

**ALAMEDA COUNTY TRANSPORTATION
IMPROVEMENT
AUTHORITY**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2008**

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Governing Board of the
Alameda County Transportation Improvement Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alameda County Transportation Improvement Authority (ACTIA) as of and for the year ended June 30, 2008, which collectively comprise ACTIA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ACTIA's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from ACTIA's financial statements and in our prior report dated September 17, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 assessing the accounting principles used and the 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 ACTIA as of June 30, 2008, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Government Auditing Standards*, we have also issued a report dated , 2008, on our consideration of ACTIA'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.

The Management's Discussion and Analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements of ACTIA, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ACTIA's basic financial statements. The combining schedules of projects and programs listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of ACTIA. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Pleasanton, California
September 17, 2008

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
GOVERNMENTAL FUNDS - BALANCE SHEET / STATEMENT OF NET ASSETS
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

Assets	General	Capital Projects	Special Revenue	Total	Adjustments	Statement of Net Assets	2007 Total
Cash and investments	\$ 10,839,249	\$ 81,223,015	\$ 19,045,331	\$ 111,107,595	-	\$ 111,107,595	\$ 117,670,978
Receivables							
Sales tax	836,469	7,118,444	10,633,287	18,588,200	-	18,588,200	17,860,203
Accrued interest	-	266,456	-	266,456	-	266,456	386,378
Other governments	116,298	-	-	116,298	-	116,298	178,572
Other	9,475	-	-	9,475	-	9,475	-
Advances to other governments	20,602	25,059,623	-	25,080,225	-	25,080,225	25,108,355
Due from employee benefits trust	22,587	-	-	22,587	-	22,587	-
Capital assets net of accumulated depreciation	-	-	-	-	(1)	65,900	-
Other Assets	98,662	-	-	98,662	-	65,900	91,959
Total assets	\$ 11,943,342	\$ 113,667,538	\$ 29,678,618	\$ 155,289,498	\$ 65,900	\$ 155,355,398	\$ 161,356,087
Liabilities and Fund Balances							
Liabilities							
Accounts payable	346,706	13,066,318	14,746,066	28,159,090	-	28,159,090	50,267,742
Compensated absences	-	-	-	-	(2)	72,450	54,540
Net OPEB Obligations	-	-	-	-	(3)	17,779	-
Total liabilities	346,706	13,066,318	14,746,066	28,159,090	90,229	28,249,319	50,322,282
Fund balances:							
Reserved for:							
Administration	11,596,636	-	-	11,596,636	(11,596,636)	-	-
Long term advances	-	25,059,623	-	25,059,623	(25,059,623)	-	-
Transportation projects	-	75,541,597	14,932,552	90,474,149	(90,474,149)	-	-
Total fund balances	11,596,636	100,601,220	14,932,552	127,130,408	(127,130,408)	-	-
Total liabilities and fund balances	\$ 11,943,342	\$ 113,667,538	\$ 29,678,618	\$ 155,289,498		65,900	91,959
Net Assets:							
Invested in capital assets						127,040,179	110,941,846
Unrestricted						65,900	91,959
Total net assets						\$ 127,106,079	\$ 111,033,805

Amounts reported for governmental activities in the statement of net assets are different because:

- (1) - Capital assets used in governmental activities are not financial resources and, and therefore are not reported in the funds.
- (2) - Compensated absences are considered long term and therefore are not recorded in the governmental funds.
- (3) - OPEB obligations are considered long term and therefore are not recorded in the governmental funds.

