ALAMEDA COUNTY
TRANSPORTATION IMPROVEMENT
AUTHORITY

FINANCIAL REPORT
FEBRUARY 29, 2012

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Alameda County Transportation Improvement Authority
Oakland, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alameda County Transportation Improvement Authority (the Authority) as of and for the eight months ended February 29, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's 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. 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 and each major fund of the Alameda County Transportation Improvement Authority, as of February 29, 2012, and the respective changes in financial position for the eight months then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1, the Alameda County Transportation Improvement Authority ceased operations on February 29, 2012 and has merged with the Alameda County Transportation Commission.

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis and budgetary comparison schedule 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.

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Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The combining schedules of the special revenue fund by project or program balance sheet and revenues, expenditures, and change in fund balances 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
January 24, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Alameda County Transportation Improvement Authority's (the Authority) financial position addresses activities for the period July 1, 2011 through February 29, 2012 with comparisons to the two prior fiscal years. Fiscal year 2010 has been restated to include financial information for the Alameda County Transportation Authority (ACTA) for which the Authority assumed all responsibility of functions, assets, and liabilities effective July 1, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and related notes contained in the Basic Financial Statement section.

The voters of Alameda County, pursuant to the provisions of the Bay Area County Traffic and Transportation Funding Act, Public Utilities Code Section 131000, et seq., approved Measure B at the General Election held in November 1986, authorizing the collection of a one-half cent transaction and use tax over a 15 year period to address major transportation needs and congestion in Alameda County and giving ACTA the responsibility for the administration of the proceeds of the tax. Although the 1986 tax expired in 2002, a few capital projects are still active and are expected to be completed in the next few years.

The voters of Alameda County, pursuant to the provisions of the Local Transportation Authority and Improvement Act, Public Utilities Code Section 180000, et seq., approved the reauthorization of Measure B at the General Election held on November 7, 2000, authorizing the collection of a one-half cent transaction and use tax to be collected for 20 years which began April 1, 2002 and giving the Authority responsibility for the administration of the proceeds of the tax.

FINANCIAL HIGHLIGHTS

- Total assets decreased by $22.6 million or 7.3% from $311.7 million to $289.1 million as of February 29, 2012 compared to June 30, 2011. Cash and investments comprised $262.0 million or 90.6% of the total assets as of February 29, 2012.

- Sales tax revenue for all funds was $74.0 million during the period July 1, 2011 through February 29, 2012, a decrease of $31.4 million or 29.8% from fiscal year 2011 due to the shortened reporting period.

- Total expenses were $70.2 million during the period July 1, 2011 through February 29, 2012, a decrease of $97.9 million or 58.3% from fiscal year 2011. This amount included $2.9 million for administration, $19.9 million for highways and streets, $23.8 million for public transit and $23.5 million for local transportation.

- Total liabilities decreased $27.6 million or 47.2% from $58.3 million to $30.8 million as of February 29, 2012 compared to June 30, 2011 due to a change in methodology used for capital project accruals during fiscal year 2011.

- Total net asset increased by $4.9 million or 2.0% to $258.3 million as of February 29, 2012 compared to June 30, 2011.

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 Capital Projects Fund, ACTA Capital Projects Fund, and the Special Revenue Fund)
- A Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds (presenting revenues and expenditures by fund)
- A Statement of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the General Fund (presenting budget versus actual revenues and expenditures)
- A Statement of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the 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 change in net assets are accounted for in the S*tatement 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 Authority has established funds to ensure resources are utilized for the particular purposes defined in the transportation expenditure plans. Funds classified as major are required to be reported individually on the financial statements and funds classified as non-major can be grouped and reported in a single column.

The Authority has four major funds: the General Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund, and a Special Revenue Fund.

General Fund – The General Fund is the chief operating fund. The General Fund receives 4.5% of all sales tax revenues to fund the administration of Measure B sales tax funds. Administrative costs are limited to 4.5% of sales tax revenues collected by the Transportation Expenditure Plan (TEP). Administrative salaries and benefits are limited to 1% of sales tax revenues collected by the TEP and the Public Utilities Commission (PUC).

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

Special Revenue Fund – The Special Revenue Fund is made up of five programs (subfunds) designed to account for sales tax revenues and expenses 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 Authority uses the Express Bus Fund 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 Authority 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 Authority 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 Authority 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 Authority 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.

The Authority 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 for the Authority.

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

As of February 29, 2012, total assets were $289.1 million, a decrease of $22.6 million or 7.3% from June 30, 2011 with cash and investments accounting for $262.0 million or 90.6% of this amount. As of June 30, 2011, total assets were $311.7 million, a decrease of $19.2 million or 5.8% from June 30, 2010. Decreases in assets can frequently indicate deterioration in an agency's financial position, however the goal and intent of the Authority is to spend sales tax revenues towards the purpose of improving transportation programs and infrastructure in Alameda County throughout the life of the 2000 Measure B. These decreases also reflect the continued effort to wind down the original 1986 Measure B by completing the projects in the 1986 TEP.

Total liabilities were $30.8 million as of February 29, 2012, a decrease of $27.6 million or 47.2% from June 30, 2011. As of June 30, 2011, total liabilities were $58.3 million, an increase of $30.2 million or 107.4% over June 30, 2010 due to a change in the methodology used for capital project accruals. The significant disparity of cash over liabilities demonstrates that the Authority is well able to meet its obligations as they become due. As of February 29, 2012, the Authority had commitments for $16.0 million towards engineering contracts and $374.8 million towards project sponsor contracts with terms ranging up to seven years.

The Authority 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.

Net assets were $258.3 million at February 29, 2012, an increase of $4.9 million or 2.0% from June 30, 2011. Of the total $258.3 million in net assets at February 29, 2012, $0.003 million or 0.01% is invested in capital assets, $17.4 million or 6.7% is unrestricted and the balance of $240.8 million or 93.2% is restricted for use towards programs and projects authorized in the Measure B 1986 and 2000 TEPs. As of June 30, 2011, net assets were $253.3 million, a decrease of $49.4 million or 16.3% from June 30, 2010.

