

ALAMEDA COUNTY TRANSPORTATION COMMISSION OAKLAND, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014



**ALAMEDA COUNTY
TRANSPORTATION COMMISSION
OAKLAND, CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014
PREPARED BY THE FINANCE DEPARTMENT**



ALAMEDA COUNTY TRANSPORTATION COMMISSION

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ALAMEDA COUNTY TRANSPORTATION COMMISSION

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INTRODUCTORY SECTION

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December 12, 2014

**To the Alameda County Transportation Commission Board
and the Citizens of Alameda County, CA**

We are pleased to present this Comprehensive Annual Financial Report (CAFR) of the Alameda County Transportation Commission (Alameda CTC) for the fiscal year ended June 30, 2014. Per the Alameda CTC Joint Powers Agreement, the California Government Code section 6505 and the Public Utilities Code section 180105(c), the Alameda CTC is required to contract for an annual audit of its accounts and records in accordance with Generally Accepted Auditing Standards (GAAS). The financial statements included in this CAFR have been audited by Vavrinek, Trine, Day and Co., LLP, Certified Public Accountants. Therefore this CAFR is published to fulfill this requirement for the fiscal year ended June 30, 2014.

Management of the Alameda CTC is responsible for the accuracy, completeness and reliability of the information contained in this report. A comprehensive system of internal controls has been implemented which is designed to protect the Alameda CTC's assets from loss, theft or misuse, to identify and record transactions accurately and to compile the necessary information to report financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed anticipated benefits, the objective of the Alameda CTC's internal control system is to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

Alameda CTC is also required to undergo an annual federal compliance audit in conformity with the provision of the Single Audit Act of 1984 and the 1996 amendments to the act, and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The results of this audit can be found in the federal compliance information section.

Authoritative accounting and financial reporting standards require that the financial statements of a local government be preceded by Management's Discussion and Analysis (MD&A) intended to furnish an objective and easily readable analysis of the financial activities. The MD&A section of this CAFR can be found immediately following the Independent Auditor's Report. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE ORGANIZATION

Alameda County encompasses 813 square miles and is located east of the San Francisco Bay, extends to Livermore in the East and from Albany in the North to Fremont in the South. The population in Alameda County is over 1.5 million which makes it the second most populated county in the Bay Area and the seventh most populated county in California. Alameda County is one of 20 Self-Help Counties in California that deliver voter approved transportation sales tax measures to fund transit, highway, freight, bicycle, pedestrian and other mobility programs.

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

The Alameda CTC is governed by a twenty-two member Commission made up of five members of the Alameda County Board of Supervisors, two members representing the City of Oakland, 13 members each representing one of the other 13 cities in Alameda County, one member representing the Bay Area Rapid Transit District and one member representing Alameda-Contra Costa Transit District.

The mission of the Alameda CTC is to plan, fund and deliver a broad spectrum of transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County. This is accomplished through the administration of the transportation sales tax in Alameda County which was authorized in 2000 when the voters approved Measure B by 81.5 percent of the vote and by serving as the Alameda County's congestion management agency. The Alameda CTC delivers over \$100 million in transportation improvements each year which create jobs, enhance mobility and enrich communities.

The Alameda CTC is a legally separate and financially independent entity that is not a component unit of Alameda County or any other organization. While the Alameda CTC is the managing agency for the Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA) which operates the Sunol Smart Carpool Lane on Interstate 680, the SSCLJPA has its own separate legal identity and governance and is not a component unit of the Alameda CTC.

California Government Code requires the Alameda CTC to adopt an annual budget. Before the beginning of each fiscal year, staff proposes an annual budget based on agency goals and objectives to the Commission for adoption. The Commission monitors budget versus actual performance through quarterly staff reports. The legal level of budgetary control is at the entity level. The Commission has the authority to adjust the budget throughout the fiscal year, and the Executive Director has the authority to transfer authorized budget amounts between expenditure line items within governmental funds. The Required Supplementary Information section of this report includes schedules for the General Fund and the Special Revenue Fund and the Supplementary Information section includes schedule for all other funds that compare actual results to the final adopted budgets.

ECONOMIC CONDITION

LOCAL ECONOMY

Unemployment in Alameda County has decreased to 5.8 percent by June 2014 from 7.8 percent in June 2013 and 9.4 percent in June 2012. This is better than the state unemployment rate which has decreased to 7.3 percent by June 2014 from 9.2 percent in June 2013 and 10.7 percent in June 2012. The decrease in the unemployment rate as of June 2014 is also better than the national unemployment rate, which has decreased to only 6.1 percent by June 2014 from 7.5 percent in June 2013 and 8.2 percent in June 2012. While the economic recovery continues to move slowly, this is a significant improvement for Alameda County. The county unemployment rate has historically fallen between the national and state rates; however, for the last couple of years, the unemployment rate in Alameda County has been lower than both the national and state rates, indicating that employment has begun to recover at a greater pace in Alameda County as compared to the broader economy.

Alameda County supports employment in a wide array of industries including law enforcement, shipping/goods movement, medical/health, research, technology, pharmaceuticals, education, manufacturing, farming, finance, sanitation, fuel, retail, automobile sales, transportation, government, and other professional services. This diverse employment base helps to ensure stability for Alameda County as it is not reliant on any one employment sector for its prosperity. The Alameda CTC also has realized an increase in Measure B sales tax collections in fiscal year 2013-14 to a level above the historical peak of \$121.1 million in fiscal year 2012-13 to \$127.1 million. This change reflects a 5.0 percent increase over the prior fiscal year; however, total Measure B collections to date are still below original projections developed when the voters approved Measure B.

LONG-TERM FINANCIAL PLANNING

The Alameda CTC has delivered nearly all of the transportation sales tax projects approved by the voters in the 2000 Transportation Expenditure Plan (TEP). Faster delivery allowed for lower construction costs, but as a result, the Alameda CTC's Measure B sales tax will incur project cost before all of the sales tax funds have been collected. Measure B operated on a pay-as-you-go basis through fiscal year 2012-13; however cash flow projections reflected that a pay-as-you-go approach would not suffice throughout fiscal year 2013-14. In March 2014, the Alameda CTC issued a par amount of \$137.1 million of Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 with total bond proceeds of \$157.5 million to bridge the short-term funding gap that was projected to exist over the next few years while many large projects in the TEP are closed out and finalized. Current cash flow projections indicate that the Alameda CTC will continue to be solvent throughout the life of Measure B, which expires in 2022, as there will be sufficient sales tax revenues to pay the debt service on the bonds.

RELEVANT FINANCIAL POLICIES

The Board of Directors of the former agencies adopted a comprehensive set of financial policies. The Alameda CTC is working within the guidelines of these policies until new policies are adopted for the new consolidated agency. In April 2014, the Commission adopted an updated consolidated investment policy for the Alameda CTC which defines the parameters within which funds are to be managed. This policy will be reviewed and adopted by the Commission annually. In February 2014, the Commission adopted a loan policy which restricts loans to member agencies only. In January 2014, the Commission adopted a general fund balance reserve policy to mitigate risk and ensure sufficient liquidity in all funds. In October 2013, the Commission adopted consolidated contracting and procurement policies which aim to streamline contracting efforts and expand local business participation. In July 2013, the Commission adopted a debt policy which establishes guidelines for the issuance and management of Alameda CTC debt and confirms the commitment of the Commission, management, and staff to adhere to sound financial management practices.

MAJOR INITIATIVES

The Alameda CTC went before the voters of Alameda County in November 2012 with a transportation measure which would extend and augment the current Measure B half-cent sales tax. The measure required 66.67 percent voter approval to pass, but only received 66.53 percent of the votes, therefore it did not pass. The Alameda CTC returned to the voters in November 2014 to put a new \$7.8 billion transportation measure before the voters of Alameda County to help increase mobility, create jobs, reduce congestion, protect the environment, restore and expand transit services, fix potholes, reduce highway congestion, expand bicycle and pedestrian access and connect transit with housing and jobs over the next 30 years. This measure was approved by a clear majority of Alameda County voters receiving over 70 percent of the votes.

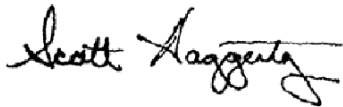
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Alameda County Transportation Commission for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to extend our appreciation to the entire Finance Department staff who made the production of this CAFR possible through their support and dedicated service. We would also like to express our thanks to all of the members of the departments who assisted in and contributed to the preparation of this report. Credit and thanks also go to the Commission for their support in maintaining the highest standards of professionalism in the management of the Alameda CTC.

Respectfully submitted,



Scott Haggerty
Chair, Alameda County
Transportation Commission



Arthur L. Dao
Executive Director



Patricia Reavey
Director of Finance

COMMISSIONERS
As of June 30, 2014

Member	Jurisdiction	Alternate
Supervisor Scott Haggerty, Chair	Alameda County District 1 Supervisor	None
Councilmember Rebecca Kaplan, Vice Chair	City of Oakland Councilmember At-Large	Dan Kalb
Director Elsa Ortiz	AC Transit	Greg Harper
Supervisor Richard Valle	Alameda County, District 2	Barbara Halliday
Supervisor Wilma Chan	Alameda County, District 3	Pauline Russo Cutter
Supervisor Nate Miley	Alameda County, District 4	None
Supervisor Keith Carson	Alameda County, District 5	Kriss Worthington
Director Thomas Blalock	Bay Area Rapid Transit	John McPartland
Mayor Marie Gilmore	City of Alameda	Stewart Chen
Vice Mayor Peter Maass	City of Albany	Michael Barnes
Councilmember Laurie Capitelli	City of Berkeley	Kriss Worthington
Mayor Tim Sbranti	City of Dublin	Don Biddle
Councilmember Ruth Atkin	City of Emeryville	Kurt Brinkam
Mayor Bill Harrison	City of Fremont	Suzanne Chan
Mayor Barbara Halliday	City of Hayward	Marvin Peixoto
Mayor John Marchand	City of Livermore	Stewart Gary
Councilmember Luis Freitas	City of Newark	Maria Collazo
Vice Mayor Larry Reid	City of Oakland	Dan Kalb
Mayor Margaret Fujioka	City of Piedmont	Jeff Wieler
Mayor Jerry Thorne	City of Pleasanton	Cheryl Cook-Kallio
Vice Mayor Michael Gregory	City of San Leandro	Stephen Cassidy
Mayor Carol Dutra-Vernaci	City of Union City	Emily Duncan

EXECUTIVE MANAGEMENT

Executive Director

Arthur L. Dao	Executive Director	adao@alamedactc.org	(510) 208-7402
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Executive Team