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)**

	General	Capital Projects	Special Revenue	Total	Adjustments	Statement of Activities	2007 Total
Revenues:							
Sales tax	\$ 6,290,229	\$ 44,525,152	\$ 66,510,142	\$ 117,325,523	\$ -	\$ 117,325,523	\$ 114,743,322
Investment income	551,422	5,063,381	754,218	6,369,021	-	6,369,021	6,890,960
Other income	299,589	3,351,090	40,656	3,691,335	-	3,691,335	215,686
Total revenues	<u>7,141,240</u>	<u>52,939,623</u>	<u>67,305,016</u>	<u>127,385,879</u>	<u>-</u>	<u>127,385,879</u>	<u>121,849,968</u>
Expenditures\expenses:							
Current:							
Administration	4,855,120	-	441,632	5,296,752	(61,748)	5,235,004	5,420,577
Highways and streets	-	31,512,788	-	31,512,788	-	31,512,788	24,623,449
Public transit	-	5,133,319	35,415,581	40,548,900	-	40,548,900	57,407,703
Local transportation	-	3,995,682	29,897,735	33,893,417	-	33,893,417	31,174,209
Total expenditures\expenses	<u>4,855,120</u>	<u>40,641,789</u>	<u>65,754,948</u>	<u>111,251,857</u>	<u>(61,748)</u>	<u>111,190,109</u>	<u>118,625,938</u>
Excess of revenues over expenditures	<u>2,286,120</u>	<u>12,297,834</u>	<u>1,550,068</u>	<u>16,134,022</u>	<u>(61,748)</u>	<u>16,072,274</u>	<u>3,224,030</u>
Net change in fund balances \ net assets	<u>2,286,120</u>	<u>12,297,834</u>	<u>1,550,068</u>	<u>16,134,022</u>	<u>(61,748)</u>	<u>16,072,274</u>	<u>3,224,030</u>
Fund balances \ net assets:							
Beginning of year	\$ 9,310,516	\$ 88,303,386	\$ 13,382,484	\$ 110,996,386	37,420	111,033,805	107,809,775
End of year	<u>\$ 11,596,636</u>	<u>\$ 100,601,220</u>	<u>\$ 14,932,552</u>	<u>\$ 127,130,408</u>	<u>\$ (24,328)</u>	<u>\$ 127,106,079</u>	<u>\$ 111,033,805</u>

Amounts reported for governmental activities in the statement of activities are different because:

(1) - Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.	\$ (26,059)
Changes in compensated absences are considered long term and need to be included in the statement of activities.	(17,910)
Changes in post-employment benefits other than pensions are considered long term and need to be included in the statement of activities	<u>(17,779)</u>
	<u>\$ (61,748)</u>

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

**FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008**

	Retiree Benefits Trust Fund
ASSETS	
Deposits and investments	\$ 916,772
Total Assets	<u>916,772</u>
LIABILITIES	
Due to ACTIA General Fund	22,587
Total Liabilities	<u>22,587</u>
NET ASSETS	
Held in trust for OPEB benefits	894,185
Total Net Assets	<u>\$ 894,185</u>

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

**FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

	Retiree Benefits Trust Fund
	<u> </u>
ADDITIONS:	
Contributions: Employer	\$ -
Investment earnings	43,741
Total Additions	<u>43,741</u>
 DEDUCTIONS:	
Benefits	22,587
Total Deductions	<u>22,587</u>
 Change in Net Assets	21,154
Net Assets - Beginning	<u>873,031</u>
 Net Assets - Ending	<u><u>\$ 894,185</u></u>

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

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCES – BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 6,753,920	\$ 6,395,000	\$ 6,290,229	\$ (104,771)
Investment income	455,251	511,256	551,422	40,166
Other	192,200	317,204	299,589	(17,615)
Total revenues	<u>7,401,371</u>	<u>7,223,460</u>	<u>7,141,240</u>	<u>(82,220)</u>
Expenditures:				
Current:				
Administration	5,554,910	5,492,040	4,855,120	636,920
Total expenditures	<u>5,554,910</u>	<u>5,492,040</u>	<u>4,855,120</u>	<u>636,920</u>
Excess of revenues over expenditures	<u>1,846,461</u>	<u>1,731,420</u>	<u>2,286,120</u>	<u>554,700</u>
Net change in fund balances	<u>\$ 1,846,461</u>	<u>\$ 1,731,420</u>	<u>\$ 2,286,120</u>	<u>\$ 554,700</u>

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES – BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 68,061,949	\$ 66,357,219	\$66,510,142	\$ 152,923
Investment income	721,824	721,812	754,218	32,406
Other	-	-	40,656	40,656
Total revenues	<u>68,783,773</u>	<u>67,079,031</u>	<u>67,305,016</u>	<u>225,985</u>
Expenditures:				
Current:				
Administration	909,838	655,452	441,632	213,820
Public transit	37,556,972	36,907,676	35,415,581	1,492,095
Highways/Streets	31,992,977	31,439,873	29,897,735	1,542,138
Total expenditures	<u>70,459,787</u>	<u>69,003,001</u>	<u>65,754,948</u>	<u>3,248,053</u>
Excess of revenues over expenditures	<u>(1,676,014)</u>	<u>(1,923,970)</u>	<u>1,550,068</u>	<u>3,474,038</u>
Net change in fund balances	<u>\$ (1,676,014)</u>	<u>\$ (1,923,970)</u>	<u>\$ 1,550,068</u>	<u>\$ 3,474,038</u>