The Alameda County Transportation Improvement Authority
Net Assets
February 29, 2012, June 30, 2011, and 2010

	Governmental Activities		
	February 29, 2012	**2011**	**2010**
Cash and investments	$ 262,024,613	$ 274,159,658	$ 301,110,321
Receivables			
Sales tax receivables	17,333,642	17,546,201	15,131,509
Interest	57,835	88,283	96,890
Other	508,768	10,527,489	3,285,810
Capital assets			
Furniture and equipment (net of accumulated depreciation)	28,499	43,076	53,426
Land held for resale	4,068,000	4,243,000	4,068,000
Advances to other governments	5,000,000	5,000,000	7,040,370
Other assets	56,984	79,044	64,264
Total assets	$ 289,078,341	$ 311,686,751	$ 330,850,590
Accounts payable	$ 30,709,936	$ 58,265,654	$ 26,773,181
Due to other governments			1,302,441
Net OPEB Obligation	76,418	75,863	55,204
Total liabilities	30,786,354	58,341,517	28,130,826
Net assets:			
Invested in capital assets	28,499	43,076	53,426
Restricted for:			
Transportation Projects/Programs	240,822,268	237,297,727	288,043,800
Unrestricted	17,441,220	16,004,431	14,622,538
Total net assets	258,291,987	253,345,234	302,719,764
Total liabilities and net assets	$ 289,078,341	$ 311,686,751	$ 330,850,590

Total revenues during the period July 1, 2011 through February 29, 2012 were $75.1 million, a decrease of $43.6 million or 36.7% from fiscal year 2011, with sales tax accounting for $74.0 million or 98.5% of this amount. Total revenues in fiscal year 2011 were $118.7 million, an increase of $6.7 million or 6.0% over fiscal year 2010. Total expenses during the period July 1, 2011 through February 29, 2012 were $70.2 million, a decrease of $97.9 million or 58.3% from fiscal year 2011 and total expenses in fiscal year 2011 were $168.1 million, an increase of $14.6 million or 9.5% over fiscal year 2010. The decreases during the period July 1, 2011 through February 29, 2012 are primarily attributed to the shortened reporting period. The following are changes in key activities:

- Sales tax revenues for the period July 1, 2011 through February 29, 2012 were $74.0 million, a decrease of $31.4 million or 29.8% from fiscal year 2011. Sales tax revenues in fiscal year 2011 were $105.4 million, an increase of $10.9 million or 11.6% over fiscal year 2010. The decrease for the period July 1, 2011 through February 29, 2012 was due to the shortened reporting period.

- Capital grants and contributions for the period July 1, 2011 through February 29, 2012 were $0.1 million, a decrease of $10.0 million or 99.4% from fiscal year 2011. Capital grants and contributions in fiscal year 2011 were $10.0 million, an increase of $0.8 million or 8.7% over fiscal year 2010. The Authority does not generally receive many capital grants or contributions from outside sources. However, a couple of projects that were active during the last couple of fiscal years did have some federal and state funding which accounts for the significant decrease we see for the period July 1, 2011 through February 29, 2012.

- Investment income for the period July 1, 2011 through February 29, 2012 was $0.8 million, a decrease of $2.4 million or 76.0% from fiscal year 2011, and investment income in fiscal year 2011 was $3.2 million, a decrease of $4.9 million or 60.6% from fiscal year 2010. These decreases in investment income are due not only to interest rates in the market remaining very low over the last year, but also to shortening of investment terms to accommodate cash flow requirements.

- Operating grants and contributions for the period July 1, 2011 through February 29, 2012 were $0.02 million, a decrease of $0.1 million or 77.4% from fiscal year 2011, and operating grants and contributions in fiscal year 2011 were $0.1 million, a decrease of $0.1 million or 55.4% from fiscal year 2010.

- Administration expenses for the period July 1, 2011 through February 29, 2012 were $2.9 million, a decrease of $3.4 million or 53.8% from fiscal year 2011, and administration expense in fiscal year 2011 were $6.4 million, a decrease of $0.3 million or 4.3% from fiscal year 2010. The decrease for the period July 1, 2011 through February 29, 2012 was primarily due to the shortened reporting period.

- Highways and streets expenses for the period July 1, 2011 through February 29, 2012 were $19.9 million, a decrease of $58.7 million or 74.7% from fiscal year 2011, and highways and streets expenses in fiscal year 2011 were $78.6 million, an increase of $21.0 million or 36.6 over fiscal year 2010. The increase in fiscal year 2011 and the decrease in the period July 1, 2011 through February 29, 2012 are due to a change in the methodology used for capital project accruals in fiscal year 2011.

- Public transit expenses for the period July 1, 2011 through February 29, 2012 were $23.8 million, a decrease of $30.6 million or 56.2% from fiscal year 2011, and public transit expenses in fiscal year 2011 were $54.4 million, a decrease of $8.8 million or 13.9% from fiscal year 2010.

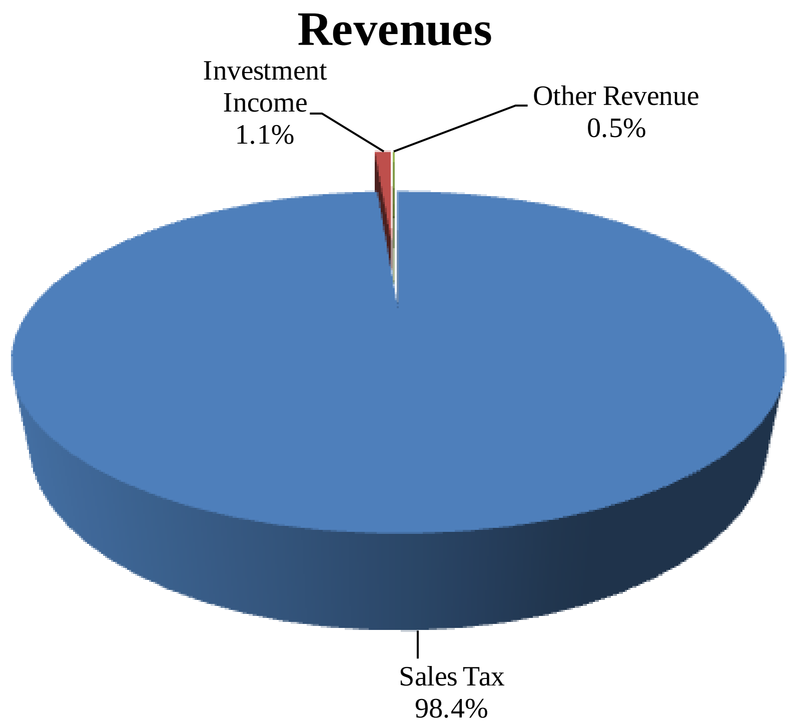
- Local transportation expenses for the period July 1, 2011 through February 29, 2012 were $23.5 million, a decrease of $5.2 million or 18.0% from fiscal year 2011, and local transportation expenses in fiscal year 2011 were $28.7 million, an increase of $2.6 million or 10.0% over fiscal year 2010.

