budget by fund are not permitted without Board approval.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

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The Executive Director is authorized to approve expenditures in excess of budgeted line items as long as the total expenditure budget within each of the governmental funds is not overspent. Appropriation authority lapses at the end of the fiscal year on the General, Special Revenue and the Exchange Funds.

Beginning with the FY2011-12 budget, the Commission adopts a rolling Capital Projects Fund budget. Any unutilized capital project budget authority on a specific project is rolled to the next fiscal year. The Commission adopts increases as requested to the capital budget by individual project with the annual budget and may approve modifications during the year as needed. The Executive Director or his designee approves reimbursements to project sponsors, and reimbursements are not to exceed contract and strategic plan limits.

Compensated Absences

The Commission's policy permits employees to accumulate up to 10 weeks of accrued vacation from year to year depending on the number of years they have been employed by the Commission or its predecessor agencies. The accrual for compensated absences as of June 30, 2012 is \$208,664. The Commission is not obligated to pay for unused sick leave if an employee terminates employment prior to retirement or prior to when the Commission ceases operations.

NOTE 3 - CASH AND INVESTMENTS

Deposits and investments at June 30, 2012 consist of the following:

Governmental Activities	\$ 283,246,488
Fiduciary Funds	910,372
Total Deposits	<u>\$ 284,156,860</u>

Investment in the State Investment Pool— The Commission is a voluntary participant in the Local Agency Investment Fund (LAIF) which is regulated by California government code §16429 under the oversight of the Treasurer of the State of California. The fair value of the Commission's investments in the pool is reported in the accompanying financial statement at amounts based upon the Commission's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

The Commission mitigates the risk of investment loss as follows:

Credit Risk— Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Commission's investments in the LAIF are not rated as of June 30, 2012. Investment ratings as determined by S&P are as follows:

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Investment Type	AAA	AA+	AA-	A-1+
U.S. Agency Securities	\$ -	\$ 93,720,095	\$ -	\$ 1,499,206
U.S. Treasury Bonds	-	41,715,733	-	-
Commercial Paper	-	-	-	13,418,295
Corporate Notes	-	6,146,888	158,430	-
Money Market Mutual Funds	15,794,564	-	-	-
Certificates of Deposits	-	-	-	1,351,446
LAIF	-	-	-	-
Total Investments	\$ 15,794,564	\$ 141,582,716	\$ 158,430	\$ 16,268,947
	A1	A+	Not Rated	Total
U.S. Agency Securities	\$ -	\$ -	\$ -	\$ 95,219,301
U.S. Treasury Bonds	-	-	-	41,715,733
Commercial Paper	9,389,770	-	-	22,808,065
Corporate Notes	-	2,600,697	-	8,906,015
Money Market Mutual Funds	-	-	-	15,794,564
Certificates of Deposits	-	-	-	1,351,446
LAIF	-	-	91,604,098	91,604,098
Total Investments	\$ 9,389,770	\$ 2,600,697	91,604,098	277,399,222
Cash in Bank			6,757,638	6,757,638
Total Cash and Investments			\$ 98,361,736	\$ 284,156,860

Custodial Credit Risk, Deposits— Custodial credit risk for deposits is the risk that, in the event of a bank failure, deposits may not be returned to the Commission. The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2012, a portion of the Commission’s bank balance, \$2,885,252, was exposed to custodial credit risk because it was uninsured. However, it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Commission.

Custodial Credit Risk, Investments— Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Custodial credit risk exposure is limited to \$107,398,662 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities.

Concentration of Credit Risk— Concentration of credit risk is the risk attributable to the magnitude of investments with any single issuer. The investment policy of the Commission, along with the California Government Code, contains no limitations on the amount that can be invested in any one issuer of a Federal agency security. The Commission has the following investments exceeding five percent of the total investments in each single issuer:

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 31,766,749
Federal Home Loan Mortgage Corp	Federal Agency Securities	20,745,820
Federal National Mortgage Association	Federal Agency Securities	17,916,584
Federal Farm Credit Bank	Federal Agency Securities	16,284,262

Interest Rate Risk— Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Commission’s investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of investments by maturity.