Tess Lengyel	Deputy Director of Planning and Policy	tlengyel@alamedactc.org	(510) 208-7428
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Stewart Ng	Deputy Director of Programming and Projects	stewartng@alamedactc.org	(510) 208-7437
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Patricia Reavey	Director of Finance	preavey@alamedactc.org	(510) 208-7422
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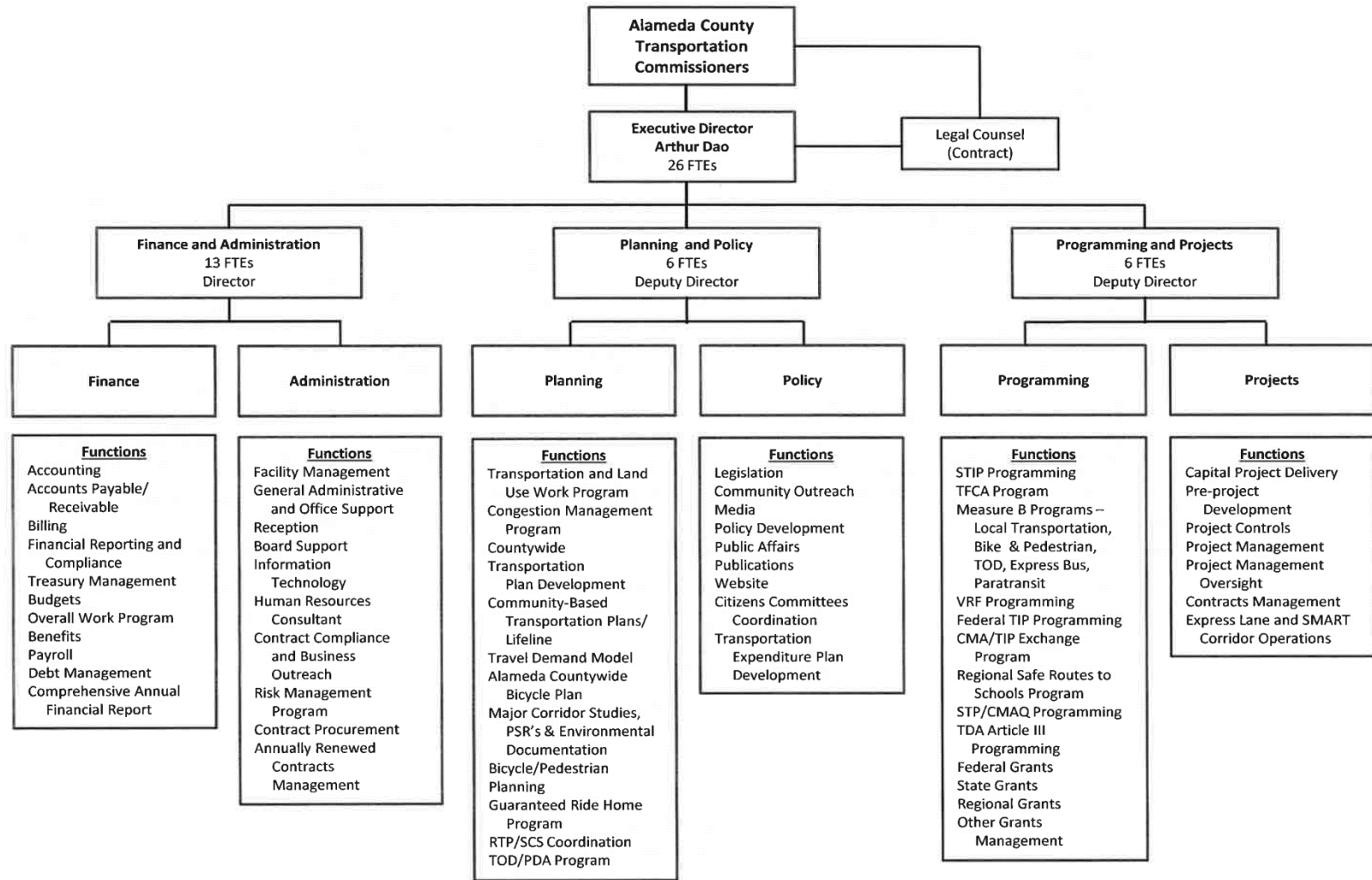
General Counsel

Wendel, Rosen, Black, & Dean LLP

Zachary R. Wasserman, Esq.

Neal Parish, Esq.

**Alameda County Transportation Commission
Functional Organizational Chart**



Alameda County, California



TABLE OF CREDITS

The following people contributed to the production of the Fiscal Year 2014 Comprehensive Annual Financial Report:

Finance:

Director of Finance	Patricia Reavey, CPA
Accounting Manager	Lily Balinton
Senior Accountant	Yoana Navarro, CPA

Audit Firm - Vavrinek, Trine, Day & Co., LLP:

Partner	Ahmad Gharaibeh, CPA
Manager	Nathan Edelman, CPA



Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

Presented to

**Alameda County
Transportation Commission
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Alameda County Transportation Commission
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda County Transportation Commission (Alameda CTC) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Alameda CTC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda CTC, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Alameda CTC adopted Governmental Accounting Standards Board (GASB) Statement No. 65 - *Items Previously Reported as Assets and Liabilities* as of July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda CTC's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Combining Schedules – General Fund, Combining Nonmajor Fund Financial Statements, Other Funds Budgetary Comparison Schedules and ACTIA Special Revenue Fund Combining Schedules, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Combining Schedules – General Fund, Combining Nonmajor Fund Financial Statements, Other Funds Budgetary Comparison Schedules and ACTIA Special Revenue Fund Combining Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 on our consideration of the Alameda CTC'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alameda CTC's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
December 12, 2014

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

The following discussion and analysis of the Alameda County Transportation Commission (Alameda CTC) financial report addresses the financial position, activities and performance of the agency for the fiscal year ended June 30, 2014. Management encourages readers to consider information presented in this section in conjunction with the financial statements and related notes contained in the financial section.

The Alameda CTC established the reporting of its financial statements in the form of a Comprehensive Annual Financial Report (CAFR), which includes all of the additional information required of a CAFR, for the first time for the fiscal year ended June 30, 2013 and is continuing this practice for the fiscal year ended June 30, 2014. The financial report prepared for the fiscal year ended June 30, 2012 for the Alameda CTC was the first financial report since the Alameda CTC was established. In June 2010, the Boards of the Alameda County Transportation Improvement Authority (ACTIA) and the Alameda County Congestion Management Agency (ACCMA) created a joint powers agency known as the Alameda County Transportation Commission pursuant to the California Joint Exercise of Powers Act in which ACTIA and ACCMA delegated all of their assets, liabilities, powers, functions and responsibilities to the Alameda CTC effective July 1, 2010. The Alameda CTC held its first joint meeting on July 22, 2010 and approved its first consolidated budget for fiscal year ended June 30, 2012 at its June 2011 meeting. For various reasons, including issues related to contracting with CalPERS and other required administrative tasks, the former agencies continued to exist through February 29, 2012 when they were legally dissolved and the Alameda CTC became the successor agency.

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

Financial Highlights

- Total net position was \$183.1 million at June 30, 2014, a decrease of \$36.2 million or 16.5 percent from the prior fiscal year end primarily related to capital project expenditures in the Measure B capital project funds.
- Total assets increased by \$146.3 million or 50.5 percent from \$289.8 million to \$436.1 million as of June 30, 2014 compared to June 30, 2013 related to the proceeds received from the issuance of Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 in March 2014. Cash and investments comprised \$392.2 million or 89.9 percent of the total assets as of June 30, 2014.
- Revenues totaled \$177.9 million for the fiscal year ended June 30, 2014. This was an increase of \$18.9 million or 11.9 percent over the fiscal year ended June 30, 2013 mostly related to an increase in sales tax revenues and exchange fund revenues.
- Total liabilities increased by \$182.5 million or 258.7 percent from \$70.5 million to \$253.0 million as of June 30, 2014 compared to June 30, 2013. This increase is primarily related to an increase in noncurrent liabilities for debt service on the Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 issued in March 2014. Many projects approved in the Measure B Transportation Expenditure Plan (TEP) have entered phases of the projects to which Measure B funds have been assigned. The anticipation of this impending draw on Measure B funds played a large part in the Alameda CTC's decision to issue debt in 2014.
- Expenses totaled \$214.1 million for the fiscal year ended June 30, 2014. This was an increase of \$33.1 million or 18.3 percent over the fiscal year ended June 30, 2013 mostly related to Measure B capital project expenditures.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Overview of the Financial Statements

As required by the Governmental Accounting Standards Board, the financial report presents the following statements:

- A Statement of Net Position (presenting government-wide assets and liabilities)
- A Statement of Activities (presenting government-wide revenues and expenses)
- A Balance Sheet (presenting assets and liabilities for the governmental funds including the General Fund, ACTIA Special Revenue Fund, ACTIA Capital Projects Fund, ACTA Capital Projects Fund, ACCMA Capital Projects Fund, and the Nonmajor Governmental Funds)
- A Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds (presenting revenues and expenditures by fund)
- Notes to the financial statements (providing additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements)
- A Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the General Fund (presenting budget versus actual revenues and expenditures)
- A Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual for the ACTIA Special Revenue Fund (presenting budget versus actual revenues and expenditures)

The Statement of Net Position 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 Position* includes total assets and total liabilities with the difference between them reported as net position. Total revenues, total expenses, and changes in net position are accounted for in the *Statement of Activities*, regardless of the timing of related cash flows.

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

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

General Fund – The General Fund is the chief operating fund. The General Fund receives 4.5 percent of all sales tax revenues to fund the administration of Measure B sales tax funds and member agency contributions to fund congestion management activities. Pursuant to the TEP, administrative costs are limited to 4.5 percent of revenues collected by the Measure B sales tax. Pursuant to both the TEP and the Public Utilities Code (PUC), administrative salaries and benefits are limited to 1.0 percent of revenues collected by the Measure B sales tax. This fund is also used for administering and preparing the Congestion Management Plan and for programming federal, state, and local funds to implement the Congestion Management Plan.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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

- Express Bus Subfund – The Alameda CTC uses the Express Bus Subfund to provide funding to transit operators in Alameda County for maintenance of transit services, restoration of service cuts, expansion of transit services, and passenger safety and security.
- Paratransit (Service Gap) Subfund - The Alameda CTC 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 Alameda CTC 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 Alameda CTC 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 Alameda CTC uses the Programs Distribution Subfund to account for local streets and roads, bicycle and pedestrian, paratransit, and other sales tax revenues that are immediately disbursed to the cities and County of Alameda through Direct Local Distribution to fund transportation needs based on local priorities.

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

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

ACCMA Capital Projects Fund – The ACCMA Capital Projects Fund is used to account for capital projects designed to implement the Congestion Management Plan for Alameda County. The amount of capital project revenues and expenditures for the fiscal year ended June 30, 2014 were \$26.2 million and \$25.6 million, respectively, with the difference transferred to the General Fund to help cover costs incurred to administer the congestion management program.

The Alameda CTC has four nonmajor funds: the Debt Service Fund, the Exchange Fund, the Transportation Fund for Clean Air Fund, and the Vehicle Registration Fee Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources that are restricted to pay for debt service on outstanding bonds as the principal and interest becomes due.

Exchange Fund – The Exchange Fund is used to account for all activity related to the Exchange Program. Under the Exchange Program, the Alameda CTC entered into agreements with several local agencies to exchange state or federal funds with local funding from other governments for various transportation projects. This program was developed to expedite projects by giving project sponsors the flexibility of using local funds rather than more restrictive state or federal funds. The Alameda CTC programs federal or state funds to “exchange” projects, which are able to use these funds, and in return receives local funds into the Exchange Fund from the “exchange” projects sponsors. These local funds are more flexible and can be used for projects that either do not have the

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

ability to make use of state or federal funds, projects that would face unacceptable delays if state or federal funds were used or other transportation related commitments.

The Alameda CTC has entered into the following exchange agreements as of June 30, 2014 since inception in 2000:

Alameda County Transportation Improvement Authority	\$ 3,316,148
Alameda-Contra Costa Transit District	35,060,514
Bay Area Rapid Transit	8,100,000
City of Berkeley	259,560
City of Dublin	4,230,000
City of Fremont	6,191,156
City of Livermore	4,580,000
City of Union City	9,314,000
Metropolitan Transportation Commission	675,000
San Joaquin Regional Rail Commission	432,445
Santa Clara Valley Transportation Authority	558,000
Total Exchanged Funds	<u>\$ 72,716,823</u>

These exchanges were recognized as unearned revenue in the government-wide financial statements at the time the Alameda CTC entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. All \$72.7 million of these exchanged funds have been collected and \$67.5 million has been expended as of June 30, 2014.

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

The VRF funds are required to be used to implement transportation related programs and projects. Sixty percent of net VRF collections are designated for local road improvements and repairs and are allocated to the cities and County of Alameda automatically as a direct local distribution by planning area based on a formula which was approved by the voters of Alameda County in Measure F on the November 2010 ballot. The remaining forty percent designated for transit congestion relief, local transportation technology, pedestrian, bicyclist access, and safety programs are distributed by planning area, seventy-five percent of the forty percent on a discretionary basis and twenty-five percent, the portion designated for local transportation technology, are allocated to Alameda CTC to support ongoing operational requirements for technology related capital investments that benefit traffic corridors within Alameda County. Master Program Funding Agreements have been executed with the cities and County of Alameda to govern the flow of VRF funds. Direct Local Distribution funding for local road improvements and repairs began flowing to the cities and County of Alameda in June 2012.