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Alameda County Transportation Improvement Authority (ACTIA) was created by the Alameda County Board of Supervisors 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 ACTIA include all of its financial activities. ACTIA is the sole independent agency responsible for receiving and allocating funds necessary to complete the programs and is governed by an eleven-member board of elected officials from the County and local cities.

(b) Government-Wide and Fund Financial Statements

The fund financial statements (i.e., balance sheet and statement of governmental fund revenues, expenditures, and changes in fund balance) and government-wide financial statements (i.e., statement of net assets and the statement of activities) have been combined, as prescribed in Governmental Accounting Standards Board (GASB) statement number 34, as it applies to special purpose entities. The Authority meets the definition of a special purpose entity. These statements report information on all of the non-fiduciary activities of ACTIA.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economics 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 to the State Board of Equalization. Grants and similar items 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, ACTIA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

Sales taxes, local matching revenue, and investment income (including the change in the fair value of investments) associated with the current year 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.

ACTIA reports the following major governmental funds:

The *general fund* is ACTIA's primary operating fund. It accounts for all financial resources of ACTIA, except those required to be accounted for in another fund. A total of 4.5% net revenues has been allocated for administration of this Measure B sales tax program. Administration costs include salaries, benefits, professional fees, rent expense, office supplies and equipment, utilities and other cost that can not be specifically identified with another fund. The salaries and benefits of ACTIA's staff are limited by Measure B to 1% of sales tax revenue. Revenues in excess of administrative expenditures in any one year are reserved for future administrative costs.

The *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. ACTIA does not retain ownership of these improvements. They are transferred to the sponsor or managing jurisdiction after completion.

The *special revenue fund* accounts for resources accumulated as required by Measure B for allocation to local cities and the County of local transportation improvements, including streets and roads, and to transit agencies for operations and maintenance.

The *fiduciary fund* reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. 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 the Retiree Medical Benefits and allocated sources to provide medical benefits for retirees.

The effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Budgetary Data

- (1) Following a public meeting, ACTIA 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. Once a quarter, ACTIA approves all transfers between expenditure objects and overall budget

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

modifications during the year. For the capital projects fund, ACTIA annually approves individual project budgets (strategic plan), detailed by component functions. 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.

(e) Deposits and Investments

ACTIA's cash and investments are maintained in custodial investment accounts managed by independent investment advisors, and California State Treasurers. ACTIA generally holds investments till maturity. All cash and investments of ACTIA are restricted as to the investment options as specified in the State government code and investment policy.

(f) Capital Assets

Capital assets, which include land, leasehold improvements, and office furniture and equipment are reported in the government-wide financial statements. Capital assets are defined by ACTIA 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 ACTIA are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office Furniture and Equipment	5
Computer Equipment	3
Leasehold Improvements	5

(g) Compensated Absences

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

(h) Fund Equity

In the fund financial statements, governmental funds report reservations of balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

(i) *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.

(j) *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(k) *Reclassifications*

Certain accounts in the summarized comparative information for the year ended June 30, 2007 have been reclassified for the comparative purposes to conform with the presentation in the financial statements for the year ended June 30, 2008. Such reclassifications had no effect on previous reported fund balances or net assets.

(l) *Accounting and Reporting Change - Other Post Employment Benefits*

In July 2004, GASB issued GASBS No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions. This Statement requires local governmental employers who provide other post-employment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits such as life insurance when provided separately from a pension plan. The approach followed by GASB 45 is consistent with the approach adopted in GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, with modifications to reflect differences between pension benefits and OPEB. GASB 45 improves the relevance and usefulness of financial reporting by: (1) recognizing the cost of benefits in periods when the related services are received by the employer; (2) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and (3) providing information useful in assessing potential demands on the employer's future cash flows.