Investment Type	12 Months or less	13 to 24 Months	Total
U.S. Agency Securities	\$ 69,623,438	\$ 25,595,863	\$ 95,219,301
U.S. Treasury Bonds	37,647,381	4,068,352	41,715,733
Commercial Paper	22,808,065	-	22,808,065
Corporate Notes	8,906,015	-	8,906,015
Certificates of Deposits	1,351,446	-	1,351,446
Money Market Mutual Funds	15,794,564	-	15,794,564
State Investment Pool	91,604,098	-	91,604,098
Total Investments	247,735,007	29,664,215	277,399,222
Cash in Bank	6,757,638	-	6,757,638
Total Cash and Investments	\$ 254,492,645	\$ 29,664,215	\$ 284,156,860

As reported by the State Treasurer, the weighted average maturity of the LAIF was 270 days on June 30, 2012.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

General Authorizations— Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	10%	5%
Registered State Bonds, Notes, Warrants	5 years	10%	5%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	35%
Banker's Acceptance	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	3 years	30%	5%
Repurchase Agreements	90 days	20%	None
Medium-Term Corporate Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	5%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

NOTE 4 – CAPITAL ASSETS

Property and equipment costing \$5,000 or more is capitalized on 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; computer equipment, three years; and building improvements, remaining term of lease agreement.

Capital asset balances at June 30, 2012, and activity during the fiscal year were as follows:

	July 1, 2011	Additions	June 30, 2012
Capital assets being depreciated:			
Furniture, equipment and leasehold improvements	\$ 1,062,102	\$ -	\$ 1,062,102
Less accumulated depreciation for:			
Furniture, equipment and leasehold improvements	(797,666)	(153,737)	(951,403)
Capital assets, net of accumulated depreciation	<u>\$ 264,436</u>	<u>\$ (153,737)</u>	<u>\$ 110,699</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 5 – EXCHANGE PROGRAM

The Commission participates in a Local Funds Exchange Program for 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 Commission has entered into agreements with several local agencies to exchange State Transportation Improvement Program funds with the other government's local funding for various transportation projects. The revenues received 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.

The following is a list of the funds exchanged from other governments through June 30, 2012:

Alameda County Transportation Improvement Authority	\$ 2,300,000
Alameda-Contra Costa Transit District	35,060,514
Bay Area Rapid Transit	8,100,000
City of Berkeley	259,560
City of Dublin	4,230,000
City of Fremont	5,983,256
City of Livermore	4,580,000
City of Union City	9,314,000
Metropolitan Transportation Commission	675,000
San Joaquin Regional Rail Commission	432,445
Santa Clara Valley Transportation Authority	558,000
Total Exchanged Funds	<u>71,492,775</u>
Total expenditures incurred	
Period ended June 30, 2012	(4,692,866)
Previous years	<u>(57,366,192)</u>
Total deferred revenue - accrual basis	9,433,717
Less amount not yet collected	(152,398)
Total deferred revenue- modified accrual	<u><u>\$ 9,281,319</u></u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

NOTE 6 - EMPLOYEE RETIREMENT PLAN

Plan Description

The Commission participates in the Public Employees' Retirement Fund (the Fund) of the California Public Employees' Retirement System (CalPERS) miscellaneous 2.5 percent at 55 risk pool. All employees are eligible to participate in the fund. The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. Benefit provisions and all other requirements are established by state statute and Commission resolution. CalPERS issues a publicly available Comprehensive Annual Financial Report (CAFR). The CalPERS CAFR may be obtained by written request to the State of California's Public Employees' Retirement System at PO Box 942709, Sacramento, California 94229-2709 or <http://www.calpers.ca.gov>.

Funding Policy

The total payroll for the year ended June 30, 2012 was \$2,818,425, which is the approximate covered payroll for employees participating in the Fund. Employees have an obligation to contribute eight percent of their salary to the plan; however, the Commission contributed seven percent of this contribution on the employee's behalf through January 31 and five percent thereafter. The Commission is required to contribute the employer portion at an actuarially determined rate. The average rate for the year ended June 30, 2012 was 13.16 percent of covered payroll.