TFCA funding is generated by a four dollar regional vehicle registration fee collected by the Bay Area Air Quality Management District (BAAQMD). TFCA funds are required to be used to implement projects and programs aimed at reducing air pollution through the reduction of motor vehicle emissions. Sixty percent of net TFCA funds are administered by the BAAQMD. Of the funds generated within Alameda County, forty percent are

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

administered by Alameda CTC and are allocated on a discretionary basis to projects and programs that meet the BAAQMD's TFCA program requirements, including project cost-effectiveness. During the fiscal year ended June 30, 2014, the Alameda CTC provided TFCA funding to various sponsors for projects being currently implemented including, but not limited to, the City of Oakland for an arterial management project on Martin Luther King, Jr Way and the CityRacks bicycle parking program, California State University East Bay for a second campus shuttle to BART, Livermore Amador Valley Transit Authority for the Routes 53 and 54 shuttles from the Altamont Commuter Express to BART, the City of Fremont for the North Fremont Arterial Management project, the City of Pleasanton for a trip reduction program, the City of Albany for the Buchanan Bike Path, the East Bay Regional Parks District for an Iron Horse Trail project at the Dublin Pleasanton BART station and the City of San Leandro for the San Leandro LINKS shuttle. Alameda CTC-implemented projects and programs, including the East Bay Greenway and Webster Street SMART Corridors projects and the Guaranteed Ride Home Program, also received TFCA funding.

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

Government-wide Financial Analysis

Net Position

As of June 30, 2014, total assets were \$436.1 million, an increase of \$146.3 million or 50.5 percent over June 30, 2013 mostly due to the receipt of \$157.5 million of bond proceeds in March 2014 for the issuance of Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014. Cash and investments account for \$392.2 million or 89.9 percent of total assets.

Total liabilities were \$253.0 million as of June 30, 2014, an increase of \$182.5 million or 258.7 percent over June 30, 2013 related to noncurrent liabilities for debt service on the Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014. The significant disparity of cash over liabilities demonstrates that the Alameda CTC is well able to meet its obligations as they become due. As of June 30, 2014, the Alameda CTC had commitments for \$1.4 million towards administrative services contracts, \$49.2 million towards engineering contracts, \$1.5 million towards construction contracts and \$144.7 million towards project sponsor contracts with terms ranging up to eight years.

Net position was \$183.1 million at June 30, 2014, a decrease of \$36.2 million or 16.5 percent from June 30, 2013. Of the total \$183.1 million in net position at June 30, 2014, \$0.6 million or 0.3 percent is invested in capital assets, \$28.9 million or 15.8 percent is unrestricted and the balance of \$153.4 million or 83.9 percent is restricted for use towards local programs and capital projects authorized in the Measure B 1986 and 2000 TEPs, congestion management projects and debt service.

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2014

Condensed Statement of Net Position
 June 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Cash and Investments	\$ 392,182,142	\$ 237,453,707
Receivables		
Sales tax receivables	20,534,000	20,375,501
Interest	509,142	457,252
Other	17,950,117	27,068,625
Land held for resale	4,068,000	4,068,000
Prepaid and other assets	237,195	306,483
Capital assets		
Furniture and equipment (net of accumulated depreciation)	621,809	50,632
Total Assets	\$ 436,102,405	\$ 289,780,200
Accounts Payable and Accrued Liabilities	68,904,676	46,150,242
Interest payable	1,827,477	-
Unearned revenue	25,647,961	24,386,467
Long-term obligations	156,659,065	-
Total Liabilities	253,039,179	70,536,709
Net Position:		
Net investment in capital assets	621,809	50,632
Restricted for:		
Transportation projects/programs/debt service	153,449,752	197,621,263
Unrestricted	28,991,665	21,571,596
Total Net Position	\$ 183,063,226	\$ 219,243,491
Total Liabilities and Net Position	\$ 436,102,405	\$ 289,780,200

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Change in Net Position

Total revenues during fiscal year 2014 were \$177.9 million, an increase of \$18.9 million or 11.9 percent over fiscal year 2013. This increase can be attributed to an increase in sales tax and exchange fund revenues in fiscal year 2014. Total expenses during fiscal year 2014 were \$214.1 million, an increase of \$33.1 million or 18.3 percent over fiscal year 2013. This increase is related to Measure B capital project expenditures. Internal project or program funding sources granted between funds are eliminated on a consolidated basis to ensure that revenues and expenditures are not double counted on a consolidated basis for the Alameda CTC.

The following are changes in key activities during fiscal year 2014:

- Operating grants and contributions for fiscal year 2014 were \$25.2 million, an increase of \$8.0 million or 47.0 percent over fiscal year 2013. This change is primarily related to an increase in Exchange Fund revenues in fiscal year 2014.
- Capital grants and contributions for fiscal year 2014 were \$22.6 million, an increase of \$3.5 million or 18.6 percent over fiscal year 2013. This change is mostly due to an increase in outside funding sources for the congestion management program as more funding came from external funding sources in fiscal year 2014 than in fiscal year 2013.
- Sales tax revenues for fiscal year 2014 were \$127.1 million, an increase of \$6.0 million or 5.0 percent over fiscal year 2013.
- Administration expenses for fiscal year 2014 were \$12.1 million, an increase of \$0.1 million or 0.9 percent over fiscal year 2013 mostly related to planning and programming activities.
- Interest expense for fiscal year 2014 related to the Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 was \$1.0 million.
- Transportation improvement costs for fiscal year 2014 were \$165.6 million, an increase of \$34.3 million or 26.2 percent over fiscal year 2013. This change is related to a ramp up in Measure B capital project costs as Measure B funds are called on to fund projects approved in the TEP.
- Congestion management expenses for fiscal year 2014 were \$35.4 million, a decrease of \$2.3 million or 6.1 percent from fiscal year 2013. This decrease is due to the changing phases and schedule of the congestion management capital projects.

During fiscal year 2014, expenses exceeded revenues by \$36.2 million resulting in a decrease to net position which was \$183.1 million as of June 30, 2014.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

**Condensed Statement of Changes in Net Position
June 30, 2014 and 2013**

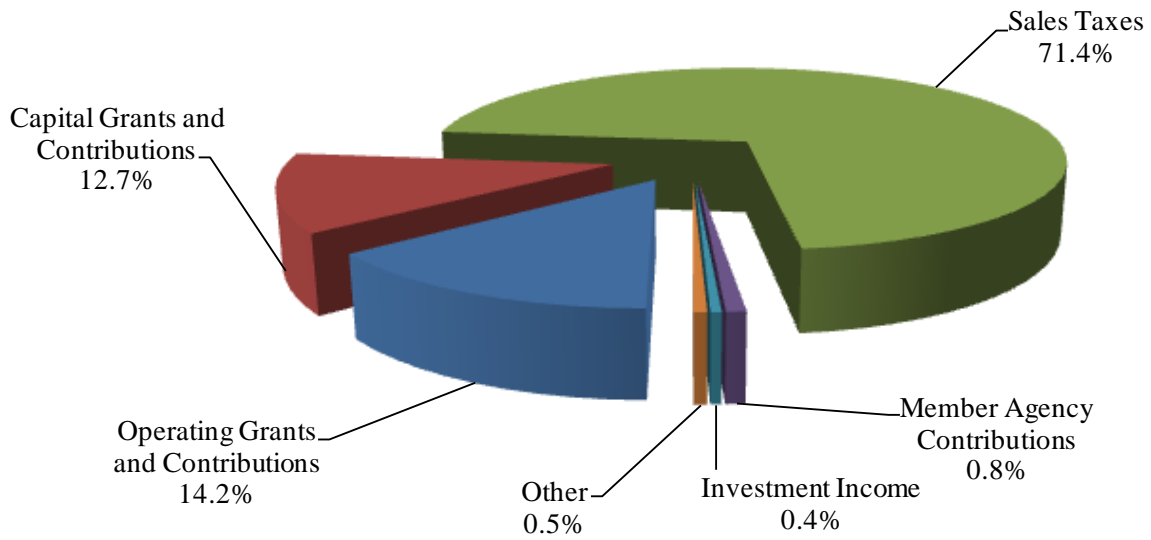
	Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Operating grants and contributions	\$ 25,160,233	\$ 17,112,291
Capital grants and contributions	22,585,431	19,051,245
General revenues:		
Sales taxes	127,095,900	121,084,780
Member agency contributions	1,394,821	1,394,818
Investment income	755,915	172,499
Other	937,338	203,252
Total Revenues	177,929,638	159,018,885
 Expenses		
Administration	12,087,490	11,981,445
Interest expense	1,005,686	-
Transportation improvements	165,594,441	131,266,274
Congestion management	35,422,286	37,720,724
Total Expenses	214,109,903	180,968,443
 Change in Net Position	(36,180,265)	(21,949,558)
 Net Position, Beginning of Year	219,243,491	241,193,049
Net Position, End of Year	\$ 183,063,226	\$ 219,243,491

ALAMEDA COUNTY TRANSPORTATION COMMISSION

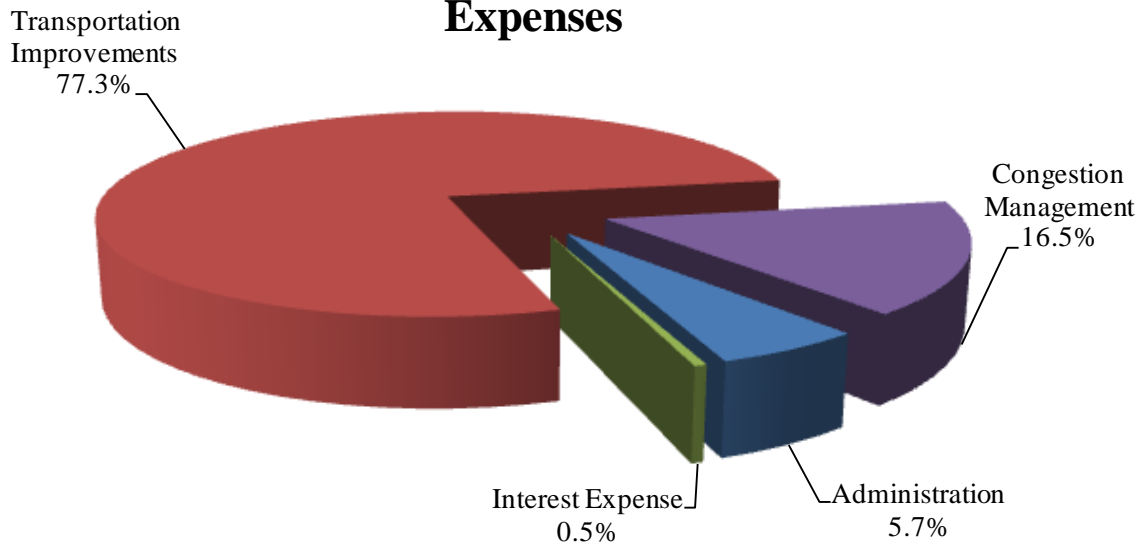
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Revenues



Expenses



ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Governmental Funds Financial Analysis

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

As of June 30, 2014, the Alameda CTC had \$340.9 million of fund balance in the governmental funds: \$24.0 million in the General Fund, \$10.6 million in the ACTIA Special Revenue Fund, \$147.6 million in the ACTIA Capital Projects Fund, \$117.8 million in the ACTA Capital Projects Fund and \$40.9 million in the nonmajor governmental funds. This is an increase over June 30, 2013 of \$121.7 million or 55.5 percent. This significant increase is related to proceeds of a bond issuance totaling \$157.5 million in March 2014. Without the proceeds of the bond issuance, Alameda CTC's fund balance in the governmental funds would have decreased by \$35.7 million mostly due to Measure B capital project transportation improvement expenditures for public transit in the ACTIA Capital Projects Fund.

For the period July 1, 2013 through June 30, 2014, the Alameda CTC had \$335.4 million of revenues and other financing sources in the governmental funds: \$12.8 million in the General Fund, \$74.1 million in the ACTIA Special Revenue Fund, \$197.7 million in the ACTIA Capital Projects Fund, \$1.1 million in the ACTA Capital Projects Fund, \$26.2 million in the ACCMA Capital Projects Fund, \$40.7 million in the nonmajor governmental funds less \$17.2 million of inter-fund revenues which have been eliminated on a consolidated basis. This is an increase over June 30, 2013 of \$176.4 million or 110.9 percent. This increase can be attributed to the bond issuance in March 2014. Without the proceeds from the bond issuance, the Alameda CTC governmental funds would have experienced an increase in revenues of only \$18.9 million or 11.9 percent which was mostly related to an increase in sales tax revenues and additional outside funding sources in the ACTIA Capital Projects Fund.