- During the period July 1, 2011 through February 29, 2012, revenues exceeded expenses by $4.9 million, resulting in an increase to net assets which were $258.3 million at February 29, 2012. In fiscal year 2011, expenses exceeded revenues by $49.4 million, resulting in a decrease to net assets which were $253.3 million at year-end. In fiscal year 2010, expenses exceeded revenues by $41.5 million, resulting in a decrease to net assets which were $302.7 million at year-end.

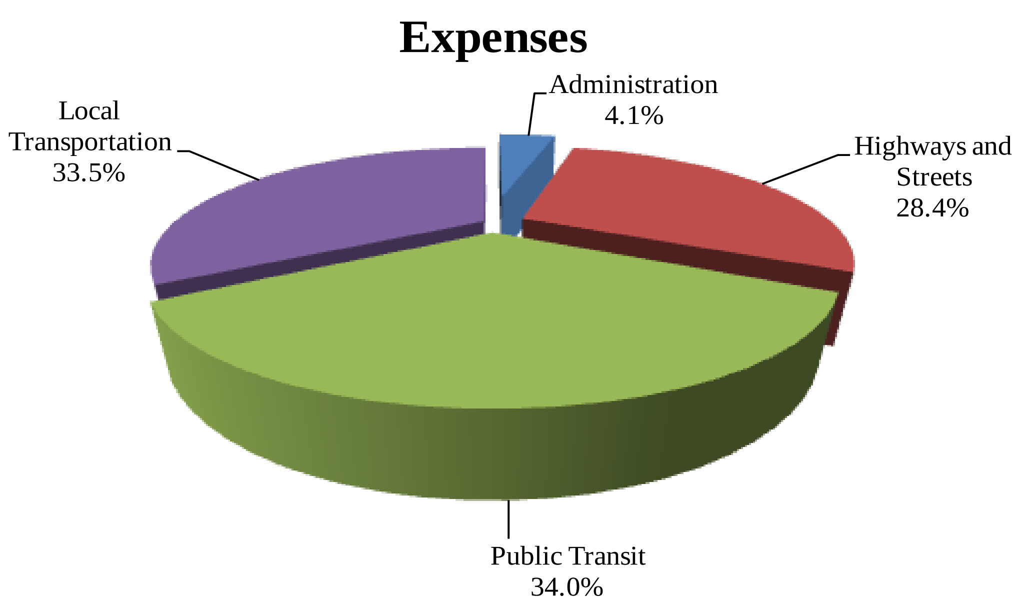
The Alameda County Transportation Improvement Authority
Changes in Net Assets
February 29, 2012, June 30, 2011 and 2010

	Governmental Activities		
	February 29, 2012	**2011**	**2010**
Revenues			
Program revenues:			
Operating grants and contributions	$ 18,333	$ 81,012	$ 181,784
Capital grants and contributions	64,112	10,014,871	9,212,246
General revenues:			
Sales taxes	73,957,481	105,393,811	94,453,574
Investment income	765,828	3,194,047	8,102,075
Other	300,403	-	-
Total revenues	75,106,157	118,683,741	111,949,679
Expenses			
Administration	2,948,209	6,375,469	6,661,460
Highways and streets	19,857,336	78,582,326	57,533,049
Public transit	23,820,251	54,389,095	63,176,467
Local transportation	23,533,608	28,711,381	26,101,744
Total expenses	70,159,404	168,058,271	153,472,720
Change in net assets	4,946,753	(49,374,530)	(41,523,041)
Net assets, beginning of year	253,345,234	302,719,764	344,242,805
Net assets, end of year	$ 258,291,987	$ 253,345,234	$ 302,719,764

Alameda County Transportation Improvement Authority
Sources of Revenue
for the Period July 1, 2011 through February 29, 2012



Alameda County Transportation Improvement Authority
Functional Expenses
for the Period July 1, 2011 through February 29, 2012



Financial Analysis of the Authority's Funds

Governmental Funds

The Authority uses fund accounting to ensure compliance with finance-related legal requirements. Governmental funds include the General Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund and Special Revenue Funds.

The Authority works with project sponsors to deliver highways and streets projects, public transit, and various other programs including paratransit programs. Local transportation sales tax funds are passed directly through to the cities and County of Alameda to implement transportation related projects of their choosing. The Authority's activities also include the administration of sales tax revenues which consists of projects and programs management, financial oversight and other administrative functions.

As of February 29, 2012, the Authority had $258.3 million of fund balance in the governmental funds: $17.4 million in the General Fund, $80.9 million in the ACTIA Capital Projects Fund, $149.9 million in the ACTA Capital Projects Fund and $10.0 million in the Special Revenue Funds. This is a decrease from June 30, 2011 of $18.6 million or 6.7%. The decrease is mostly due to the activities of highways and streets projects in the ACTA Capital Projects Fund. 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 no longer receives sales tax revenues.

For the period July 1, 2011 through February 29, 2012, the Authority had $85.1 million of revenues in the governmental funds: $3.4 million in the General Fund, $38.8 million in the ACTIA Capital Projects Fund, $0.6 million in the ACTA Capital Projects Fund and $42.3 million in the Special Revenue Fund. This is a decrease from June 30, 2011 of $23.5 million or 21.7%. This decrease is due to the shortened reporting period.

For the period July 1, 2011 through February 29, 2012, the Authority had $103.7 million of expenditures in the governmental funds: $1.9 million in the General Fund, $44.4 million in the ACTIA Capital Projects Fund, $15.2 million in the ACTA Capital Projects Fund and $42.2 million in the Special Revenue Funds. This is a decrease from June 30, 2011 of $30.8 million or 23.1%.

As of February 29, 2012, the Authority had $289.0 million of assets in the governmental funds: $17.7 million in the General Fund, $96.1 million in the ACTIA Capital Projects Fund, $155.3 million in the ACTA Capital Projects Fund and $20.0 million in the Special Revenue Fund. This is a decrease from June 30, 2011 of $19.6 million or 6.4%.