Annual Pension Cost

The annual pension cost was equal to the required contribution, which was determined as part of an actuarial valuation performed as of June 30, 2010 by CalPERS, using the entry age normal cost method. The significant actuarial assumptions used in the valuation were an assumed rate of return on investment assets of 7.75 percent, projected salary increases ranging from 3.25 percent to 14.45 percent, annual payroll growth of 3.25 percent and inflation of three percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term market value fluctuations over a fifteen-year period.

Three-year Trend Information

The following table shows required contributions and percentage contributed for the current reporting period and each of the preceding two years.

Fiscal Period Ended	(APC) Annual Pension Cost	Percentage of APC Contributions	Net Pension Obligation
June 30, 2012	\$ 511,783	100%	\$ -
June 30, 2011	655,105	100%	-
June 30, 2010	735,883	100%	-

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating Lease

The Commission has entered into operating lease agreements with CIM/Oakland 1333 Broadway LP through March 2014. These agreements do not contain purchase options. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payments
2013	\$ 861,242
2014	417,642
Total	<u>\$ 1,278,884</u>

The Commission has entered into sublease agreements for rental of facilities with Moffatt & Nichol (\$3,500 per month), Acumen Building Enterprise, Inc. (\$1,070 per month), Nelson\Nygaard Consulting Associates (\$745 per month), Rochelle Wheeler (\$417 per month), and L. Luster and Associates (\$274 per month) effective from July 1, 2011. These sublease agreements are month-to-month tenancy and are terminable for any reason whatsoever with 30 days written notice given at any time by either party.

Agreements with Engineering Firms

The Commission has entered into contracts with various private engineering firms to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, and construction management services. As of June 30, 2012, the total outstanding commitments (not paid or accrued) are \$13.9 million. The terms range from June 30, 2012, to up to five years (or acceptance of the phase of work, whichever is earlier).

Agreements with Project Sponsors

The Commission has entered into agreements with various project sponsors to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, construction management and equipment purchase services. As of June 30, 2012, the total outstanding commitments (not paid or accrued) are \$352.5 million. The terms range from June 30, 2012, to up to seven years (or acceptance of the phase of work, whichever is earlier).

Grants

The Commission receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position at June 30, 2012.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

Construction

The Commission has entered into contracts with various contractors for the construction phase of capital projects. As of June 30, 2012, the total outstanding commitments (not paid or accrued) are \$6.1 million. The terms range from June 30, 2012, through June 30, 2013 (or acceptance of the work, whichever is earlier).

Funding Agreements

Exchange Fund – The Commission has entered into Exchange agreements with several local governments to provide funding for transportation projects. As of June 30, 2012, the remaining project costs to be paid by the Commission totaled approximately \$34.2 million.

Capital Projects Fund - The Sunol Smart Carpool Lane Joint Powers Authority (Sunol JPA) is a joint powers authority, organized in February 2006 pursuant to a Joint Powers Agreement (Agreement) among the Commission (formerly the ACCMA and ACTIA) and the Santa Clara Valley Transportation Authority. The Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The Sunol JPA was formed to plan, design, construct, and 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 Sunol JPA was formed as a result of a planning study completed by the Commission and evolved into a capital project. The lane went into operations on September 20, 2010. The Commission was designated the managing agency for the Sunol JPA and has provided administrative, accounting and other support since its inception. The Commission has agreed to cover the costs of operations for the Sunol JPA during the ramp up and warranty period of operations as part of its original capital project through June 30, 2012. During the period of July 1, 2011 through June 30, 2012, the Commission incurred administrative and operating expenses on behalf of the Sunol JPA as follows:

Bay Area Toll Authority transaction fees	\$ 184,277
California Highway Patrol enforcement	80,632
Insurance	50,318
Alameda CTC staff time	38,996
Legal fees	30,323
Utilities	8,923
Financial Audit	8,915
Other	13,568
Total	<u>\$ 415,952</u>

Insurance

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

The following is a summary the Commission's insurance coverage:

Type of Coverage	Deductible	Coverage up to
Property liability	\$ 1,000	\$ 964,000 per occurrence
General liability	2,500	1,000,000 per occurrence
Fire legal liability	2,500	500,000 per occurrence
Medical legal liability	2,500	100,000 per occurrence
Workers' compensation	-	1,000,000 aggregate
Employment practices	35,000	2,000,000 per occurrence
Director & officers	25,000	2,000,000 per occurrence
Crime	75,000	10,000,000 per occurrence
Excess liability	-	4,000,000 aggregate

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

Litigation

The Commission is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Commission at June 30, 2012.