For the period July 1, 2013 through June 30, 2014, the Alameda CTC had \$213.7 million of expenditures in the governmental funds: \$9.8 million in the General Fund, \$72.6 million in the ACTIA Special Revenue Fund, \$96.7 million in the ACTIA Capital Projects Fund, \$11.8 million in the ACTA Capital Projects Fund, \$25.6 million in the ACCMA Capital Projects Fund, \$14.5 million in the nonmajor governmental funds less \$17.2 million of inter-fund expenditures which have been eliminated on a consolidated basis. This is an increase of \$32.7 million or 18.1 percent over June 30, 2013. This increase is primarily due to an increase in Measure B Capital Projects Fund expenditures for public transit projects.

As of June 30, 2014, the Alameda CTC had \$435.5 million of assets in the governmental funds: \$37.5 million in the General Fund, \$23.3 million in the ACTIA Special Revenue Fund, \$203.7 million in the ACTIA Capital Projects Fund, \$128.9 million in the ACTA Capital Projects Fund, \$40.8 million in the ACCMA Capital Projects Fund, \$54.7 million in the nonmajor governmental funds less \$53.5 million of assets which have been eliminated on a consolidated basis. This is an increase of \$145.9 million or 50.4 percent over June 30, 2013. This increase is mostly attributed to a bond issuance with proceeds of \$157.5 million in March 2014. Without the bond issuance, the Alameda CTC governmental funds would have experienced a decrease in assets of \$11.6 million mostly due to a reduction in ACTIA Capital Projects Fund's cash and investments as it continues to fund projects authorized in the TEP.

As of June 30, 2014, the Alameda CTC had \$94.6 million of liabilities in the governmental funds: \$13.5 million in the General Fund, \$12.7 million in the ACTIA Special Revenue Fund, \$56.1 million in the ACTIA Capital Projects Fund, \$11.0 million in the ACTA Capital Projects Fund, \$40.8 million in the ACCMA Capital Projects Fund, \$13.9 million in the nonmajor governmental funds less \$53.5 million of liabilities which have been

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

eliminated on a consolidated basis. This is an increase of \$24.2 million or 34.3 percent over June 30, 2013. This increase is primarily due to additional accounts payable and accrued liabilities in the ACTIA Capital Projects Fund as significantly more capital project expenditures for projects approved in the TEP are running through this fund in fiscal year 2014 as project sponsors make calls on Measure B funding for their projects.

Capital Assets

As of June 30, 2014, the Alameda CTC had \$621,809 invested in capital assets, including furniture and equipment and leasehold improvements.

Capital Assets
(net of accumulated depreciation and amortization)
As of June 30, 2014 and 2013

	2014	2013
Furniture and equipment (net of accumulated depreciation)	\$ 255,480	\$ 43,908
Leasehold improvements (net of accumulated amortization)	366,329	6,724
Total	<u>\$ 621,809</u>	<u>\$ 50,632</u>

Debt

The Alameda CTC issued Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 in March 2014 of which a par value of \$137.1 million remains outstanding as of June 30, 2014. The pledge to secure the bonds is sales tax revenues, and the Alameda CTC has a trustee who maintains the bond funds. This was the first bond issuance for the agency therefore the Alameda CTC also received its ratings from Standard & Poor's Rating Services and Fitch Ratings for the first time in fiscal year 2014. The Alameda CTC received a AAA rating from both rating agencies. For more information on the agencies debt activity, please refer to note #5 to the financial statements.

Comparison of Budget to Actual

General Fund - The Alameda CTC began the fiscal year with an adopted revenue budget of \$17.0 million, an expenditures budget of \$15.1 million and a budgeted transfer in the amount of \$0.8 million resulting in an increase in the General Fund balance of \$2.7 million. In the final adopted budget, the revenue budget was revised to \$14.7 million, the expenditure budget was revised to \$12.7 million and the transfer in was revised to \$1.0 million resulting in a surplus in the General Fund of \$2.9 million. The adjustments were mostly related to a decrease in projected planning project expenditures.

Actual revenues from sales tax, project revenues, member agency contributions, investment income and other were \$12.8 million which is less than final adopted budget by \$1.9 million or 12.6 percent and actual administrative expenditures were \$9.8 million which is less than final adopted budget by \$2.9 million or 22.8 percent. These variances are mostly related to planning activities in the General Fund which are billed to funding agencies on a reimbursement basis. Since expenditures were below budget, consequently so were revenues.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Other Significant Matters

Transportation Expenditure Plans into the Future – In November 2012, the Alameda CTC placed Measure B1 on the ballot for Alameda County. Measure B1, a sales tax measure that would have augmented and extended the county's existing half-cent transportation sales tax, was supported by the 2012 Transportation Expenditure Plan (2012 TEP). Because it was a special tax, Measure B1 required two-thirds or 66.67 percent voter approval to pass. Alameda County voters came out in strong support of Measure B1. However when all the votes were counted the measure received 66.53 percent approval of the Alameda County voters, just 0.14 percent short of passing. The Alameda CTC decided to return to the voters in November 2014. Again, the special tax required Measure BB to gain at least 66.67 percent voter approval to pass. The measure received over 70 percent of the votes, passing by a significant majority. The new 2014 Measure BB is supported by the 2014 Transportation Expenditure Plan (2014 TEP) which will provide Alameda County with \$7.8 billion in funding over the next 30 years to increase mobility, create jobs, reduce congestion and protect the environment. The 2014 TEP responds to the many transportation needs in Alameda County by providing details of how the funds will be used to restore and expand transit services, fix potholes and reduce highway congestion, expand bicycle and pedestrian access and connect transit with housing and jobs.

Countywide Goods Movement Plan – One of the most significant planning and programming efforts advanced by staff in fiscal year 2014 is the Countywide Goods Movement Plan. Goods movement is critical to a strong economy and a high quality of life in Alameda County. The central location of the county in the Bay Area, combined with significant freight transportation assets, such as major interstates, the Port of Oakland and two major rail lines, makes Alameda County a central goods movement hub for Northern California. The goods movement system is intended to be safe and efficient, provide integrated connections to international and domestic markets to enhance economic competitiveness, and promote innovation while reducing environmental impacts and improving the quality of life for residents and employees. The plan will address the near and long-term needs of goods movement in Alameda County through significant stakeholder collaboration and technical analyses and will identify projects, programs and policies to advance and support the goods movement goals of the region. The plan is being developed over multiple fiscal years through 2015 in collaboration with the public, business owners, supportive organizations, regulatory agencies, labor and environmental and community based organizations. The most recent accomplishments towards the development of this plan were completed in July 2014 with the Commission's approval of the Countywide Goods Movement Plan Performance Measures and the convening of the first-ever Goods Movement Collaborative Roundtable meeting.

Proposition 1B I-Bond Projects – In 2006, Alameda CTC aggressively pursued additional funding from the Proposition 1B Program for vital highway projects throughout Alameda County. Alameda CTC worked with the Metropolitan Transportation Commission (MTC) to submit recommendations for various Alameda County projects to the California Transportation Commission (CTC). The CTC selected seven of the projects recommended by Alameda CTC and MTC. Since the merger of the agencies, the Projects and Programming staff have worked diligently to ensure that each of these projects were shovel ready in order to receive CTC approval for the I-Bond funds before the funding timeframe expired. In August 2013, Alameda CTC secured the CTC's approval for funding on the final I-Bond project to go into the construction phase in the amount of \$73.4 million of Trade Corridors Improvement Fund (TCIF) I-Bond funding for the I-880 North Safety and Operational Improvements at 23rd and 29th Avenues Project. With this last project, Alameda CTC has successfully secured a total of \$421.2 million in Proposition 1B Bond funding towards the delivery of an \$801.2 million construction program.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Sunol Smart Carpool Lane - A Joint Powers Agreement (Agreement) between the Alameda CTC's former agencies, ACTIA and ACCMA, and the Santa Clara Valley Transportation Authority established the Sunol Smart Carpool Lane (Lane), which created the Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA). The Agreement named the Alameda CTC as the managing agency for the project on behalf of the SSCLJPA. The Lane began operations on September 20, 2010 gaining its authority to operate in California through State law amended by 2004 legislation, AB 2032. During the transition/warranty period from construction to full operations, the Alameda CTC agreed to cover the cost of operations on behalf of the Authority via its capital project program funded by various federal, state and local sources through June 30, 2012. Fiscal year 2013 was the first year the SSCLJPA began paying for the majority of its own operating costs. The SSCLJPA will continue to receive a subsidy of grant funding from the original Alameda CTC capital project until such time as it is independently solvent (see note #8). Since inception, the Lane has continued to show growth in revenues and riders from week to week and is expected to be independently sustainable in the near future.

Requests for Information

This financial report is designed to provide a general overview of the Alameda CTC's finances for all those interested in government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Accounting at 1111 Broadway, Suite 800, Oakland, CA 94607.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

STATEMENT OF NET POSITION JUNE 30, 2014

ASSETS

Cash and investments	\$ 392,182,142
Sales tax receivable	20,534,000
Interest receivable	509,142
Other receivable	17,950,117
Land held for resale	4,068,000
Prepays and other assets	237,195
Capital assets, net of accumulated depreciation	621,809
Total Assets	<u>436,102,405</u>

LIABILITIES

Accounts payable and accrued liabilities	68,904,676
Interest payable	1,827,477
Unearned revenues	25,647,961
Noncurrent liabilities:	
Due within one year	2,541,982
Due within more than one year	154,117,083
Total Liabilities	<u>253,039,179</u>

NET POSITION

Net investment in capital assets	621,809
Restricted	
Local programs	10,637,471
Capital projects	108,759,745
Transportation for clean air	4,273,148
Vehicle registration fees	11,227,612
Debt service	18,551,776
Unrestricted	28,991,665
Total Net Position	<u>\$ 183,063,226</u>

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Governmental Activities				
Administration	\$ 12,087,490	\$ -	\$ -	\$ (12,087,490)
Transportation improvement	165,594,441	1,319,825	1,144,114	(163,130,502)
Congestion management	35,422,286	23,840,408	21,441,317	9,859,439
Interest expense	1,005,686	-	-	(1,005,686)
Total Governmental Activities	\$ 214,109,903	\$ 25,160,233	\$ 22,585,431	(166,364,239)
General revenues and subventions:				
Sales tax				127,095,900
Member agency contributions				1,394,821
Interest and investment earnings				755,915
Other revenues				937,338
Subtotal, general revenues				130,183,974
Change in Net Position				(36,180,265)
Net Position - Beginning				219,243,491
Net Position - Ending				\$ 183,063,226

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

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ALAMEDA COUNTY TRANSPORTATION COMMISSION

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
ASSETS			
Cash and investments	\$ 32,454,547	\$ 10,375,454	\$ 178,111,295
Sales tax receivable	924,030	11,746,372	7,863,598
Interest receivable	14,025	3,221	279,023
Other receivable	2,202,998	1,140,654	118,743
Due from other funds	1,705,421	59,841	17,318,707
Land held for sale	-	-	-
Prepays and other assets	207,546	-	-
Total Assets	\$ 37,508,567	\$ 23,325,542	\$ 203,691,366
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 2,093,790	\$ 11,367,318	\$ 44,171,854
Due to other funds	11,308,403	1,266,075	8,136,941
Unearned revenue	100,000	54,678	3,804,731
Total Liabilities	13,502,193	12,688,071	56,113,526
Fund Balances			
Nonspendable	207,546	-	-
Restricted			
Local programs	-	10,637,471	-
Capital projects	-	-	147,577,840
Transportation for clean air	-	-	-
Vehicle registration fees	-	-	-
Debt service	-	-	-
Assigned for exchange program	-	-	-
Unassigned	23,798,828	-	-
Total Fund Balances	24,006,374	10,637,471	147,577,840
Total Liabilities and Fund Balances	\$ 37,508,567	\$ 23,325,542	\$ 203,691,366