As of February 29, 2012, the Authority had $30.7 million of liabilities in the governmental funds: $0.3 million in the General Fund, $15.1 million in the ACTIA Capital Projects Fund, $5.4 million in the ACTA Capital Projects Fund and $9.9 million in the Special Revenue Fund. This is a decrease from June 30, 2011 of $1.0 million or 3.2%.

Fiduciary Fund

The Authority 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 Authority. As of February 29, 2012, net assets in the trust were $0.9 million, as they were at June 30, 2011 showing no material change.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of February 29, 2012, the Authority had invested $28,499 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 February 29, 2012.

Alameda County Transportation Improvement Authority
Capital Assets
(net of accumulated depreciation and amortization)
February 29, 2012, June 30, 2011 and 2010

	February 29, 2012	2011	2010
Furniture and equipment (net of accumulated depreciation)	$ 9,822	$ 18,423	$ 30,987
Leasehold improvements (net of accumulated amortization)	18,677	24,653	22,439
Total	$ 28,499	$ 43,075	$ 53,426

Long-Term Debt

As of February 29, 2012, June 30, 2011 and 2010, The Authority had no outstanding debt.

COMPARISON OF BUDGETED TO ACTUAL

Prior to each fiscal year, The Authority adopts a budget for the year. This budget may be modified throughout the year resulting in subsequent legally adopted budgets. These modifications are made primarily to adjust revenues when projections change due to changes in the economic climate and to adjust expenses to reflect changes in capital project costs.

In the General Fund, the Authority began the period of July 1, 2011 through February 29, 2012 with an adopted revenue budget of $3.1 million and expenditures budget of $2.4 million resulting in a surplus in the general fund balance of $0.8 million. In the final adopted budget, the revenue budget was revised to $3.3 million and expenditure budget was revised to $2.7 million resulting in a surplus in the general fund of $0.6 million. Actual revenues from the sales tax and other revenues were $3.4 million and actual administrative costs totaled $1.9 million, resulting in a surplus in the general fund of $1.4 million. The improvement to budgeted and actual revenues was due to a projected and actual increase in sales tax revenues.

In the Special Revenue Fund, the Authority began the period of July 1, 2011 through February 29, 2012 with an adopted revenue budget of $39.7 million and expenditure budget of $40.5 million resulting in a decrease to the Special Revenue Fund balance of $0.9 million. In the final adopted budget, the revenue budget was revised to $42.3 million and the expenditure budget was revised to $44.5 million resulting in the reduction of the Special Revenue fund balance of $2.1 million. Actual revenues were $42.3 million and actual expenditures were $42.2 million, with $22.7 million for Public Transit, $18.9 million for Local Transportation and $0.6 million for Administration, resulting in an increase to fund balance of $0.1 million. Additional details of the Special Revenue Funds are provided under supplemental information.

OTHER SIGNIFICANT MATTERS

On July 22, 2010, the Authority officially became a part of the Alameda County Transportation Commission (Alameda CTC), a Joint Powers Agency (JPA), along with the County of Alameda, the 14 cities of Alameda County, AC Transit, BART and the Alameda County Congestion Management Agency (ACCMA). This new JPA has all of the powers of the Authority and the ACCMA. For a variety of reasons, including issues related to contracting with CalPERS and other required administrative tasks, the Authority and the ACCMA continued to exist through February 29, 2012 when the former agencies were legally dissolved and the Alameda CTC became the successor agency. As part of the Joint Powers Agreement, the Authority and the ACCMA delegated their authority to Alameda CTC including all activities and responsibilities. The Alameda CTC's Commission in June 2011 approved the first consolidated Alameda CTC budget for fiscal year 2011-12, and the financial databases for the Authority and the ACCMA were consolidated as of July 2011 in time for the new fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances to the tax payers of Alameda County and to demonstrate accountability for sales tax revenues received. Questions concerning information provided in this report or requests for additional financial information should be addressed to Arthur Dao or Patricia Reavey of the Alameda County Transportation Commission at 1333 Broadway, Suite 220, Oakland, California 94612.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

STATEMENT OF NET ASSETS
FEBRUARY 29, 2012

ASSETS		
Cash and investments	$	262,024,613
Sales tax receivable		17,333,642
Interest receivable		57,835
Loans receivable		5,000,000
Other receivable		508,768
Land held for resale		4,068,000
Other assets		56,984
Capital assets, net of accumulated depreciation		28,499
Total Assets		289,078,341
LIABILITIES		
Accounts payable and accrued liabilities		30,709,936
Net OPEB obligation - due in more than one year		76,418
Total Liabilities		30,786,354
NET ASSETS		
Invested in capital assets		28,499
Restricted for Transportation Projects/Programs		240,822,268
Unrestricted		17,441,220
Total net assets	$	258,291,987

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2012

Functions/Programs	Expenses	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Total Governmental Activities
Governmental Activities:			
Administration	$ 2,948,209	$ -	$ (2,948,209)
Transportation Improvement			
Highways and streets	19,857,336	64,112	(19,793,224)
Public transit	23,820,251	-	(23,820,251)
Local transportation	23,533,608	-	(23,533,608)
Total Governmental Activities	$ 70,159,404	$ 64,112	(70,095,292)
	General revenues and subventions		
	Sales tax		73,957,481
	Interest and investment earnings		765,828
	Other revenues		318,736
	Subtotal, General Revenues		75,042,045
	Change in Net Assets		4,946,753
	Net Assets - Beginning		253,345,234
	Net Assets - Ending		$ 258,291,987