NOTE 8 – INTERFUND ACTIVITY

As of June 30, 2012, the General Fund's inter-fund liability due to the Exchange Fund of \$824,395 and the ACCMA Capital Projects Fund inter-fund liability due to the Exchange Fund of \$9,561,505 were the result of cash advances for capital project expenditures. This arrangement is necessary because ACCMA capital project funding is received on a reimbursement basis. These amounts will be repaid from revenue received from funding agencies as reimbursement is received for capital project expenditures.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

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In March 2011, the ACTA Capital Projects Fund agreed to loan the ACCMA General Fund up to \$25 million, if needed. The loan carries no interest and is repayable when the ACCMA General Fund is in a position to do so, which is expected to be during the fiscal year 2014-15. As of June 30, 2012, the ACCMA General Fund owed the ACTA Capital Projects Fund \$10 million.

As of June 30, 2012, the ACTA Capital Projects Fund owes the ACTIA General Fund \$5,018,122. This is due to the timing of transfers to the Alameda CTC consolidated cash account from which almost all invoices are currently disbursed. Initially the ACTIA General Fund transfers funds to cover all ACTIA related costs and receives reimbursement from the other ACTIA related funds.

The Commission also experiences inter-fund activity when one of the tax measures or congestion management fee programs managed by the Commission provides funding for a Commission sponsored congestion management project or program. As of June 30, 2012, the ACCMA General Fund, the ACCMA Capital Projects Fund and the Exchange Fund combined had revenues receivable totaling \$3,361,655 due and net revenues reported of \$848,918 from the various Commission managed tax measures or congestion management fee programs. The various Funds providing the funding have recorded all receipts as revenues, and receivables if not yet received, and all funding requirements as expenditures, and payables if not yet paid.

All inter-fund activity has been included in the elimination column of the fund financial statements and eliminated from the government-wide financial statements.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Commission offers retiree health benefits under a Retiree Health Reimbursement Arrangement. Retirees are eligible for benefits if they retire from the Commission under CalPERS within 120 days of employment and have 10 years of credited service with CalPERS including at least five years with the Commission or its predecessor agencies. The Commission’s contributions are based on years of public service and the following formula: 50 percent after 10 years with an additional five percent for each additional year of service reaching a maximum of 100 percent after 20 years of service. The contribution maximum is based on the Kaiser Bay Area two-Party Basic Premium rate available through the CalPERS medical program. These benefit provisions were established and may be amended by the Commission. Contributions for retirees will never exceed the amount contributed on behalf of active employees. As of June 30, 2012, membership in the plan consisted of the following:

Retirees receiving benefits	10
Active plan members	<u>23</u>
Total	<u><u>33</u></u>

As part of the merger of the ACCMA and ACTIA, the Commission plans to consolidate the trusts of the two agencies which have been established to accumulate funds to provide lifetime healthcare benefits to retired employees and their eligible family members. However, as of June 30, 2012, these two trusts had not yet been consolidated. The ACCMA participated in the California Employers’ Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. The CERBT issues a publicly available financial report for this trust annually which may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 93811. The ACTIA established an OPEB trust fund which was

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

authorized under the Board Resolution 04-0054. The Commission reports the financial activity of the trust as a fiduciary fund within this financial report. A separate financial report is not prepared.