This Statement provided for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The Authority has implemented the provisions of this Statement for the fiscal year ended June 30, 2008. The Authority had an annual required contribution of \$17,779 for the year ended June 30, 2008, and made a contribution of \$0 resulting in an OPEB obligation of \$17,779.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(1) Summary of Significant Accounting Policies (Continued)

In July 2004, GASB issued GASBS No. 43, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans. This statement establishes uniform financial reporting standards for other post-employment benefits (OPEB) plans. This statement was developed to address the growing concern about the magnitude of state and local governments' obligation to provide OPEB for their employees and the lack of information about those obligations in general purpose external financial reports. The approach followed in this statement is generally consistent with the approach adopted for the defined benefit pension plans, with modifications to reflect differences between pension plans and OPEB plans. The standards in this Statement apply for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. This Statement also provides requirements for reporting of OPEB funds by administrators of multiple-employer OPEB plans, when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. The Authority has implemented the provisions of this Statement for the fiscal year ended June 30, 2008.

(2) Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 111,107,595
Fiduciary Funds	916,772
Total Deposits	<u>\$ 112,024,367</u>

Deposits and investments as of June 30, 2008, consist of the following:

Cash on hand and in banks	1,573,259
Investments	110,451,108
Total Deposits and Investments	<u>\$ 112,024,367</u>

Policies and Practices

ACTIA is authorized under California Government Code or the Entity's investment policy, if different, 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.

General Authorizations

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

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(2) Deposits and Investments (Continued)

General Authorization (Continued)

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 Notes	5 years	30%	5%
Money Markets	N/A	20%	5%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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

Investment Type	Fair Value	Maturity
Bankers Acceptance	\$ 1,770,906	August 2008 - September 2008
Commercial Paper	9,021,646	July 2008 - September 2008
Corporate Notes	9,385,746	November 2008 - January 2010
Federal Agency Bonds/Notes	41,519,030	July 2008 - July 2011
U.S. Treasury Bonds/Notes	12,293,805	December 2008 - May 2013
Money Market\ Mutual Funds	1,542,732	1-2 Days
LAIF	34,917,243	212 Days
Total Securities	<u>\$ 110,451,108</u>	

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(2) Deposits and Investments (Continued)

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 measure by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, ACTIA’s investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Minimum	Not Required	Rating as of Year End					
		Legal Rating	To Be Rated	AAA	AA	AA+	AA-	A-1+	Unrated
U.S. Treasuries	\$ 12,293,805	N/A	\$12,293,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Agency Bond/Note	35,944,365	A	-	35,944,365	-	-	-	-	-
Federal Agency Discount Note	5,574,665	N/A	-	-	-	-	-	5,574,665	-
Money Market \ Mutual funds	1,542,732	A	-	1,542,732	-	-	-	-	-
Commercial Paper	9,021,646	A	-	-	-	-	-	9,021,646	-
L.A.I.F	34,917,243	N/A	-	-	-	-	-	-	34,917,243
Corporate Notes	9,385,746	A	-	1,028,893	4,796,620	1,003,295	2,556,938	-	-
Bankers Acceptance	1,770,906	A	-	-	-	-	-	1,770,906	-
Total	\$ 110,451,108		\$12,293,805	\$38,515,990	\$ 4,796,620	\$ 1,003,295	\$ 2,556,938	\$16,367,217	\$34,917,243

Concentration of Credit Risk

The investment policy of ACTIA contains limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. Investments in any one issuer (other than U.S Treasury securities, mutual funds and external investment pools) that represent five percent (5%) or more of the total investments are as follows:

Issuer	Investment Type	Amount
FHLB	Federal Agency Securities	\$ 11,064,769
FHLMC	Federal Agency Securities	9,019,499
FNMA	Federal Agency Securities	18,325,820
Total		\$ 38,410,088

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, ACTIA's deposits may not be returned to it. ACTIA’s policy, as well as 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 agencies. California law also allows

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(2) Deposits and Investment (Continued)

Custodial Credit Risk- Deposits (Continued)

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 June 30, 2008, ACTIA's bank balance of \$1,040,326, with a reported balance of \$656,487, is collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the ACTIA.