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

GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2012

	General Fund	ACTIA Capital Projects Fund	ACTA Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
ASSETS					
Cash and investments	$ 16,851,523	$ 88,933,647	$ 146,200,905	$ 10,038,538	$ 262,024,613
Sales tax receivable	780,014	6,638,005	-	9,915,623	17,333,642
Interest receivable	-	37,808	20,027	-	57,835
Loans receivable	-	-	5,000,000	-	5,000,000
Other receivable	21,733	465,866	20,694	475	508,768
Land held for sale	-	-	4,068,000	-	4,068,000
Other assets	49,860	-	7,124	-	56,984
Total Assets	$ 17,703,130	$ 96,075,326	$ 155,316,750	$ 19,954,636	$ 289,049,842
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 261,910	$ 15,137,566	$ 5,394,801	$ 9,915,659	$ 30,709,936
Total Liabilities	261,910	15,137,566	5,394,801	9,915,659	30,709,936
Fund Balances:					
Restricted	-	80,937,760	149,921,949	10,038,977	240,898,686
Unassigned	17,441,220	-	-	-	17,441,220
Total Fund Balances	17,441,220	80,937,760	149,921,949	10,038,977	258,339,906
Total Liabilities and Fund Balances	$ 17,703,130	$ 96,075,326	$ 155,316,750	$ 19,954,636	$ 289,049,842

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

RECONCILIATION OF THE OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FEBRUARY 29, 2012

Amounts reported for governmental activities in the Governmental Funds Balance Sheet are different from the Statement of Net Assets because of the following items:

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

Fund Balances on the Governmental Funds Balance Sheet	$ 258,339,906
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the Governmental Funds.	28,499
Net OPEB Obligation, due in more than one year	(76,418)
Net Assets on Statement of Net Assets	$ 258,291,987

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2012

	General Fund	ACTIA Capital Projects Fund	ACTA Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
REVENUES					
Sales tax	$ 3,328,087	$ 28,322,389	$ -	$ 42,307,005	$ 73,957,481
Project revenue	-	10,047,094	17,018	-	10,064,112
Investment income	38,426	149,510	547,972	29,920	765,828
Other income	18,333	294,291	6,112	-	318,736
Total Revenues	3,384,846	38,813,284	571,102	42,336,925	85,106,157
EXPENDITURES					
Administrative	1,948,057	4,470	417,622	632,198	3,002,347
Transportation improvement					
Highways and streets	-	14,554,522	14,762,765	-	29,317,287
Public transit	-	24,150,333	-	22,724,889	46,875,222
Local transportation	-	5,642,692	-	18,867,503	24,510,195
Total Expenditures	1,948,057	44,352,017	15,180,387	42,224,590	103,705,051
NET CHANGE IN FUND BALANCES	1,436,789	(5,538,733)	(14,609,285)	112,335	(18,598,894)
Fund Balances - Beginning	16,004,431	86,476,493	164,531,234	9,926,642	276,938,800
Fund Balances - Ending	$ 17,441,220	$ 80,937,760	$ 149,921,949	$ 10,038,977	$ 258,339,906

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

RECONCILIATION OF THE OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE PERIOD ENDED FEBRUARY 29, 2012

Amounts reported for governmental activities in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance are different from the Statement of Activities because of the following items:

Net Change in Fund Balances on Governmental Funds Statement of Revenues, Expenditures and Change in Fund Balances	$ (18,598,894)
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.	33,491,509
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.	(14,577)
In the Statement of Activities, compensated absence are measured by the amounts earned during the year. In the governmental funds however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Change in compensated absences.	69,270
In the Statement of Activities, the unfunded portion of the Net OPEB Obligation is recognized as an expense but does not impact the Statement of Revenue, Expenditures and Change in Fund Balances.	(555)
Change in Net Assets on the Statement of Activities	$ 4,946,753

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

FIDUCUARY FUNDS
STATEMENT OF FUND NET ASSETS
FEBRUARY 29, 2012

	Retiree Benefits Trust Fund
ASSETS	
Deposits and Investments	$ 910,071
LIABILITIES	
Due to the Authority's General Fund	8,969
NET ASSETS	
Held in trust for OPEB benefits	$ 901,102

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

FIDUCUARY FUNDS
STATEMENT OF CHANGES IN FUND NET ASSETS
FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2012

	Retiree Benefits Trust Fund
ADDITIONS:	
Investments earnings	$ 564
Contributions from other funds	5,755
Total Additions	6,319
CHANGE IN NET ASSET	
Net Assets- Beginning	894,783
Net Assets- Ending	$ 901,102

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

NOTE 1 – REPORTING ENTITY

The Alameda County Board of Supervisors created the Alameda County Transportation Improvement Authority (the Authority) 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.

The basic financial statements of the Authority include all of its financial activities. The Authority is the sole independent agency responsible for receiving and allocating funds necessary to complete the programs and was governed by an eleven-member board of elected officials from the County and local cities.

On March 25, 2010, the Authority, the Alameda County Congestion Management Agency (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 the Authority and ACCMA gave the final approval that created a joint powers agency, pursuant to the California Joint Exercise of Powers Act, known as the Alameda County Transportation Commission (Alameda CTC). On July 22, 2010, the Authority along with ACCMA joined the Alameda CTC joint powers authority.

The Alameda County Transportation Authority (ACTA) was created by the approval of Measure B by Alameda County, California (the County) voters in November 1986. Measure B authorized the imposition of a one-half of one percent sales and use tax (the sales tax) in the County, the proceeds of which are principally reserved for highway improvements, local transportation improvements, and transit funding (collectively, the programs) 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.

On June 24, 2010, the ACTA Board adopted the resolution to transfer all of ACTA's assets, responsibilities, functions, and liabilities to the Authority, effective July 1, 2010. The ACTA Board also adopted the resolution that ACTA be dissolved, terminated, and extinguished effective July 1, 2010, following the transfer.

On February 29, 2012, at a joint meeting, the ACCMA's and the Authority's Boards of Directors adopted a resolution to transfer all of ACCMA's and the Authority's assets, responsibilities, functions, and liabilities to Alameda CTC effective March 1, 2012. Therefore, these financial statements purport the financial activities and the financial position of the Authority as of and for the eight months ending February 29, 2012.

Alameda CTC's mission is to plan, fund and deliver transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County. The Alameda CTC has all of the powers, functions, and responsibilities of both agencies along with certain additional powers as described in the JPA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported 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 and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis of accounting.

Sales taxes, investment income (including the change in the fair value of investments) and other income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the modified accrual basis of accounting as described above.

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 Authority.

The Authority reports the following major governmental funds:

General Fund - The general fund is Authority's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. A total of 4.5% of net sales tax revenues, by year end, will be allocated for administration of the Measure B sales tax program. 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. Measure B limits the salaries and benefits of the Authority's staff to 1% of sales tax revenues. Revenues in excess of administrative expenditures in any one year are reserved for future administrative costs.