Annual Post Retirement Benefits Costs and Net Post Retirement Benefit

The annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 years. The funding policy of the Commission is to contribute the entire ARC on an annual basis. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Commission's net OPEB obligation:

Normal cost at year end	\$ 110,069
Amortization of UAAL	5,064
Annual required contribution (ARC)	<u>115,133</u>
Interest on prior year Net OPEB Obligation	6,449
Adjustment to ARC	<u>(5,733)</u>
Annual OPEB cost	115,849
Contributions made	<u>(163,797)</u>
Change in Net OPEB Obligation	(47,948)
Net OPEB Obligation - Beginning of Year	<u>75,863</u>
Net OPEB Obligation - End of Year	<u><u>\$ 27,915</u></u>

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2012	\$ 115,849	\$ 163,797	141%	\$ 27,915
June 30, 2011	163,418	142,759	87%	75,863
June 30, 2010	154,070	136,217	88%	55,204
June 30, 2009	109,342	90,000	82%	37,351
June 30, 2008	103,574	642,212	620%	17,779

Actuarial Methods and Assumptions

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.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

In the actuarial valuation as of June 30, 2012, the entry age normal cost method is used. The actuarial assumptions included a 7.61 percent investment rate of return; an annual healthcare cost trend rate varying from 7.0 percent in 2013 to 5.5 percent in 2019 and thereafter; and a 3.25 percent 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 remaining amortization period is 25 years.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2011	\$ 2,372,751	\$ 1,983,445	\$ 389,306	84%	\$3,800,930	10%
June 30, 2010	1,861,490	1,681,183	180,307	90%	3,781,605	5%
June 30, 2009	1,637,713	1,479,630	158,083	90%	3,943,624	4%
June 30, 2008	1,387,849	1,605,162	(217,313)	116%	3,727,116	-6%

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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.

During the current reporting period, the Commission received \$1,027,613 and expended \$319,726. The proceeds available for obligation at June 30, 2012 are \$791,867. The following table summarizes the activity during the year:

Prior year available proceeds	\$ 80,716
Additional grant received	1,027,613
Interest earned	3,264
Total revenues	<u>1,111,593</u>
Total expenditures	<u>(319,726)</u>
Total proceeds available	<u><u>\$ 791,867</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES- BUDGET AND ACTUAL- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts			Variance With Final Budget- Favorable (Unfavorable)
	Original	Final	Actual Amounts	
Revenues				
Sales tax	\$ 4,680,000	\$ 4,950,000	\$ 5,065,564	\$ 115,564
Project revenue	5,542,010	6,627,833	4,894,950	(1,732,883)
Member agency fees	1,315,867	1,315,867	1,315,867	-
Investment income	3,700	3,700	31,640	27,940
Other	80,203	165,500	96,334	(69,166)
Total revenues	<u>11,621,780</u>	<u>13,062,900</u>	<u>11,404,355</u>	<u>(1,658,545)</u>
Expenditures				
Administrative				
Salaries and benefits	3,133,077	3,179,560	3,539,438	(359,878)
Office rent	674,050	800,625	798,776	1,849
Professional services	959,603	1,180,373	1,558,181	(377,808)
Planning and programming	3,529,843	5,030,974	2,484,552	2,546,422
Other	1,411,230	1,466,270	955,977	510,293
Total Expenditures	<u>9,707,802</u>	<u>11,657,802</u>	<u>9,336,924</u>	<u>2,320,878</u>
Net change in fund balance	1,913,978	1,405,098	2,067,431	662,333
Fund Balance - Beginning	16,253,970	16,253,970	16,253,970	-
Fund Balance - Ending	<u>\$ 18,167,948</u>	<u>\$ 17,659,068</u>	<u>\$ 18,321,401</u>	<u>\$ 662,333</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES- BUDGET AND ACTUAL- ACTIA SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 59,492,630	\$ 62,924,949	\$ 64,394,013	\$ 1,469,064
Project revenue	-	-	20,343	20,343
Investment income	2,750	2,750	41,226	38,476
Total revenues	<u>59,492,630</u>	<u>62,924,949</u>	<u>64,455,582</u>	<u>1,527,883</u>
Expenditures				
Administrative				
Salaries and benefits	-	130,251	91,689	38,562
Professional services	1,304,672	1,042,598	842,386	200,212
Other	11,772	11,772	342	11,430
Transportation improvements	59,492,630	65,501,716	64,195,551	1,306,165
Total Expenditures	<u>60,809,074</u>	<u>66,686,337</u>	<u>65,129,968</u>	<u>1,556,369</u>
Net change in fund balance	(1,316,444)	(3,761,388)	(674,386)	(28,486)
Fund Balance - Beginning	9,926,642	9,926,642	9,926,642	-
Fund Balance - Ending	<u>\$ 8,610,198</u>	<u>\$ 6,165,254</u>	<u>\$ 9,252,256</u>	<u>\$ (28,486)</u>

SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Passed Through California Department of Transportation			
Highway Planning and Construction	20.205	Not available	
Center to Center			\$ 211,340
Congestion Management Program			202,544
Countywide Bicycle Plan			4,223
I-580 East Bound HOT Lane			101,155
ARRA - I-580 East Bound HOT Lane			470,034
I-580 West Bound HOT Lane			136,407
I-580 Interchange Improvements			13,309
I-680 South Bound SMART Carpool Lane			76,159
I-80 Gilman Interchange			87,464
I-80 Integrated Corridor Mobility			(182,746)
I-880 South Bound HOV Lane			611,742
I-880 North Safety Improvements			(432,439)
Grand MacArthur Corridor			(95)
Life Line Transportation			516
Programming Funding			348
Planning Funding			868,369
Safe Routes to School			850,269
Transportation and Land Use			177,347
Total Expenditures of Federal awards			<u>\$ 3,195,946</u>

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**GENERAL FUND
COMBINING SCHEDULE OF BALANCE SHEETS
JUNE 30, 2012**

	<u>ACTIA</u>	<u>ACCMA</u>	<u>Total General Fund</u>
ASSETS			
Cash and investments	\$ 12,559,587	\$ 8,685,387	\$ 21,244,974
Sales tax receivable	826,542	-	826,542
Interest receivable	-	1,104	1,104
Other receivable	274	3,138,694	3,138,968
Due from other funds	5,018,122	-	5,018,122
Prepays and other assets	161,632	41,169	202,801
Total Assets	<u>\$ 18,566,157</u>	<u>\$ 11,866,354</u>	<u>\$ 30,432,511</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 541,015	\$ 745,700	\$ 1,286,715
Loan payable	-	10,824,395	10,824,395
Total Liabilities	<u>541,015</u>	<u>11,570,095</u>	<u>12,111,110</u>
Fund Balances			
Unassigned	18,025,142	296,259	18,321,401
Total Liabilities and Fund Balances	<u>\$ 18,566,157</u>	<u>\$ 11,866,354</u>	<u>\$ 30,432,511</u>

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>ACTIA</u>	<u>ACCMA</u>	<u>Total General Fund</u>
REVENUES			
Sales tax	\$ 5,065,564	\$ -	\$ 5,065,564
Project revenue	-	4,531,006	4,531,006
Member agency fees	-	1,315,867	1,315,867
Investment income	48,851	(17,211)	31,640
Other income	64,659	31,675	96,334
Total Revenues	<u>5,179,074</u>	<u>5,861,337</u>	<u>11,040,411</u>
EXPENDITURES			
Administrative			
Salaries and benefits	1,011,475	2,527,963	3,539,438
Office rent	342,335	456,441	798,776
Professional services	1,274,284	283,897	1,558,181
Planning and programming	-	2,484,552	2,484,552
Other	530,269	425,708	955,977
Total Expenditures	<u>3,158,363</u>	<u>6,178,561</u>	<u>9,336,924</u>
OTHER FINANCING SOURCES			
Operating Transfer In	-	363,944	363,944
NET CHANGE IN FUND BALANCES	<u>2,020,711</u>	<u>46,720</u>	<u>2,067,431</u>
Fund Balances - Beginning	<u>16,004,431</u>	<u>249,539</u>	<u>16,253,970</u>
Fund Balances - Ending	<u>\$ 18,025,142</u>	<u>\$ 296,259</u>	<u>\$ 18,321,401</u>