Custodial Credit Risk Deposits – Retiree's Health Benefit Trust Fund Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Retiree Health Benefit Trust Fund's deposits may not be returned to them. Although the Retiree Health Insurance Trust Fund does not have its own investment policy, there are securities available as pledged collateral for the retirement fund for the Retiree Health Insurance Trust Fund's Deposits of \$916,772 with a financial institution. Retiree Health Benefit Trust Fund is held as a timed deposit which matured on June 30, 2008.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, ACTIA will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is ACTIA's policy that all securities held, be secured through third-party custody and safekeeping.

Investments in the State Investment Pool

ACTIA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of ACTIA's investment in the pool is reported in the accompanying financial statement at amounts based upon ACTIA'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.

(3) Advances to Other Governments

ACTIA advanced \$25 million of public transit program funds to Alameda-Contra Costa Transit Agency (AC Transit) during the fiscal year ended June 30, 2008. The advance has a variable interest rate, which is adjusted monthly, based on LAIF plus one percent. The outstanding balance, including accrued interest, as of June 30, 2008, is \$25,080,226. Full payment of the advance is due on or before December 31, 2008.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(4) Capital Assets

(a) Capital Assets – Governmental Activities

A summary of changes in capital assets recorded in governmental activities follows:

	July 1, 2007	Additions	Deletions	June 30, 2008
Capital assets being depreciated:				
Furniture and equipment	\$ 85,732	\$ -	\$ -	\$ 85,732
Leasehold improvements	41,886	-	-	41,886
Total capital assets being depreciated	<u>127,618</u>	<u>-</u>	<u>-</u>	<u>127,618</u>
Less accumulated depreciation for:				
Furniture and equipment	(34,163)	(20,075)	-	(54,238)
Leasehold improvements	(1,496)	(5,984)	-	(7,480)
Total accumulated depreciation	<u>(35,659)</u>	<u>(26,059)</u>	<u>-</u>	<u>(61,718)</u>
Governmental activities capital assets, net	<u>\$ 91,959</u>	<u>\$ (26,059)</u>	<u>\$ -</u>	<u>\$ 65,900</u>

(b) Depreciation Expense

Depreciation expense of \$26,059 was charged to the Administrative function of ACTIA during the year ended June 30, 2008.

(5) Long Term Liabilities

The following is summary long-term obligation as of June 30, 2008.

	July 1, 2007	Additions (payments)	June 30, 2008
Compensation absences	\$ 54,540	\$ 17,910	\$ 72,450
Net OPEB Obligations	-	17,779	17,779
Total	<u>\$ 54,540</u>	<u>\$ 35,689</u>	<u>\$ 90,229</u>

(6) Commitments and Contingent Liabilities

(a) Agreements with Engineering Firms

ACTIA 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, 2008, the total outstanding commitments (not paid or accrued) are \$11.52 million. The terms range from June 30, 2008 for up to four years (or acceptance of the phase of work, whichever is earlier).

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(6) Commitments and Contingent Liabilities (Continued)

(b) Agreements with Project Sponsors

ACTIA has entered into contracts 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, 2008, the total outstanding commitments (not paid or accrued) are \$153.66 million. The terms range from June 30, 2008 for eight and one half years (or acceptance of the phase of work, whichever is earlier).

(c) Operating Lease Commitments

The Authority has entered into an operating lease agreement with BOI- Broadway Trust for rental of facilities with commitments through November 2013. Future minimum rental payments are as follows:

Year Ending June 30	Lease Payments
2009	\$ 339,522
2010	349,381
2011	360,060
2012	432,120
2013	382,594
Total	<u>\$ 1,863,677</u>

ACTIA will also pay additional rent related to its share of increased operating costs and increased taxes. One third of the rent is paid by the ACTA under administrative cost-sharing agreement (See Note 9).

ACTIA has entered into sublease agreements for rental of facilities with Bay Area Program Management Group and Nelson\Nygaard for monthly rent of \$5,141 and \$846 respectively effective from July 1, 2007. These subleases are month-to-month tenancy terminable for any reason whatsoever on 30 days written notice given at any time by either party.