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

ACTA Capital Projects Fund	ACCMA Capital Projects Fund	Nonmajor Governmental Funds	Inter-Fund Eliminations	Total Governmental Funds
\$ 114,670,385	\$ 17,904,835	\$ 38,665,626	\$ -	\$ 392,182,142
-	-	-	-	20,534,000
110,952	8,142	93,779	-	509,142
5,285	10,974,456	3,507,981	-	17,950,117
10,000,118	11,943,870	12,472,047	(53,500,004)	-
4,068,000	-	-	-	4,068,000
29,649	-	-	-	237,195
<u>\$ 128,884,389</u>	<u>\$ 40,831,303</u>	<u>\$ 54,739,433</u>	<u>\$ (53,500,004)</u>	<u>\$ 435,480,596</u>
\$ 233,082	\$ 7,725,853	\$ 3,312,779	\$ -	\$ 68,904,676
10,810,337	16,608,295	5,369,953	(53,500,004)	-
-	16,497,155	5,191,397	-	25,647,961
<u>11,043,419</u>	<u>40,831,303</u>	<u>13,874,129</u>	<u>(53,500,004)</u>	<u>94,552,637</u>
29,649	-	-	-	237,195
-	-	-	-	10,637,471
117,811,321	-	-	-	265,389,161
-	-	4,273,148	-	4,273,148
-	-	11,227,612	-	11,227,612
-	-	20,379,253	-	20,379,253
-	-	4,985,291	-	4,985,291
-	-	-	-	23,798,828
<u>117,840,970</u>	<u>-</u>	<u>40,865,304</u>	<u>-</u>	<u>340,927,959</u>
<u>\$ 128,884,389</u>	<u>\$ 40,831,303</u>	<u>\$ 54,739,433</u>	<u>\$ (53,500,004)</u>	<u>\$ 435,480,596</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

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

Total Fund Balances on Governmental Funds' Balance Sheets	\$ 340,927,959
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	621,809
Bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(156,659,065)
The current interest due on long-term obligations is not reported as a liability on the governmental funds but is reported on the statement of net position.	(1,827,477)
Net position on statement of net position	<u>\$ 183,063,226</u>

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

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ALAMEDA COUNTY TRANSPORTATION COMMISSION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
REVENUES			
Sales tax	\$ 5,719,315	\$ 72,704,574	\$ 48,672,011
Project revenue	5,244,880	1,359,459	11,690,259
Member agency contributions	1,394,821	-	-
Vehicle registration fees	-	-	-
Investment income	62,498	15,455	158,892
Other income	402,133	19,488	-
Total Revenues	12,823,647	74,098,976	60,521,162
EXPENDITURES			
Administrative			
Salaries and benefits	3,002,501	179,198	108,872
Office rent	934,351	-	-
Professional services	1,295,972	603,373	-
Planning and programming	2,603,119	-	-
Bond issuance costs	-	-	592,542
Other	1,973,958	49,642	2,512
Transportation improvements			
Highways and streets	-	-	18,974,479
Public transit	-	38,833,749	74,680,954
Local transportation	-	32,927,157	2,303,133
Congestion management	-	-	-
Total Expenditures	9,809,901	72,593,119	96,662,492
OTHER FINANCING SOURCES			
Other sources	-	-	137,145,000
Transfer in	634,642	-	-
Transfer out	-	-	-
Total Other Financing Sources	634,642	-	137,145,000
NET CHANGE IN FUND BALANCES	3,648,388	1,505,857	101,003,670
Fund Balances - Beginning	20,357,986	9,131,614	46,574,170
Fund Balances - Ending	\$ 24,006,374	\$ 10,637,471	\$ 147,577,840

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

ACTA Capital Projects Fund	ACCMA Capital Projects Fund	Nonmajor Governmental Funds	Inter-Fund Eliminations	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 127,095,900
-	26,194,713	7,510,793	(16,923,904)	35,076,200
-	-	-	-	1,394,821
-	-	12,669,464	-	12,669,464
441,332	523	77,215	-	755,915
696,373	-	108,108	(288,764)	937,338
<u>1,137,705</u>	<u>26,195,236</u>	<u>20,365,580</u>	<u>(17,212,668)</u>	<u>177,929,638</u>
259,012	307,889	358,278	-	4,215,750
133,479	-	-	-	1,067,830
237,196	-	191,593	-	2,328,134
-	-	-	-	2,603,119
-	-	-	-	592,542
140,749	-	109,102	(424,671)	1,851,292
11,012,355	-	-	(11,207,227)	18,779,607
-	-	-	(1,242,773)	112,271,930
-	-	-	(687,386)	34,542,904
-	25,252,705	13,820,192	(3,650,611)	35,422,286
<u>11,782,791</u>	<u>25,560,594</u>	<u>14,479,165</u>	<u>(17,212,668)</u>	<u>213,675,394</u>
-	-	20,335,856	-	157,480,856
-	-	-	(634,642)	-
-	(634,642)	-	634,642	-
-	(634,642)	20,335,856	-	157,480,856
(10,645,086)	-	26,222,271	-	121,735,100
128,486,056	-	14,643,033	-	219,192,859
<u>\$ 117,840,970</u>	<u>\$ -</u>	<u>\$ 40,865,304</u>	<u>\$ -</u>	<u>\$ 340,927,959</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balances on governmental funds statement of revenues, expenditures and changes in fund balances.	\$ 121,735,100
Proceeds from the sale of bonds is a revenue source in the governmental funds, but it increases long-term obligations in the statement of net position and does not affect the statement of activities.	(157,480,856)
Interest on long-term obligations is recorded as an expenditure on the governmental funds when it is due. However, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	(1,827,477)
Amortization of bond premiums is recorded on the statement of activities, but does not impact the governmental funds statement of revenues, expenditures, and changes in fund balance.	821,791
Purchases of office equipment are reported in the governmental funds as expenditures. However they are capitalized on the statement of net position and allocated over the estimated useful life of the asset as depreciation. This is the amount by which capital additions exceeded depreciation expense in the period.	571,177
Change in net position on statement of activities	<u><u>\$ (36,180,265)</u></u>

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - REPORTING ENTITY

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

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

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

On March 25, 2010, ACTIA, ACCMA, the County of Alameda, the fourteen cities within Alameda County, the Bay Area Rapid Transit District, and the Alameda-Contra Costa Transit District entered into a Joint Powers Agreement. On June 24, 2010, the Boards of ACTIA and ACCMA created a joint powers agency, pursuant to the California Joint Exercise of Powers Act, known as the Alameda County Transportation Commission (Alameda CTC). The Alameda CTC is the successor agency of ACCMA and ACTIA. On June 24, 2010, the ACTA Board adopted a resolution to transfer all of ACTA's assets, responsibilities, functions, and liabilities to ACTIA, effective on July 1, 2010. ACTA was dissolved and extinguished effective July 1, 2010, following the transfer.

On February 23, 2012, at a joint meeting, the ACTIA and the ACCMA Boards of Directors adopted a resolution to transfer all of ACTIA's and ACCMA's assets, responsibilities, functions, and liabilities to the Alameda CTC effective March 1, 2012.

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

The Alameda CTC is governed by a twenty-two member Commission made up of five members of the Alameda County Board of Supervisors, two members representing the City of Oakland, 13 members each representing one of the other 13 cities in Alameda County, one member representing the Bay Area Rapid Transit District and one member representing Alameda-Contra Costa Transit District. Four community advisory committees including the Bicycle and Pedestrian Advisory Committee, Citizens Advisory Committee, Citizens Watchdog Committee and Paratransit Advisory and Planning Committee extend the Alameda CTC's work and the Alameda County Technical Advisory Committee will continue to provide technical feedback to the Alameda CTC.

These financial statements present the results of financial operations of the Alameda CTC as of June 30, 2014 and for the fiscal year then ended.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all activities of the Alameda CTC. The effect of inter-fund activity is eliminated from these statements.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales tax revenues are recorded when the taxes are due from the State Board of Equalization. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with the Alameda CTC's primary functions. Program revenues consist of grants and contributions that are restricted to meeting operational or capital requirements. Interest and other revenues not included in program revenues are reported as general revenues.

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

Fund Financial Statement

The Alameda CTC uses the following funds:

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

ACTIA Special Revenue Fund - The ACTIA Special Revenue Fund accounts for sales tax revenues accumulated as required by Measure B for restricted allocation to local cities and the County for local transportation improvements, streets and roads, and to transit agencies for operations and maintenance. The major source of revenue for this fund is Measure B sales tax.

Nonmajor Exchange Fund - The Exchange Fund accounts for the proceeds and expenditures of the Alameda CTC's Exchange Program, which is described in more detail in Note 6.

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

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

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

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

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

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

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

Debt Service Fund - The Debt Service fund is used to account for the accumulation of restricted, committed, or assigned resources for the payment of principal and interest on long-term debt.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Measurement Focus and Basis of Accounting

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are presented on a modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are both measurable and available. Measurable means the amount can be determined. Available means that they are collectible within the current period or soon thereafter to pay current liabilities. The Alameda CTC considers revenues available if they are collected within six months after fiscal year end. Expenditures are recorded when the related fund liability is incurred.

The modified accrual basis of accounting uses the current financial resources measurement focus whereby the Balance Sheet generally presents only current assets and current liabilities and the Statement of Revenues, Expenditures, and Change in Fund Balances presents sources and uses of available resources during a given period. Sales tax revenue, grant revenues, local matching revenue, and investment income, including the change in the fair value of investments, associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current reporting period using the modified accrual basis of accounting.

Net Position

Net position is reported on the government-wide Statement of Net Position in the following categories:

Net investment in capital assets - This category includes all capital assets net of accumulated depreciation. The Alameda CTC has no capital related debt.

Restricted net position - This category represents assets with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the Alameda CTC that is not restricted for any project or other purpose.

When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

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.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 Alameda CTC prioritizes and expends funds in the following order: Restricted, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint. The four classifications are discussed in more detail below:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

Assigned - The assigned fund balance classification reflects amounts that the Alameda CTC intends to be used for specific purposes. Assignments may be established by the governing body by taking a formal action, and are not subject to the restricted or the committed levels of constraint.

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

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

Spending Order Policy

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

Use of Estimates

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Investments

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

Budget

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

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

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

Program Revenues

Amounts reported as *program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Compensated Absences

The Alameda CTC's policy permits employees to accumulate up to 10 weeks of accrued vacation from year to year depending on the number of years they have been employed by the Alameda CTC or its predecessor agencies. The accrual for compensated absences as of June 30, 2014 is \$161,599. The Alameda CTC is not obligated to pay for unused sick leave if an employee terminates employment prior to retirement or prior to when the Alameda CTC ceases operations.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Alameda CTC's financial reporting process. Future new standards which may impact the Alameda CTC include the following:

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement was implemented on July 1, 2013. This Statement did not have a material effect on the Alameda CTC's June 30, 2014 financial statements.

GASB Statement No. 66 - In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – and amendment of GASB Statements No. 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements. This Statement was implemented on July 1, 2013. This Statement did not have a material effect on the Alameda CTC's June 30, 2014 financial statements.

GASB Statement No. 67 – In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for the fiscal year ended June 30, 2014. This Statement did not impact the Alameda CTC's June 30, 2014 financial statements.

GASB Statement No. 68 – In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement are effective for financial statements related to fiscal years beginning after June 15, 2014.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for government combinations and disposals of government operations. The Statement provides authoritative guidance on a variety of government combinations including mergers,

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

acquisitions, and transfers of operations. The requirements of this Statement are effective for financial statements related to fiscal years beginning after December 15, 2013.

GASB Statement No. 70 – In April 2013, GASB issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement was implemented on July 1, 2013. This Statement did not impact the Alameda CTC's June 30, 2014 financial statements.

GASB Statement No. 71 - In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB 68*. The objective of this Statement is to address an issue regarding the application of the transition provisions of Statement 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement are effective for financial statements related to fiscal years beginning after June 2014.