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	<u>Exchange Fund</u>	<u>Transportation for Clean Air Fund</u>	<u>Vehicle Registration Fee Fund</u>	<u>Nonmajor Governmental Funds</u>
ASSETS				
Cash and investments	\$ 7,424,677	\$ 3,644,871	\$ 4,796,925	\$ 15,866,473
Interest receivable	6,114	2,831	3,907	12,852
Other receivable	108,108	900,000	2,133,663	3,141,771
Due from other funds	10,385,900	-	-	10,385,900
Total Assets	<u>\$ 17,924,799</u>	<u>\$ 4,547,702</u>	<u>\$ 6,934,495</u>	<u>\$ 29,406,996</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 3,880,759	\$ 1,159,788	\$ 1,777,747	\$ 6,818,294
Deferred revenue	9,281,319	-	-	9,281,319
Total Liabilities	<u>13,162,078</u>	<u>1,159,788</u>	<u>1,777,747</u>	<u>16,099,613</u>
Fund Balances				
Transportation for Clean Air	-	3,387,914	-	3,387,914
Vehicle Registration Fee	-	-	5,156,748	5,156,748
Assigned	4,762,721	-	-	4,762,721
Total Fund Balances	<u>4,762,721</u>	<u>3,387,914</u>	<u>5,156,748</u>	<u>13,307,383</u>
Total Liabilities and Fund Balances	<u>\$ 17,924,799</u>	<u>\$ 4,547,702</u>	<u>\$ 6,934,495</u>	<u>\$ 29,406,996</u>

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

	Exchange Fund	Transportation for Clean Air Fund	Vehicle Registration Fee Fund	Nonmajor Governmental Funds
REVENUES				
Project revenue	\$ 4,800,916	\$ 1,827,674	\$ -	\$ 6,628,590
Vehicle registration fees	-	-	12,242,126	12,242,126
Investment income	21,953	15,168	15,496	52,617
Total Revenues	4,822,869	1,842,842	12,257,622	18,923,333
EXPENDITURES				
Other administrative	104	97	108,248	108,449
Congestion management	4,692,762	2,367,124	7,924,607	14,984,493
Total Expenditures	4,692,866	2,367,221	8,032,855	15,092,942
NET CHANGE IN FUND BALANCES	130,003	(524,379)	4,224,767	3,830,391
Fund Balances - Beginning	4,632,718	3,912,293	931,981	9,476,992
Fund Balances - Ending	\$ 4,762,721	\$ 3,387,914	\$ 5,156,748	\$ 13,307,383

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**ACTIA COMBINING SCHEDULE OF BALANCE SHEETS OF THE SPECIAL
REVENUE FUND BY PROGRAM
JUNE 30, 2012**

	<u>Express Bus</u>	<u>Bike and Pedestrian</u>	<u>Passthrough</u>	<u>Transit Oriented Development</u>	<u>Paratransit</u>	<u>Total Special Revenue Subfunds</u>
ASSETS						
Cash and investments	\$ 2,050,720	\$ 4,526,216	\$ 265	\$ 986,827	\$ 2,390,058	\$ 9,954,086
Sales tax receivable	122,787	219,263	9,880,878	33,328	250,837	10,507,093
Other receivable	-	-	-	-	21,218	21,218
Total Assets	<u>\$ 2,173,507</u>	<u>\$ 4,745,479</u>	<u>\$ 9,881,143</u>	<u>\$ 1,020,155</u>	<u>\$ 2,662,113</u>	<u>\$ 20,482,397</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 235,571	\$ 529,065	\$ 9,880,878	\$ 97,022	\$ 487,605	\$ 11,230,141
Fund Balances						
Restricted	1,937,936	4,216,414	265	923,133	2,174,508	9,252,256
Total Liabilities and Fund Balances	<u>\$ 2,173,507</u>	<u>\$ 4,745,479</u>	<u>\$ 9,881,143</u>	<u>\$ 1,020,155</u>	<u>\$ 2,662,113</u>	<u>\$ 20,482,397</u>