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 20-Year Transportation Expenditure Plan. The Authority does not retain ownership of these improvements as they are transferred to the sponsor or managing jurisdiction after completion.

ACTA Capital Projects Fund - The ACTA capital projects fund accounts for the construction of major capital improvements in accordance with the November 1986 Measure B program. The Authority does not retain ownership of these improvements as they are transferred to the sponsor or managing jurisdiction after completion.

Transportation Programs Special Revenue Fund - The 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, including streets and roads, and to transit agencies for operations and maintenance.

Fiduciary Fund - The fiduciary fund reporting focuses on net assets and changes in net assets. Trust funds are used to account for the assets held by the Authority under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Authority's own programs. The Authority's fiduciary fund is a trust fund which accounts for retiree medical benefits and allocated sources to provide medical benefits for retirees.

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.

Budgetary Data

Following a public meeting, the Authority adopts an annual budget for all governmental fund types to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the program level, the amounts stated therein as proposed expenditures become appropriations to the various programs. The Authority approves all transfers between expenditure objects and overall budget modifications during the year as needed. For the capital projects fund, the Authority adopted a rolling budget methodology in fiscal year 2011-12 whereby any unutilized budget authority on a project is rolled to the next fiscal year. The Authority adopts increases requested to the budget by individual project with the annual budget. The Executive Director or designee approves reimbursements to the project sponsors, and reimbursements are not to exceed contract and strategic plan limits. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. If expenditures or funding sources change throughout the year, the Authority may adopt updates to the budget.

Capital Assets

Capital assets, which include leasehold improvements and office furniture and equipment, are reported in the government-wide financial statements. The Authority defines capital assets as assets with an initial individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives: office furniture and equipment, five years; computer equipment, three years; leasehold improvements, seven years.

Land Held for Resale

Land held for resale is stated at the lower of historical cost or net realizable value.

Compensated Absences

The Authority's policy permits employees to accumulate earned but unused vacation and sick pay benefits. Unused vacation and sick leave may be accumulated up to a specific maximum. The Authority is not obligated to pay for unused sick leave if an employee terminates employment prior to retirement or prior to when the Authority ceases operations.

Interfund Transfers

Interfund transfers are generally recorded as transfers in/out except for reimbursements for services performed, which are recorded as a reduction of expenditures in the performing fund and an expenditure of the receiving fund.

NOTE 3 - CASH AND INVESTMENTS

Summary of Deposits and Investments

As of February 29, 2012, the Authority's cash and investments were as follows:

Governmental Funds		
Cash on hand and in banks	$	(81,196)
Investments		262,105,809
Fiduciary Fund		910,071
Total cash and investments	$	262,934,684

Policies and Practices

The Authority is authorized under California Government Code or its investment policy, when more restrictive, to make direct investments in local agency bonds, notes or warrants within the state, U.S. Treasury instruments, registered state warrants or treasury notes, securities of the U.S. Government, or its agencies, bankers acceptances, commercial paper, certificates of deposit placed with commercial banks and/or savings and loan companies, repurchase or reverse repurchase agreements, medium term corporate notes, shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in the State Investment Pool - The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) which is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in the pool is reported in the accompanying financial statement at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF 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.

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. Investment ratings as determined by S&P are as follows:

Investment Type	AAA	AA+	A-1+	A-1	A+	Not Rated	Total
US Agency Securities	$ -	$ 90,319,980	$ -	$ -	$ -	$ -	$ 90,319,980
US Treasury Bonds	-	17,749,625	-	-	-	-	17,749,625
Corporate Notes	-	26,636,388	7,198,224	2,397,948	2,597,128	-	38,829,689
Money Market Mutual Funds	18,734,216	-	-	-	-	-	18,734,216
Local Agency Investment Fund	-	-	-	-	-	97,382,370	97,382,370
Total Investments	$ 18,734,216	$ 134,705,993	$ 7,198,224	$ 2,397,948	$ 2,597,128	97,382,370	263,015,880
Cash in Bank						(81,196)	(81,196)
Total Cash and Investments						$ 97,301,174	$ 262,934,684

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 Authority. 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% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of February 29, 2012, the Authority's bank balance of $3,003,390 was exposed to custodial credit risk because it was not insured. However, it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Agency.

Custodial Credit Risk, Investments - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority has a custodial credit risk exposure of $116,116,586 because the related securities are uninsured, unregistered and held by the California Local Agency Investment Fund or other mutual funds which are also the counterparties for these securities.

Concentration of Credit Risk—On February 29, 2012 the Authority had the following investments exceeding 5% of the total investments in each single issuer:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Security	$ 31,035,828
Federal Home Loan Mortgage Corporation	Federal Agency Security	20,875,391
Federal National Mortgage Association	Federal Agency Security	19,269,313

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 Authority 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 Authority's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of Authority's investment by maturity.

Investment Type	12 Months or less	13 to 24 Months	Total
US Agencies Securities	$ 65,362,820	$ 24,957,160	$ 90,319,980
US Treasury Bonds	16,236,192	1,513,433	17,749,625
Corporate Notes	38,829,689	-	38,829,689
Money Market Mutual Funds	18,734,216	-	18,734,216
California Local Agency Investment Fund	97,382,370	-	97,382,370
Total Investments	236,545,287	26,470,593	263,015,880
Cash in Bank	(81,196)	-	(81,196)
Total Cash and Investments	$ 236,464,091	$ 26,470,593	$ 262,934,684

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

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

Policy also dictates that a maximum of 5% of total portfolio can be deposited with the California Asset Management Program (CAMP).

NOTE 4 – CAPITAL ASSETS

Capital Assets – Governmental Activities

Capital asset activity for the eight months ended February 29, 2012, was as follows:

	July 1, 2011	Additions	February 29, 2012
Capital assets being depreciated:			
Furniture, equipment and leasehold improvements	$ 199,007	$ -	$ 199,007
Less accumulated depreciation for:			
Furniture, equipment and leasehold improvements	(155,931)	(14,577)	(170,508)
Governmental activities capital assets, net	$ 43,076	$ (14,577)	$ 28,499

NOTE 5 – COMMITMENTS AND CONTINGENT LIABILITIES

Agreements with Engineering Firms

The Authority 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 February 29, 2012, the total outstanding commitments (not paid or accrued) are $16.0 million. The terms range from February 29, 2012, for up to five years (or acceptance of the phase of work, whichever is earlier).