NOTE 3 - CASH AND INVESTMENTS

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

The Alameda CTC mitigates the risk of investment loss as follows:

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Alameda CTC's investments in the LAIF are not rated as of June 30, 2014. Investment ratings as determined by Standard & Poors are as follows:

Investment Type	AAA	AA	A	A-1	Not Rated	Total
US Agency Securities	\$ -	\$ 85,620,740	\$ -	\$ -	\$ -	\$ 85,620,740
US Treasury Bonds	-	73,223,328	-	-	-	73,223,328
Commercial Paper	-	-	-	15,987,410	-	15,987,410
Corporate Notes	1,082,259	19,201,830	32,330,127	-	-	52,614,216
Money Market						
Mutual Funds	-	-	-	-	2,816,571	2,816,571
CDARS	-	-	-	-	4,000,000	4,000,000
LAIF	-	-	-	-	132,530,563	132,530,563
Total Investments	<u>\$ 1,082,259</u>	<u>\$ 178,045,898</u>	<u>\$ 32,330,127</u>	<u>\$ 15,987,410</u>	139,347,134	366,792,828
Cash in Banks					25,389,314	25,389,314
Total Cash and Investments					<u>\$ 164,736,448</u>	<u>\$ 392,182,142</u>

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 Alameda CTC. Alameda CTC did not adopt a formal policy regarding custodial credit risk. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, a portion of the Alameda CTC's bank balance, \$9,238,549, was exposed to custodial credit risk because it was uninsured. However, it was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Alameda CTC.

Custodial Credit Risk, Investments - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Alameda CTC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Alameda CTC investments are not exposed to custodial credit risk.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Concentration of Credit Risk - Concentration of credit risk is the risk attributable to the magnitude of investments with any single issuer. The investment policy of the Alameda CTC, along with the California Government Code, contains no limitations on the amount that can be invested in Federal agency securities. Investments explicitly guaranteed by the US government are exempt from the concentration disclosure. The Alameda CTC has the following investments exceeding five percent of the total investments in each single issuer:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 29,301,670
Federal Home Loan Mortgage Corp	Federal Agency Securities	33,778,933
Federal National Mortgage Association	Federal Agency Securities	22,540,136

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

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	37 to 48 Months	Total
U.S. Agency Securities	\$ 74,245,585	\$ 11,375,155	\$ -	\$ -	\$ 85,620,740
U.S. Treasury Bonds	55,750,959	11,611,136	3,599,856	2,261,377	73,223,328
Commercial Paper	15,987,410	-	-	-	15,987,410
Corporate Notes	29,392,879	21,136,298	1,082,259	1,002,780	52,614,216
CDARS	2,000,000	2,000,000	-	-	4,000,000
Money Market					
Mutual Funds	2,816,571	-	-	-	2,816,571
State Investment Pool	132,530,563	-	-	-	132,530,563
Total Investments	312,723,967	46,122,589	4,682,115	3,264,157	366,792,828
Cash in Bank	25,389,314	-	-	-	25,389,314
Total	<u>\$ 338,113,281</u>	<u>\$ 46,122,589</u>	<u>\$ 4,682,115</u>	<u>\$ 3,264,157</u>	<u>\$ 392,182,142</u>

As reported by the State Treasurer, the weighted average maturity of the LAIF was 232 days on June 30, 2014.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Policies and Practices - The following table presents investments with maximum maturity and minimum credit quality permitted by the Alameda CTC investment policy, or California Government Code when more restrictive:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	S&P Minimum Credit Quality
U.S Agency Securities	5 years	None	35%	None
U.S. Treasury Obligations	5 years	None	None	None
Commercial Paper	270 days	25%	5%	A1
Medium Term Corporate Notes of U.S. Corporations	5 years	30%	5%	A
Negotiable Certificates of Deposit	3 years	30%	5%	A
Money Market Mutual Funds	N/A	20%	5%	AAA
Government Money Market Mutual Funds	N/A	20%	20%	AAA
Local Agency Investment Fund	N/A	None	None	None
Banker's Acceptance	180 days	40%	5%	A1
Registered State Bonds, Notes, Warrants	5 years	10%	5%	A
Bonds of any of the other 49 states in addition to California	5 years	10%	5%	A
California Asset Management Program	N/A	5%	None	None
California Collateralized Time Deposits	1 year	10%	5%	None
Local Agency Bonds, Notes, Warrants	5 years	10%	5%	A-
Repurchase Agreements	90 days	20%	None	None

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 – CAPITAL ASSETS

Property and equipment costing \$5,000 or more is capitalized on the Statement of Net Position at historical cost. Capital assets are depreciated using the straight-line method over the following estimated useful lives: office furniture and equipment, five years; computer equipment, three years; and building improvements, remaining term of lease agreement.

Capital asset balances at June 30, 2014, and activity during the fiscal year were as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2014</u>
Capital assets being depreciated:				
Furniture, equipment and leasehold improvements	\$ 1,001,786	\$ 678,253	\$ (818,221)	\$ 861,818
Less accumulated depreciation for:				
Furniture, equipment and leasehold improvements	<u>(951,154)</u>	<u>(107,076)</u>	<u>818,221</u>	<u>(240,009)</u>
Capital assets, net of accumulated depreciation	<u>\$ 50,632</u>	<u>\$ 571,177</u>	<u>\$ -</u>	<u>\$ 621,809</u>

NOTE 5 - LONG-TERM OBLIGATIONS

Summary

The changes in the Alameda CTC's long-term obligations during the year consist of the following items:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2014</u>	<u>Current portion</u>
Revenue bonds	\$ -	\$ 137,145,000	\$ -	\$ 137,145,000	\$ -
Bond premium	-	20,335,856	821,791	19,514,065	2,541,982
	<u>\$ -</u>	<u>\$ 157,480,856</u>	<u>\$ 821,791</u>	<u>\$ 156,659,065</u>	<u>\$ 2,541,982</u>

Alameda CTC's sales tax revenues are 100% pledged to pay the scheduled principal and interest payments until fully paid which is scheduled for March 1, 2022. The Debt Service Fund accounts for the bond premium funds designated to make payments of principal and interest for the first few years of the revenue bonds as they become due. Subsequently, the Debt Service Fund will account for the portion of the pledged sales tax revenues designated to make payments of principal and interest on the outstanding bonds.

Outstanding Bonded Debt

On March 4, 2014 the Alameda CTC issued Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2014 for total proceeds of \$157,480,856. The bonds were issued with a par value of \$137,145,000 and \$20,335,856 of bond premiums to fund various capital projects throughout the county including the Bay Area Rapid Transit (BART) Warm Springs Extension, BART Oakland Airport Connector, Route 84 Expressway, I-580 Corridor Improvements, Downtown Oakland Streetscape Improvement, Iron Horse Bicycle, Pedestrian and Transit Route, I-880/State Route 92 Reliever-Clawiter/Whitesell Interchange, I-880 Corridor Improvement and I-680 Express

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Lane Projects or such other transportation improvements as permitted by the Transportation Expenditure Plan. The bonds pay interest ranging from 3.0% to 5.0% and mature March 1, 2022. The outstanding bond debt at June 30, 2014 is \$137,145,000 with \$19,514,065 of unamortized bond premiums.

Debt Service Requirements to Maturity

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 5,653,839	\$ 5,653,839
2016	-	5,701,350	5,701,350
2017	20,770,000	5,701,350	26,471,350
2018	21,395,000	5,078,250	26,473,250
2019	22,200,000	4,272,450	26,472,450
2020-22	72,780,000	6,632,850	79,412,850
	<u>\$ 137,145,000</u>	<u>\$ 33,040,089</u>	<u>\$ 170,185,089</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 6 – EXCHANGE PROGRAM

The Alameda CTC participates in a Local Funds Exchange Program for providing local funds to agencies for use in projects that either do not have the ability to make use of state or federal funds or would face unacceptable delays, cost increases, or undue hardships if state or federal funds were utilized.

The Alameda CTC has entered into agreements with several local agencies to exchange State Transportation Improvement Program funds with the other government's local funding for various transportation projects. The revenues received as a result of the exchange are treated for financial reporting purposes as unearned revenues. These revenues are recognized at the time qualifying expenditures are incurred.

The following is a list of the funds exchanged from other governments through June 30, 2014:

Alameda County Transportation Improvement Authority	\$ 3,316,148
Alameda-Contra Costa Transit District	35,060,514
Bay Area Rapid Transit	8,100,000
City of Berkeley	259,560
City of Dublin	4,230,000
City of Fremont	6,191,156
City of Livermore	4,580,000
City of Union City	9,314,000
Metropolitan Transportation Commission	675,000
San Joaquin Regional Rail Commission	432,445
Santa Clara Valley Transportation Authority	558,000
Total Exchanged Funds	<u>72,716,823</u>
Total expenditures incurred	
Year ended June 30, 2014	(1,805,468)
Previous years	<u>(65,719,958)</u>
Total deferred inflows - accrual basis	5,191,397
Less amount not yet collected	-
Total deferred inflows - modified accrual	<u><u>\$ 5,191,397</u></u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 7 - EMPLOYEE RETIREMENT PLAN

Plan Description

The Alameda CTC participates in the Public Employees' Retirement Fund (the Fund) of the California Public Employees' Retirement System (CalPERS) miscellaneous 2.5 percent at 55 risk pool for employees hired prior to January 1, 2013 (Classic Members) and the 2.0 percent at 62 risk pool for employees hired on or after January 1, 2013 (New Members). All employees are eligible to participate in the fund. The Fund is a cost sharing 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 Classic Members may receive retirement benefits at age 50 and New Members may receive retirement benefits at age 52. Benefit provisions and all other requirements are established by state statute and Commission resolution. CalPERS issues a publicly available Comprehensive Annual Financial Report (CAFR). The CalPERS CAFR may be obtained by written request to the State of California's Public Employees' Retirement System at 400 Q Street, Sacramento, California 95811 or <http://www.calpers.ca.gov>.

Funding Policy

The contribution requirements of the plan members are established by State statute, which for Classic Members was 8.0 percent of salary and for New Members was 6.25 percent of salary as of June 30, 2014. However, the Alameda CTC contributes 5.0 percent of this contribution requirement on behalf of the Classic Members. Alameda CTC is not allowed to contribute on behalf of New Members per the Public Employees' Pension Reform Act of 2013. Alameda CTC's contribution towards plan member contribution requirements are established and may be amended by the Commission. The Alameda CTC is required to contribute the employer portion at an actuarially determined rate. The average rate for the year ended June 30, 2014 was 15.309 percent of covered payroll.

Annual Pension Cost

The annual pension cost was equal to the required contribution, which was determined as part of an actuarial valuation performed as of June 30, 2011 by CalPERS, using the entry age normal cost method. The significant actuarial assumptions used in the valuation were an assumed rate of return on investment assets of 7.5 percent. Projected salary increases vary by category, entry age and duration of service and include wage inflation of .25 percent and a factor of 2.75 percent for price inflation for an annual overall inflation rate of 3.0 percent.

Three-year Trend Information

The following table shows required contributions and percentage contributed for the current reporting period and the preceding year.

Fiscal Period Ended	(APC) Annual Pension Cost	Actual Contribution	Percentage of APC Contributions
June 30, 2014	\$ 528,817	\$ 528,817	100%
June 30, 2013	565,592	565,592	100%
June 30, 2012	511,783	511,783	100%

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Operating Lease

The Alameda CTC has entered into an operating lease agreement with OCC Venture LLC for the office space located at 1111 Broadway in Oakland, CA through October 2023. This agreement does not contain a purchase option.

Future minimum lease payments under this agreement are as follows:

Year Ending June 30,	Lease Payments
2015	\$ 806,351
2016	831,280
2017	857,167
2018	883,055
2019	908,942
2020	934,830
2021	962,635
2022	991,399
2023	1,022,081
2024	344,209
Total	<u>\$ 8,541,949</u>

The Alameda CTC has entered into a sublease agreement for rental of facilities with Nelson\Nygaard Consulting Associates effective September 1, 2013. This sublease agreement is for month-to-month tenancy at \$1,219.09 per month and is terminable for any reason whatsoever with 30 days written notice given at any time by either party.

Agreements with Private Firms

The Alameda CTC has entered into contracts with various private firms to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, construction management services and other related miscellaneous services. As of June 30, 2014, the total outstanding commitments (not paid or accrued) are \$49.2 million. The terms range from June 30, 2014 to up to four years (or acceptance of the work, whichever is earlier).

The Commission has entered into contracts with various private firms to provide administrative support services. As of June 30, 2014, the total outstanding commitments (not paid or accrued) are \$1.4 million. The terms range from June 30, 2014, to up to three years (or acceptance of the work, whichever is earlier).