(d) Insurance, Claims and Litigation

ACTIA is exposed to various risks of loss related to torts: there of, damage to, and destruction of assets; errors and omissions; and natural disasters. ACTIA is named as an additional insured party on the ACTIA's commercial insurance coverage for general liability, directors and officers liability, automobile liability, and property coverage. The amounts of settlements for the past three fiscal years have not exceeded insurance coverage.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(7) Retirement Plan

Plan Description –ACTIA 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 50. These benefits provisions and all other requirements are established by State statute. CalPERS issues a publicly available financial statement report. The CalPERS Comprehensive Annual Financial Report may be obtained by writing the State of California’s Public Employees’ Retirement System at P.O, Box 942709, Sacramento, California 94229-2709 or by calling 916-326-3420.

Funding Policy – The total combined payroll for ACTA and ACTIA for the fiscal year ended June 30, 2008 was \$989,464, which approximates covered payroll for employees participating in the Fund. ACTIA, due to a benefits resolution, has an obligation to contribute 7% for covered employees and employees will contribute 1%, which represent the members’ portion. ACTIA is required to contribute at an actuarially determined rate. The average rate for the year ended June 30, 2008 was 10.428% of covered payroll.

Annual Pension Cost – ACTIA’s annual pension costs was equal to the required contribution, which was determined as part of an actuarial valuation performed as of June 30, 2006, 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 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term market value fluctuations over a fifteen-year period. The amortization method is a level percent of payroll over a closed 20-year period.

Schedule of Funding Progress - The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to the payroll.

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 % of Payroll [(a)-(b)]/(c)
6/30/2004	\$2,746,095,668	\$2,460,944,656	\$285,151,012	89.6%	\$ 743,691,970	38.3%
6/30/2005	^[1] \$ 579,276,103	\$ 500,388,523	\$ 78,887,580	86.4%	\$ 129,379,492	61.0%
6/30/2006	^[1] \$ 912,988,585	\$ 787,758,909	\$ 125,229,676	86.3%	\$ 200,320,145	62.5%

^[1] Rate plan belonging to miscellaneous 2.5% at 55 risk plan. The agency’s plan is included in this risk plan.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

(7) Retirement Plan (Continued)

Actuarially Determined Contributions Required and Contributions Made - The funding policy of the fund provides for actuarially determined periodic contributions by ACTIA at rates such that sufficient assets will be available to pay fund benefits when due. The contribution to the fund for the year ended June 30, 2008 was \$171,690 which include the current employer and employee contributions.

Historical Trend Information - Trend information gives an indication of the net pension obligation and the progress made in accumulating sufficient assets to pay benefits when due.

Net Pension Obligation Three-Year Trend - (Dollar amounts in Thousands)

Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributions	Net Pension Obligation
6/30/2005	\$ 106,162	100%	\$ -
6/30/2006	^[1] \$ 529,478	100%	\$ -
6/30/2007	\$ 171,690	100%	\$ -

^[1] ACTIA prepaid \$353,036 in side fund as a lump sum to reduce employer’s contribution rate.

(8) Other Postemployment Benefits (OPEB)

During FY 2007-08, ACTIA adopted GASB Statement No. 45, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. The Statement establishes standards for the measurement, recognition, and display of OPEB costs/contributions and related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports of state and local government employers. The Authority currently provides postretirement healthcare benefits from a prefunded account. However, Statement No. 45 now requires the Authority to report OPEB on the accrual basis.

During FY 2007-08, the Authority also adopted GASB Statement No. 43, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*. GASB 43 applies to the ACTIA’s post-employment healthcare plans and required additional disclosures with respect to the healthcare plans.

Plan Description – The Authority administers a single-employer defined benefit post retirement plan (The Plan) which provides lifetime postretirement medical insurance coverage to employees hired prior to October 2004. For employees hired after October 2004, the Authority’s contribution will be limited to 50% of the single party Kaiser basic or supplemental premium per month, after a vesting period of 5 years of service. For each additional year of service, the benefit increases by 5% up to a maximum of 100% after 15 years of service. CalPERS Bay Area Kaiser rates for basic retiree were \$431 and \$471 for the years 2007 and 2008 respectively. The rates for supplemental retiree were \$290 and \$273 for the years 2007 and 2008 respectively. The medical coverage is provided through the California Public Employees’ Retirement System’s medical program. The plan is authorized under Board Resolution 04-0054. Retirees are required to pay the entire premium of dependent coverage. The Authority reports the financial activity of the Plan as a trust/ agency fund, and no separate financial report is

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(8) Other Postemployment Benefits (OPEB) (Continued)

prepared. Membership of the Plan consisted of the following at July 1, 2007, the date of the latest actuarial valuation.