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**ACTIA COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF THE SPECIAL REVENUE FUND BY
PROGRAM
FOR THE YEAR ENDED JUNE 30, 2012**

	Express Bus	Bike and Pedestrian	Passthrough	Transit Oriented Development	Paratransit	Total Special Revenue Subunds
REVENUES						
Sales tax	\$ 752,518	\$ 1,343,779	\$ 60,556,175	\$ 204,255	\$ 1,537,286	\$ 64,394,013
Project revenue	-	-	-	-	20,343	20,343
Investment income	8,474	18,777	-	4,421	9,554	41,226
Total Revenues	<u>760,992</u>	<u>1,362,556</u>	<u>60,556,175</u>	<u>208,676</u>	<u>1,567,183</u>	<u>64,455,582</u>
EXPENDITURES						
Administrative:						
Salaries and benefits	5,515	31,554	-	3,837	50,783	91,689
Professional services	33,779	389,085	-	22,925	396,597	842,386
Other	-	290	-	-	52	342
Transportation improvements:						
Public transit	744,593	-	32,508,765	-	1,287,374	34,540,732
Local transportation	-	1,115,179	28,047,409	492,231	-	29,654,819
Total Expenditures	<u>783,887</u>	<u>1,536,108</u>	<u>60,556,174</u>	<u>518,993</u>	<u>1,734,806</u>	<u>65,129,968</u>
NET CHANGE IN FUND BALANCES	(22,895)	(173,552)	1	(310,317)	(167,623)	(674,386)
Fund Balances - Beginning	<u>1,960,831</u>	<u>4,389,966</u>	<u>264</u>	<u>1,233,450</u>	<u>2,342,131</u>	<u>9,926,642</u>
Fund Balances - Ending	<u>\$ 1,937,936</u>	<u>\$ 4,216,414</u>	<u>\$ 265</u>	<u>\$ 923,133</u>	<u>\$ 2,174,508</u>	<u>\$ 9,252,256</u>

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2012

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Schedule of the General Fund Combining Balance Sheets and Combining Schedule of Revenues, Expenditures, and Change in Fund Balances

The Schedule of the General Fund Combining Balance Sheet and Combining Schedule of Revenues, Expenditures, and Change in Fund Balances is included to provide information regarding the breakout of activity between the former ACTIA and ACCMA general funds.

Nonmajor Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Change in Fund Balances

The Nonmajor Funds Combining Balance Sheets and the Nonmajor Funds Combining Statement of Revenues, Expenditures and Change in Fund Balances are included to provide information regarding the individual funds that have been included in the Nonmajor Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Change in Fund Balances which include the Exchange Fund, the Transportation for Clean Air Fund and the Vehicle Registration Fee Fund.

ACTIA Combining Schedule of the Balance Sheets and the Combining Schedule of Revenues, Expenditures, and Change in Fund Balances of the Special Revenue Fund by Project or Program

The Combining Schedule of the Balance Sheets and the Combining Schedule of Revenues, Expenditures, and Change in Fund Balances of the ACTIA Special Revenue Fund by Program, is included to provide information regarding the individual subfunds that have been included in the ACTIA Special Revenue Fund column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Change in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board
Alameda County Transportation Commission
Oakland, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda County Transportation Commission (the Commission) as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 24, 2012. 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

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 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 was not designed to 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 material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, 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.

Vavrnick, Trine, Day & Co. LLP

Palo Alto, California
January 24, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Governing Board
Alameda County Transportation Commission
Oakland, California

Compliance

We have audited the Alameda County Transportation Commission's (the Commission) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2012. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to major federal programs is the responsibility of the management. Our responsibility is to express an opinion on the Commission'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 a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance, with the requirements that could have a direct and material effect on the major federal program to determine the 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 Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above.

This report is intended solely for the information and use of the governing board, management, 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
January 24, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>None</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>None</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>None</u>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205 (Includes ARRA)	Highway Planning and Construction (Includes ARRA)

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

None reported.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

None reported.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

The prior year Schedule of Financial Statement Findings of the predecessor agencies contains no federal award findings and no financial statement findings.