Agreements with Agencies

The Alameda CTC has entered into agreements with various agencies to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, construction management, equipment purchase services and operations. As of June 30, 2014, the total outstanding commitments (not paid or accrued) are \$144.7 million. The terms range from June 30, 2014 to up to eight years (or acceptance of the work, whichever is earlier).

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

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Grants

The Alameda CTC receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position at June 30, 2014.

Construction

The Alameda CTC has entered into contracts with various contractors for the construction phase of capital projects. As of June 30, 2014, the total outstanding commitments (not paid or accrued) are \$1.5 million. The terms range from June 30, 2014 through December 31, 2015 (or acceptance of the work, whichever is earlier).

Funding Agreements

Exchange Fund - The Alameda CTC has entered into Exchange agreements with several local governments to provide funding for transportation projects. As of June 30, 2014, the remaining project costs to be paid by the Alameda CTC totaled approximately \$20.4 million.

Capital Projects Fund - The Sunol Smart Carpool Lane Joint Powers Authority (SSCLJPA) is a joint powers authority, organized in February 2006 pursuant to a Joint Powers Agreement (Agreement) among the Alameda CTC (formerly the ACCMA and ACTIA) and the Santa Clara Valley Transportation Authority. The Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The SSCLJPA was formed to operate a value pricing high-occupancy vehicle program on the Sunol Grade segment of southbound Interstate-680 in Alameda and Santa Clara Counties.

The SSCLJPA was formed as a result of a planning study completed by the Alameda CTC which evolved into a capital project that designed and constructed the lane. The lane went into operations on September 20, 2010. The Alameda CTC was designated the managing agency for the SSCLJPA and has provided administrative, accounting and other support since its inception. While the Alameda CTC continues as the managing agency, it no longer funds administrative support costs on behalf of the SSCLJPA; however it continues to subsidize the costs of operations and maintenance with local grant funding through its I-680 Southbound HOT Lane Project. Throughout fiscal year 2014, Alameda CTC incurred operations and maintenance costs on behalf of the SSCLJPA as follows:

Express Lane Maintenance	\$	125,000
Project Management/Controls		85,000
IT Support		70,800
Insurance		61,753
System Manager/Operations Support		18,789
Other Consultant Costs		3,019
Total	\$	<u>364,361</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Insurance

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

The following is a summary the Alameda CTC's insurance coverage:

Type of Coverage	Deductible	Coverage up to
Property liability	\$ 2,500	\$ 544,428 per occurrence
General liability	5,000	1,000,000 per occurrence
Fire legal liability	5,000	500,000 per occurrence
Medical legal liability	-	5,000 per occurrence
Workers' compensation	-	1,000,000 aggregate
Employment practices	35,000	2,000,000 per occurrence
Director & officers	25,000	2,000,000 per occurrence
Crime	75,000	10,000,000 per occurrence
Excess liability	-	4,000,000 per occurrence

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

Litigation

The Alameda CTC is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Alameda CTC at June 30, 2014.

NOTE 9 – INTERFUND ACTIVITY

As of June 30, 2014, the General Fund's inter-fund liability due to the Exchange Fund of \$824,395 and the ACCMA Capital Projects Fund inter-fund liability due to the Exchange Fund of \$9,561,505 were the result of cash advances for capital project expenditures. This arrangement is necessary because ACCMA capital project funding is received on a reimbursement basis. These amounts will be repaid from revenue received from funding agencies as reimbursement is received for capital project expenditures.

In March 2011, the ACTA Capital Projects Fund agreed to loan the ACCMA General Fund up to \$25 million, if needed. The loan carries no interest and is repayable when the ACCMA General Fund is in a position to do so, which is expected to be during the fiscal year 2015-16. As of June 30, 2014, the ACCMA General Fund owed the ACTA Capital Projects Fund \$10 million.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

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The Alameda CTC also records inter-fund activity when one of the tax measures or congestion management fee programs managed by the Alameda CTC provides funding for an Alameda CTC sponsored project or program in another fund. As of June 30, 2014, the ACCMA General Fund, the ACTIA Special Revenue Fund, the ACTIA Capital Projects Fund, the ACCMA Capital Projects Fund and the Exchange Fund combined had revenues receivable totaling \$53,500,004 due and net revenues reported of \$17,212,668 from the various Alameda CTC managed tax measures or congestion management fee programs. The various Funds providing the funding have recorded all receipts as revenues, and receivables if not yet received, and all funding requirements as expenditures, and payables if not yet paid. All inter-fund receivables and payables are expected to be eradicated within 90 days from the date of this CAFR, June 30, 2014.

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

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

As of June 30, 2014, membership in the plan consisted of the following:

Retirees receiving benefits	12
Active plan members	21
Total	<u>33</u>

The Alameda CTC participates in the California Employers’ Retirement Benefit Trust (CERBT), an irrevocable trust established to fund postemployment healthcare benefits. The CERBT fund is an agent multiple employer plan that is established by CalPERS, and is managed by an appointed board not under the control of Alameda CTC. This trust is not considered a component unit of Alameda CTC and has been excluded from these financial statements. The CERBT issues a publicly available annual financial report, which may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

Annual Post Retirement Benefits Costs and Net Post Retirement Benefit

The annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period not to exceed 30 years. The following

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Alameda CTC's net OPEB obligation:

Normal cost at year end	\$ 112,917
Amortization of UAAL	1,526
Annual required contribution (ARC)	<u>114,443</u>
Interest on prior year Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB cost	<u>114,443</u>
Contributions made	<u>(114,443)</u>
Change in Net OPEB Obligation	-
Net OPEB Obligation - Beginning of Year	-
Net OPEB Obligation - End of Year	<u><u>\$ -</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
June 30, 2014	\$ 114,443	\$ 114,443	100%	\$ -
June 30, 2013	115,849	143,764	124%	-
June 30, 2012	115,849	163,797	141%	27,915

Actuarial Methods and Assumptions

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

In the actuarial valuation as of June 30, 2013, the entry age normal cost method was used. The actuarial assumptions included a 7.61 percent investment rate of return; an annual healthcare cost trend rate varying from 6.7 percent in 2015 to 5.0 percent in 2021 and thereafter; a 3.25 percent annual increase in projected payroll; and an inflation rate of 3.0 which effects the trend rate assumptions for medical premiums. The Unfunded Actuarially Accrued Liability (UAAL) is being amortized on a level dollar approach on a closed basis over 30 years beginning in fiscal year 2007-08. The remaining amortization period is 23 years.

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Funding Policy

The funding policy of the Alameda CTC is to contribute the entire ARC on an annual basis.

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2013	\$ 2,140,174	\$ 2,065,334	\$ 74,840	97%	\$ 2,665,027	3%

Information for a three-year presentation is not available because Alameda CTC was established in fiscal year ended June 30, 2012.

NOTE 11 – PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT

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

During the current reporting period, the Alameda CTC expended \$95,420 of PTMISEA proceeds. The proceeds available for obligation at June 30, 2014 are \$3,872. The following table summarizes the activity during the year:

Available proceeds, June 30, 2013	\$ 99,251
Interest earned	41
Total revenues	<u>99,292</u>
Total expenditures	<u>(95,420)</u>
Available proceeds, June 30, 2014	<u><u>\$ 3,872</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Sales tax	\$ 5,400,000	\$ 5,625,000	\$ 5,719,315	\$ 94,315
Project revenue	9,633,377	7,071,489	5,244,880	(1,826,609)
Member agency contributions	1,394,819	1,394,819	1,394,821	2
Investment income	-	-	62,498	62,498
Other	582,749	585,361	402,133	(183,228)
Total Revenues	<u>17,010,945</u>	<u>14,676,669</u>	<u>12,823,647</u>	<u>(1,853,022)</u>
Expenditures				
Administrative				
Salaries and benefits	2,865,884	2,683,651	3,002,501	(318,850)
Office rent	875,890	875,890	934,351	(58,461)
Professional services	942,666	973,902	1,295,972	(322,070)
Planning and programming	8,194,893	5,975,353	2,603,119	3,372,234
Other	2,239,350	2,205,246	1,973,958	231,288
Total Expenditures	<u>15,118,683</u>	<u>12,714,042</u>	<u>9,809,901</u>	<u>2,904,141</u>
Other Financing Sources				
Transfers in	837,774	986,216	634,642	(351,574)
Net change in fund balance	2,730,036	2,948,843	3,648,388	699,545
Fund Balance - Beginning	20,357,986	20,357,986	20,357,986	-
Fund Balance - Ending	<u>\$ 23,088,022</u>	<u>\$ 23,306,829</u>	<u>\$ 24,006,374</u>	<u>\$ 699,545</u>

See accompanying note to the required supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - ACTIA SPECIAL REVENUE
FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Sales tax	\$ 68,645,400	\$ 69,717,984	\$ 72,704,574	\$ 2,986,590
Project revenue	116,628	2,190,375	1,359,459	(830,916)
Investment income	-	-	15,455	15,455
Other income	40,000	40,000	19,488	(20,512)
Total Revenues	<u>68,762,028</u>	<u>71,948,359</u>	<u>74,098,976</u>	<u>2,150,617</u>
Expenditures				
Administrative				
Salaries and benefits	235,830	208,304	179,198	29,106
Professional services	940,692	798,183	603,373	194,810
Other	40,000	40,000	49,642	(9,642)
Transportation improvements	69,538,801	73,349,334	71,760,906	1,588,428
Total Expenditures	<u>70,755,323</u>	<u>74,395,821</u>	<u>72,593,119</u>	<u>1,802,702</u>
Net change in fund balance	(1,993,295)	(2,447,462)	1,505,857	3,953,319
Fund Balance - Beginning	9,131,614	9,131,614	9,131,614	-
Fund Balance - Ending	<u>\$ 7,138,319</u>	<u>\$ 6,684,152</u>	<u>\$ 10,637,471</u>	<u>\$ 3,953,319</u>

See accompanying note to the required supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Alameda CTC establishes accounting control through formal adoption of an annual operating budget for all governmental funds. The operating budget is prepared in conformity with accounting principles generally accepted in the United States (GAAP). The adopted budget can be amended by the Commission to increase both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Budgeted expenditure amounts represent originally adopted appropriation amounts and adjustments for supplemental adopted appropriations during the year.

SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Passed Through California Department of Transportation			
Highway Planning and Construction	20.205	Not available	
ARRA - I-580 Eastbound Express (HOT) Lanes			\$ 907,389
East Bay Greenway Environmental Review			689,196
Tri-City Travel Training Program			34,240
Coordination and Mobility Management Planning			7,421
Grand MacArthur Corridor			21,519
I-680 Sunol Express Lanes - Southbound			181,428
I-880 North Safety & Operational Improvements			(88,826)
I-580 Westbound Express HOT/HOV Lanes			6,884
I-880 Southbound HOV Lane			189,605
Webster St. SMART Corridor			235,078
East Bay Greenway - Segment 7A			(12,881)
I-80 Gilman			122,682
I-680 Southbound SMART Carpool Lane			(107,251)
I-580 Sound wall Landscaping SL			15,274
I-80 Integrated Corridor Mobility			(10,604)
MTC Planning			588,551
Congestion Management Program			363,042
Countywide Transportation Plan			251,931
Travel Model Support			248,421
Transportation & Land Use			256,786
Community Based Transportation Plan			5,461
One Bay Area Grant Program			3,274
Countywide Bike Plan			86,699
Safe Routes to School			1,330,043
Total Expenditures of Federal Awards			<u>\$ 5,325,362</u>

See accompanying note to the supplementary information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**GENERAL FUND
COMBINING SCHEDULE OF BALANCE SHEETS
JUNE 30, 2014**