Agreements with Project Sponsors

The Authority 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 February 29, 2012, the total outstanding commitments (not paid or accrued) are $374.8 million. The terms range from February 29, 2012, for up to seven years (or acceptance of the phase of work, whichever is earlier).

Operating Lease Commitments

The Authority has entered into an operating lease agreement with CIM/Oakland 1333 Broadway LP for rental of facilities with commitments through March 2014. Future minimum rental payments are as follows:

Year Ending June 30	Lease Payments
2013	$ 386,037
2014	295,985
Total	$ 682,022

The Authority has entered into sublease agreements for rental of facilities with Moffatt & Nichol ($3,500.00 per month), Acumen Building Enterprise, Inc. ($1,070.00 per month), Nelson\Nygaard Consulting Associates ($745.00 per month), Rochelle Wheeler ($417.00 per month), and L. Luster and Associates ($274.00 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.

Insurance, Claims and Litigation

The Authority is exposed to various risks of loss related to torts: thereof, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has purchased commercial insurance coverage for general liability, worker's compensation, directors and officers liability, automobile liability, and property coverage. The amounts of settlements for the past three fiscal years have not exceeded insurance coverage.

Type of Coverage	Deductible	Coverage up to	
Property liability	$ 1,000	$ 200,000	per occurrence
General liability	1,000	1,000,000	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
Umbrella/excess	10,000	4,000,000	aggregate

NOTE 6 – RETIREMENT PLAN

Plan Description

The Authority is part of the miscellaneous 2.5% at 55 risk pool, a cost-sharing multiple-employer defined benefit plan. All employees are eligible to participate in the Public Employees' Retirement Fund (the Fund) of the California Public Employees' Retirement System (CalPERS). 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 fifty. These benefit provisions and all other requirements are established by state statute. CalPERS issue 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.

Funding Policy

The total payroll for the period ended February 29, 2012 was $659,701, which is the approximate covered payroll for employees participating in the Fund. Employees have an obligation to contribute 8% of their salary to the plan; however, the Authority contributed 7% of this contribution on the employee's behalf through January 31 and 5% for the month of February. The Authority is required to contribute the employer portion at an actuarially determined rate. The average rate for the period ended February 29, 2012 was 13.4% of covered payroll.

Annual Pension Cost

The annual pension costs was equal to the required contribution, which was determined as part of an actuarial valuation performed as of June 30, 2010, 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%, projected salary increases ranging from 3.25% to 14.45%, annual payroll growth of 3.25% and inflation of 3%. 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.

Eight Months Ended	Annual Pension Cost (APC)	Percentage of APC Contributions	Net Pension Obligation
February 29, 2012	$ 157,544	100%	$ -
Fiscal Year Ended			
June 30, 2011	163,942	100%	-
June 30, 2010	176,843	100%	-

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Authority accumulates funds to pay for other postemployment benefits through a trust. The trust was established to provide lifetime healthcare benefits to retired employees and their eligible family members. These benefit provisions were established and may be amended by the Authority. Contributions for retirees will never exceed the amount contributed on behalf of active employees.

Effective February 1, 2012, the Authority offers retiree health benefits under a Retiree Health Reimbursement Arrangement. Retirees are eligible for benefits if they retire from the Authority under CalPERS within 120 days of employment and have ten years of credited service with CalPERS including at least five years with the Authority. Authority contributions are based on years of public service and the following formula: 50% after ten years with an additional 5% for each additional year of service reaching a maximum of 100% after twenty years of service.

The plan is authorized under the Board Resolution 04-0054. The Authority reports the financial activity of the Plan as a trust/agency fund, and no separate financial report is prepared. Membership of the plan consisted of the following:

Retirees receiving benefits	5
Active plan members	6
Total	11

Funding Policy

Contribution requirements and the plan members are established and may be amended by the Governing Board. The contribution maximum is based on the Kaiser premium for the retired employee plus one available through the CalPERS medical program. During the period ended February 29, 2012, the Authority contributed $24,154.

Annual Post Retirement Benefit Costs and Net Post Retirement Benefit Obligations

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 thirty years. The following table shows the components of the Authority's annual OPEB cost for the eight months ended February 29, 2012, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

Normal Cost at February 29, 2012	$ 22,495
Amortization of UAAL	1,659
Annual required contribution (ARC)	24,154
Interest on prior year Net OPEB Obligation	4,257
Adjustment to ARC	(3,702)
Annual OPEB Cost	24,709
Contributions made	(24,154)
Change in Net OPEB Obligation	555
Net OPEB Obligation- Beginning of Year	75,863
Net OPEB Obligation- February 29, 2012	$ 76,418

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

Period End	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
February 29, 2012	$ 24,709	$ 24,154	98%	$ 76,418
June 30, 2011	20,659	-	0%	75,863
June 30, 2010	17,853	-	0%	55,204
June 30, 2009	19,572	-	0%	37,351
June 30, 2008	17,119	-	0%	17,119

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the profitability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs 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 information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

OPEB Schedule of Funding Progress

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

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)]
July 1, 2011	$ 947,119	$ 909,508	$ 37,611	96%	$ 968,105	4%
June 30, 2010	718,209	953,857	(235,648)	133%	1,036,286	-23%
June 30, 2009	665,583	923,339	(257,756)	139%	1,037,158	-25%

Actuarial Method 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 benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit (PUC) Actuarial Cost Method. Under the PUC cost method the actuarial present value of projected benefits is allocated ratably over the service of individuals between entry age and the assumed exit age(s). In this valuation, each individual's attribution period extends from hire date to estimated retirement date. The actuarial assumptions included a 7.61% discount rate and 7.61% investment rate of return. The retirement, mortality, and termination rates used in this valuation are used in CalPERS pension valuations. The actuarial valuation assumed that the annual health care cost trend rates will decrease gradually from the relatively high rate of annual increase in the past, depending on the age of the employee and the year being projected. The health care cost long-term annual rate is expected to increase by 7.3% in 2013. The increase is expected to gradually decline to an increase rate of 5.5% as of 2019 and thereafter.

The UAAL is being amortized as a level dollar method on a closed basis over 30 years with 25 years remaining at February 29, 2012. Any administrative fees other than those included in the monthly premium rates are not included in the actuarial valuation. The actuarial valuation also does not include any liability estimates for future hires.