Retirees receiving benefits	3
Active Plan Members	9
Total	<u>12</u>

Funding Policy - The contribution requirements of ACTIA and the plan members are established and may be amended by the Governing Board. The required contribution is based on the single party Kaiser premium available through the California PERS medical program. During the year ended June 30, 2008, ACTIA contributed \$0. The premiums were funded from the interest earnings of Retiree Benefit Trust.

Annual Post Retirement Benefit Costs and Net Post Retirement Benefit Obligations - ACTIA's annual other post retirement benefit (OPEB) obligation cost is calculated based on the annual required contribution of the employer (ARC), 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 liabilities over a period not to exceed thirty years. The following tables show the ARC of ACTIA, the components of ACTIA's annual OPEB costs for the year, the amount actually contributed to the Plan, and the changes in ACTIA's net post retirement benefit cost obligation to the Plan.

	June 30, 2008
Normal Cost at Year End	\$ 38,304
Amortization of UAAL	<u>(20,525)</u>
Annual Required Contribution	17,779
Interest on Prior Year Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	<u>17,779</u>
Contributions Made	-
Increase (Decrease) in Net OPEB Obligation	<u>17,779</u>
Net OPEB Obligation- Beginning of Year	-
Net OPEB Obligation- End of Year	<u>\$ 17,779</u>

Funded Status and Funding Progress - This is first year that the Authority has followed the reporting requirements of GASB 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pension Plans. The Authority has elected to implement GASB 45 prospectively and therefore shows no OPEB obligation at transition. Based on the actuarial calculations as of July 1, 2007, the most recent actuarial valuation date, and the plan was 156.6% funded. The actuarial accrued liability for benefits was \$557,513 and the actuarial value of assets was \$873,021 resulting in an unfunded (excess funded) actuarial accrued liability (UAAL) of (\$311,209). During the FY 2007-08, the covered payroll was \$989,408, and the ratio of UAAL to the covered payroll was (31.9)%.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(8) Other Postemployment Benefits (OPEB) (Continued)

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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimated are made about the future. The schedules of funding progress and employer's contributions are presented as required supplementary information following the notes to the financial statements. The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

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 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 5% discount rate, 5% investment rate of return, and ACTIA contributing full ARC to the trust. The retirement, mortality and termination rates used in this valuation were recently adopted for use in California PERS 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. See table below for medical trend rates assumptions. The health care cost long-term annual expected rate of increase is in the 5% to 6% range, leading to 5.5% long term rate.

Plan Year Beginning	Pre-65 Rate	Age 65+ Rate
July 1, 2008	9.1%	1.5%
July 1, 2009	8.5%	8.5%
July 1, 2010	7.5%	7.5%
July 1, 2011	6.5%	6.5%
July 1, 2012	5.7%	5.7%
July 1, 2013+	5.5%	5.5%

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

(8) Other Postemployment Benefits (OPEB) (Continued)

The UAAL is being amortized as a level dollar method on a closed basis over 30 years. 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.

(9) Related Party Transactions

Under an administrative cost-sharing agreement, ACTA and ACTIA share costs as follows:

Type of Expense	ACTA's Share	ACTIA's Share
Office expenses, office rental, and parking	1/3	2/3
Office equipment and improvements	1/3	2/3
Legislative advocacy	1/2	1/2

During the year ended June 30, 2008, ACTIA paid \$1,453,926 for the administrative costs on behalf of ACTA and ACTA approved the transfer of \$40,656 in the Paratransit funds to ACTIA. As of June 30, 2008, \$116,298 is receivable from ACTA. This is included in the receivable from other governments total on the statement of net assets and balance sheet.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
COMBINING BALANCE SHEET SCHEDULE BY SPECIAL REVENUE FUND
PROJECT AND PROGRAM
JUNE 30, 2008
(WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2007)

Assets	Express Bus	Service Gap	Regional Bike and Pedestrian	Transit- Oriented Development	Program Distributions	Total	2007 Total
Cash and investments	\$ 3,727,692	\$ 4,939,009	\$ 5,777,851	\$ 1,189,324	\$ 3,411,455	\$ 19,045,331	\$ 14,856,634
Receivables							
Sales tax	124,751	253,850	221,897	33,728	9,999,061	10,633,287	10,216,841
Other governments	-	-	-	-	-	-	250
Total assets	<u>\$ 3,852,443</u>	<u>\$ 5,192,859</u>	<u>\$ 5,999,748</u>	<u>\$ 1,223,052</u>	<u>\$ 13,410,516</u>	<u>\$ 29,678,618</u>	<u>\$ 25,073,725</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	-	\$ 666,439	\$ 669,112	\$ -	\$ 13,410,515	\$ 14,746,066	\$ 11,691,241
Total liabilities	<u>-</u>	<u>666,439</u>	<u>669,112</u>	<u>-</u>	<u>13,410,515</u>	<u>14,746,066</u>	<u>11,691,241</u>
Fund balances:							
Reserved for:							
Transportation projects	3,852,443	4,526,420	5,330,636	1,223,052	1	14,932,552	13,382,484
Total fund balances	<u>3,852,443</u>	<u>4,526,420</u>	<u>5,330,636</u>	<u>1,223,052</u>	<u>1</u>	<u>14,932,552</u>	<u>13,382,484</u>
Total liabilities and fund balances	<u>\$ 3,852,443</u>	<u>\$ 5,192,859</u>	<u>\$ 5,999,748</u>	<u>\$ 1,223,052</u>	<u>\$ 13,410,516</u>	<u>\$ 29,678,618</u>	<u>\$ 25,073,725</u>

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE BY SPECIAL REVENUE FUND PROJECT AND PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2008
 (WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2007)

	Express Bus	Service Gap	Regional Bike and Pedestrian	Transit- Oriented Development	Program Distributions	Total	2007 Total
Revenues:							
Sales tax	\$ 780,307	\$ 1,587,805	\$ 1,387,942	\$ 210,967	\$ 62,543,121	\$ 66,510,142	\$ 65,056,460
Investment income	178,635	230,611	265,076	55,645	24,251	754,218	682,027
Other governments	-	40,656	-	-	-	40,656	2,114
Total revenues	958,942	1,859,072	1,653,018	266,612	62,567,372	67,305,016	65,740,601
Expenditures:							
Administration	-	241,730	175,905	-	23,997	441,632	324,397
Public transit	106,704	1,727,798	-	6,613	33,574,466	35,415,581	34,905,828
Local transportation			928,825		28,968,910	29,897,735	29,235,229
Total expenditures	106,704	1,969,528	1,104,730	6,613	62,567,373	65,754,948	64,465,454
Excess of revenues over expenditures	852,238	(110,456)	548,288	259,999	(1)	1,550,068	1,275,147
Net change in fund balances	852,238	(110,456)	548,288	259,999	(1)	1,550,068	1,275,147
Fund balances, beginning of year	3,000,205	4,636,876	4,782,348	963,053	2	13,382,484	12,107,337
Fund balances, end of year	\$ 3,852,443	\$ 4,526,420	\$ 5,330,636	\$ 1,223,052	\$ 1	\$ 14,932,552	\$ 13,382,484

**ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 OPEB SCHEDULE OF FUNDING PROGRESS AND EMPLOYER'S CONTRIBUTION
 FOR THE YEAR ENDED JUNE 30, 2008**

SCHEDULE OF 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)
6/30/2005	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2006	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2007	\$ 557,513	\$ 873,021	\$ (315,508)	156.6%	\$ 989,408	-31.9%

SCHEDULE OF EMPLOYER'S CONTRIBUTION

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	N/A	N/A
2007	N/A	N/A
2008	\$17,779	0%

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

The Governing Board of the Alameda County
Transportation Improvement ACTIA

We have audited the financial statements of the governmental activities and each major fund of Alameda County Transportation Improvement Authority (ACTIA), as of and for the year ended June 30, 2008, which collectively comprise ACTIA's basic financial statements and have issued our report thereon dated _____, 2008. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered ACTIA's internal control 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 ACTIA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ACTIA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACTIA'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 direct 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, finance committee, citizens' watchdog committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasanton, California
_____, 2008