NOTE 8 – RELATED PARTY LOAN RECEIVABLE

The Authority entered into a loan agreement with the Alameda County Congestion Management Agency (ACCMA) dated March 24, 2011, whereby the Authority agreed to loan up to $25 million from its Alameda County Transportation Authority (ACTA) Capital Projects Fund, if needed. The outstanding loan receivable from ACCMA at February 29, 2012, was $5 million. The loan carries no interest and is repayable to the Authority when the ACCMA is in a position to do so, which is expected to be during the fiscal year 2014-15. The ACCMA may repay the loan, in whole or in part, at any time without penalty.

NOTE 9 – NET ASSETS AND FUND BALANCES

Net Assets

Net assets are the excess of all assets over all liabilities, regardless of fund. Net assets are divided into three categories and are applicable only at the government-wide level. The categories are the following:

Invested in Capital Assets – Invested in capital assets describes the portion of net assets, which is represented by the current net book value of capital assets.

Restricted Net Assets – Restricted net assets describe the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Unrestricted Net Assets – Unrestricted net assets describe the portion of net assets that is not restricted as to use.

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 Authority prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint. The 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.

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.
The following table provides detailed classifications of the Authority's fund balances, on February 29, 2012.

Fund balances	General Fund	ACTIA Capital Projects Fund	ACTA Capital Projects Fund	Special Revenue Fund	Total
Restricted					
ACTIA Capital Projects	$ -	$ 80,937,760	$ -	$ -	$ 80,937,760
ACTA Capital Projects	-	-	149,921,949	-	149,921,949
Express Bus	-	-	-	2,181,026	2,181,026
Regional Bike and Pedestrian	-	-	-	4,522,724	4,522,724
Transit Oriented Development	-	-	-	958,214	958,214
Passthrough	-	-	-	2,362	2,362
Paratransit	-	-	-	2,374,651	2,374,651
Unassigned	17,441,220	-	-	-	17,441,220
Total fund balances	$ 17,441,220	$ 80,937,760	$ 149,921,949	$ 10,038,977	$ 258,339,906

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES- BUDGET AND ACTUAL- GENERAL FUND FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2012

	Budgeted Amounts			Variance- Final Budget to Actual Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Sales tax	$ 3,120,000	$ 3,328,087	$ 3,328,087	$ -
Investment income	2,467	2,467	38,426	35,959
Other	-	-	18,333	18,333
Total revenues	3,122,467	3,330,554	3,384,846	54,292
Expenditures				
Administration	2,352,304	2,690,827	1,948,057	742,770
Net change in fund balances	770,163	639,726	1,436,789	797,063
Fund Balances - Beginning	16,004,431	16,004,431	16,004,431	-
Fund Balances - Ending	$ 16,774,594	$ 16,644,157	$ 17,441,220	$ 797,063

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES- BUDGET AND ACTUAL- SPECIAL REVENUE FUND FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2012

	Budgeted Amounts			Variance- Final Budget to Actual Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Sales tax	$ 39,661,753	$ 42,307,005	$ 42,307,005	$ -
Investment income	1,833	1,833	29,920	28,087
Total revenues	39,663,587	42,308,838	42,336,925	28,087
Expenditures				
Transportation improvement	40,539,383	44,457,558	42,224,590	2,232,968
Net change in fund balances	(875,796)	(2,148,720)	112,335	2,261,055
Fund Balances - Beginning	9,926,642	9,926,642	9,926,642	-
Fund Balances - Ending	$ 9,050,846	$ 7,777,922	$ 10,038,977	$ 2,261,055

SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

COMBINING SCHEDULE OF THE BALANCE SHEET OF THE SPECIAL REVENUE FUND BY PROJECT OR PROGRAM
FEBRUARY 29, 2012

	Express Bus	Regional Bike and Pedestrian	Programs Distribution	Transit-Oriented Development	Paratransit	Total
ASSETS						
Cash and investments	$ 2,067,648	$ 4,545,809	$ 2,362	$ 1,051,678	$ 2,371,041	$ 10,038,538
Sales tax receivables	115,875	206,920	9,324,659	31,452	236,717	9,915,623
Other receivables	-	-	-	-	475	475
Total Assets	$ 2,183,523	$ 4,752,729	$ 9,327,021	$ 1,083,130	$ 2,608,233	$ 19,954,636
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 2,497	$ 230,005	$ 9,324,659	$ 124,916	$ 233,582	$ 9,915,659
Fund Balances						
Restricted	2,181,026	4,522,724	2,362	958,214	2,374,651	10,038,977
Total Liabilities and Fund Balances	$ 2,183,523	$ 4,752,729	$ 9,327,021	$ 1,083,130	$ 2,608,233	$ 19,954,636

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

COMBINING SCHEDULE OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE SPECIAL REVENUE FUND BY PROJECT OR PROGRAM
FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2012

	Express Bus	Regional Bike and Pedestrian	Programs Distribution	Transit-Oriented Development	Paratransit	Total
REVENUES:						
Sales tax	$ 494,406	$ 882,867	$ 39,785,538	$ 134,194	$ 1,010,000	$ 42,307,005
Investment income	6,145	13,646	-	3,268	6,861	29,920
Total Revenues	500,551	896,513	39,785,538	137,462	1,016,861	42,336,925
EXPENDITURES:						
Transportation improvement						
Administration	25,018	323,460	(2,097)	15,880	269,937	632,198
Public transit	255,336	-	21,358,329	396,820	714,404	22,724,889
Local transportation	-	440,295	18,427,208	-	-	18,867,503
Total expenditures	280,354	763,755	39,783,440	412,700	984,341	42,224,590
Net change in fund balances	220,197	132,758	2,098	(275,238)	32,520	112,335
Fund balances, beginning	1,960,829	4,389,966	264	1,233,452	2,342,131	9,926,642
Fund balances, ending	$ 2,181,026	$ 4,522,724	$ 2,362	$ 958,214	$ 2,374,651	$ 10,038,977

See accompanying note to supplementary information.

ALAMEDA COUNTY TRANSPORTAION IMPROVEMENT AUTHORITY

NOTE TO SUPPLEMENTARY INFORMATION
FOR THE EIGHT MONTHS ENDED FEBRUARY 29, 2012

NOTE 1 – PURPOSE OF SCHEDULES

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

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