	<u>ACTIA</u>	<u>ACCMA</u>	<u>Total General Fund</u>
ASSETS			
Cash and investments	\$ 21,704,745	\$ 10,749,802	\$ 32,454,547
Sales tax receivable	924,030	-	924,030
Interest receivable	11,559	2,466	14,025
Other receivable	10,298	2,192,700	2,202,998
Due from other funds	71	1,705,350	1,705,421
Prepays and other assets	88,948	118,598	207,546
Total Assets	<u>\$ 22,739,651</u>	<u>\$ 14,768,916</u>	<u>\$ 37,508,567</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 502,440	\$ 1,591,350	\$ 2,093,790
Due to other funds	287,740	11,020,663	11,308,403
Unearned revenue	-	100,000	100,000
Total Liabilities	<u>790,180</u>	<u>12,712,013</u>	<u>13,502,193</u>
Fund Balances			
Unassigned	<u>21,949,471</u>	<u>2,056,903</u>	<u>24,006,374</u>
Total Fund Balances	<u>21,949,471</u>	<u>2,056,903</u>	<u>24,006,374</u>
Total Liabilities and Fund Balances	<u>\$ 22,739,651</u>	<u>\$ 14,768,916</u>	<u>\$ 37,508,567</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	ACTIA	ACCMA	Total General Fund
REVENUES			
Sales tax	\$ 5,719,315	\$ -	\$ 5,719,315
Project revenue	-	5,244,880	5,244,880
Member agency fees	-	1,394,821	1,394,821
Investment income	48,794	13,704	62,498
Other income	56,775	345,358	402,133
Total Revenues	5,824,884	6,998,763	12,823,647
EXPENDITURES			
Administrative			
Salaries and benefits	855,843	2,146,658	3,002,501
Office rent	400,436	533,915	934,351
Professional services	838,964	457,008	1,295,972
Planning and programming	-	2,603,119	2,603,119
Other	1,324,587	649,371	1,973,958
Total Expenditures	3,419,830	6,390,071	9,809,901
OTHER FINANCING SOURCES			
Transfer In	-	634,642	634,642
NET CHANGE IN FUND BALANCES	2,405,054	1,243,334	3,648,388
Fund Balances - Beginning	19,544,417	813,569	20,357,986
Fund Balances - Ending	\$ 21,949,471	\$ 2,056,903	\$ 24,006,374

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014**

	Special Revenue Funds				Nonmajor Governmental Funds
	Exchange Fund	Transportation Fund for Clean Air	Vehicle Registration Fee Fund	Debt Service Fund	
ASSETS					
Cash and investments	\$ 518,578	\$ 4,337,678	\$ 13,515,249	\$ 20,294,121	\$ 38,665,626
Interest receivable	169	1,875	6,603	85,132	93,779
Other receivable	336,319	900,000	2,271,662	-	3,507,981
Due from other funds	12,472,047	-	-	-	12,472,047
Total Assets	\$ 13,327,113	\$ 5,239,553	\$ 15,793,514	\$ 20,379,253	\$ 54,739,433
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 1,369,431	\$ 542,108	\$ 1,401,240	\$ -	\$ 3,312,779
Due to other funds	1,780,994	424,297	3,164,662	-	5,369,953
Unearned revenue	5,191,397	-	-	-	5,191,397
Total Liabilities	8,341,822	966,405	4,565,902	-	13,874,129
Fund Balances					
Restricted					
Transportation Fund for Clean Air	-	4,273,148	-	-	4,273,148
Vehicle Registration Fee	-	-	11,227,612	-	11,227,612
Debt Service	-	-	-	20,379,253	20,379,253
Assigned	4,985,291	-	-	-	4,985,291
Total Fund Balances	4,985,291	4,273,148	11,227,612	20,379,253	40,865,304
Total Liabilities and Fund Balances	\$ 13,327,113	\$ 5,239,553	\$ 15,793,514	\$ 20,379,253	\$ 54,739,433

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds				Nonmajor Governmental Funds
	Exchange Fund	Transportation Fund for Clean Air	Vehicle Registration Fee Fund	Debt Service Fund	
REVENUES					
Project revenue	\$ 5,466,472	\$ 2,044,321	\$ -	\$ -	\$ 7,510,793
Vehicle registration fees	-	-	12,669,464	-	12,669,464
Investment income	2,569	7,349	23,900	43,397	77,215
Other income	108,108	-	-	-	108,108
Total Revenues	5,577,149	2,051,670	12,693,364	43,397	20,365,580
EXPENDITURES					
Administrative					
Salaries and benefits	-	-	358,278	-	358,278
Professional services	-	-	191,593	-	191,593
Other	-	-	109,102	-	109,102
Congestion management	1,805,468	1,486,264	10,528,460	-	13,820,192
Total Expenditures	1,805,468	1,486,264	11,187,433	-	14,479,165
OTHER FINANCING SOURCES					
Other sources	-	-	-	20,335,856	20,335,856
NET CHANGE IN FUND BALANCES	3,771,681	565,406	1,505,931	20,379,253	26,222,271
Fund Balances - Beginning	1,213,610	3,707,742	9,721,681	-	14,643,033
Fund Balances - Ending	\$ 4,985,291	\$ 4,273,148	\$ 11,227,612	\$ 20,379,253	\$ 40,865,304

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - ACTIA CAPITAL
PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Sales tax	\$ 45,954,600	\$ 47,869,375	\$ 48,672,011	\$ 802,636
Project revenue	1,490,000	33,743,605	11,690,259	(22,053,346)
Investment income	42,000	42,000	158,892	116,892
Total revenues	<u>47,486,600</u>	<u>81,654,980</u>	<u>60,521,162</u>	<u>(21,133,818)</u>
Expenditures				
Administrative				
Salaries and benefits	118,703	134,414	108,872	25,542
Professional services	52,000	618,542	592,542	26,000
Other	3,500	3,500	2,512	988
Transportation improvements	48,551,599	133,018,917	95,958,566	37,060,351
Total Expenditures	<u>48,725,802</u>	<u>133,775,373</u>	<u>96,662,492</u>	<u>37,112,881</u>
Other Financing Sources				
Transfers in	-	137,145,000	137,145,000	-
Net change in fund balance	(1,239,202)	85,024,607	101,003,670	15,979,063
Fund Balance - Beginning	46,574,170	46,574,170	46,574,170	-
Fund Balance - Ending	<u>\$ 45,334,968</u>	<u>\$ 131,598,777</u>	<u>\$ 147,577,840</u>	<u>\$ 15,979,063</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - ACTA CAPITAL
PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 430,000	\$ 430,000	\$ 441,332	\$ 11,332
Other income	-	8,609	696,373	687,764
Total revenues	430,000	438,609	1,137,705	699,096
Expenditures				
Administrative				
Salaries and benefits	290,581	261,635	259,012	2,623
Office rent	125,127	125,127	133,479	(8,352)
Professional services	256,204	282,289	237,196	45,093
Other	262,372	254,985	140,749	114,236
Transportation improvements	2,186,384	44,251,702	11,012,355	33,239,347
Total Expenditures	3,120,668	45,175,738	11,782,791	33,392,947
Net change in fund balance	(2,690,668)	(44,737,129)	(10,645,086)	34,092,043
Fund Balance - Beginning	128,486,056	128,486,056	128,486,056	-
Fund Balance - Ending	\$ 125,795,388	\$ 83,748,927	\$ 117,840,970	\$ 34,092,043

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - ACCMA CAPITAL
PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Project revenue	\$ 13,569,622	\$ 68,492,674	\$ 26,194,713	\$ (42,297,961)
Investment income	-	-	523	523
Total revenues	<u>13,569,622</u>	<u>68,492,674</u>	<u>26,195,236</u>	<u>(42,297,438)</u>
Expenditures				
Administrative				
Salaries and benefits	1,025,619	1,092,680	307,889	784,791
Professional services	-	428	-	428
Congestion management	<u>12,544,004</u>	<u>67,399,566</u>	<u>25,252,705</u>	<u>42,146,861</u>
Total Expenditures	<u>13,569,623</u>	<u>68,492,674</u>	<u>25,560,594</u>	<u>42,932,080</u>
Other Financing Uses				
Transfer Out	-	-	(634,642)	(634,642)
Net change in fund balance	(1)	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - EXCHANGE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Project revenue	\$ 11,212,797	\$ 11,212,797	\$ 5,466,472	\$ (5,746,325)
Investment income	-	-	2,569	2,569
Other income	108,108	108,108	108,108	-
Total revenues	<u>11,320,905</u>	<u>11,320,905</u>	<u>5,577,149</u>	<u>(5,743,756)</u>
Expenditures				
Administrative				
Salaries and benefits	49,941	33,496	-	33,496
Professional services	98,492	92,962	-	92,962
Congestion management	<u>11,064,363</u>	<u>11,069,894</u>	<u>1,805,468</u>	<u>9,264,426</u>
Total Expenditures	<u>11,212,796</u>	<u>11,196,352</u>	<u>1,805,468</u>	<u>9,390,884</u>
Net change in fund balance	108,109	124,553	3,771,681	3,647,128
Fund Balance - Beginning	1,213,610	1,213,610	1,213,610	-
Fund Balance - Ending	<u>\$ 1,321,719</u>	<u>\$ 1,338,163</u>	<u>\$ 4,985,291</u>	<u>\$ 3,647,128</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - TRANSPORTATION
FUND FOR CLEAN AIR
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Sales tax				
Project revenue	\$ 1,888,821	\$ 1,888,821	\$ 2,044,321	\$ 155,500
Investment income	-	-	7,349	7,349
Other income	-	18,142	-	(18,142)
Total revenues	<u>1,888,821</u>	<u>1,906,963</u>	<u>2,051,670</u>	<u>144,707</u>
Expenditures				
Administrative				
Salaries and benefits	94,264	109,345	-	109,345
Professional services	4,000	1,014	-	1,014
Other	1,000	643	-	643
Congestion management	2,094,673	2,821,886	1,486,264	1,335,622
Total Expenditures	<u>2,193,937</u>	<u>2,932,888</u>	<u>1,486,264</u>	<u>1,446,624</u>
Net change in fund balance	(305,116)	(1,025,925)	565,406	1,591,331
Fund Balance - Beginning	3,707,742	3,707,742	3,707,742	-
Fund Balance - Ending	<u>\$ 3,402,626</u>	<u>\$ 2,681,817</u>	<u>\$ 4,273,148</u>	<u>\$ 1,591,331</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - VEHICLE REGISTRATION
FEE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Vehicle registration fees	\$ 11,500,000	\$ 11,500,000	\$ 12,669,464	\$ 1,169,464
Investment income	-	-	23,900	23,900
Total revenues	<u>11,500,000</u>	<u>11,500,000</u>	<u>12,693,364</u>	<u>1,193,364</u>
Expenditures				
Administrative				
Salaries and benefits	374,992	437,404	358,278	79,126
Professional services	187,857	175,572	191,593	(16,021)
Other	148,108	148,108	109,102	39,006
Congestion management	10,656,860	11,387,363	10,528,460	858,903
Total Expenditures	<u>11,367,817</u>	<u>12,148,447</u>	<u>11,187,433</u>	<u>961,014</u>
Net change in fund balance	132,183	(648,447)	1,505,931	2,154,378
Fund Balance - Beginning	<u>9,721,681</u>	<u>9,721,681</u>	<u>9,721,681</u>	-
Fund Balance - Ending	<u>\$ 9,853,864</u>	<u>\$ 9,073,234</u>	<u>\$ 11,227,612</u>	<u>\$ 2,154,378</u>

See accompanying note to the Supplementary Information.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 43,397	\$ 43,397
Expenditures				
Debt service- interest	-	1,868,776	-	1,868,776
Other sources and uses				
Other sources	-	20,335,856	20,335,856	-
Net change in fund balance	-	18,467,080	20,379,253	1,912,173
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ 18,467,080	\$ 20,379,253	\$ 1,912,173

See accompanying note to the Supplementary Information.

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ALAMEDA COUNTY TRANSPORTATION COMMISSION

**ACTIA SPECIAL REVENUE FUND COMBINING SCHEDULE OF BALANCE
SHEETS BY PROGRAM
JUNE 30, 2014**

	Programming and Programs	Express Bus	Bike and Pedestrian	Direct Local Distribution
ASSETS				
Cash and investments	\$ 1,521,395	\$ 1,396,272	\$ 3,989,630	\$ 265
Sales tax receivable	293,659	133,838	238,997	10,770,139
Interest receivable	-	524	1,422	-
Other receivable	-	-	1,096,524	-
Due from other funds	-	-	39,634	-
Total Assets	\$ 1,815,054	\$ 1,530,634	\$ 5,366,207	\$ 10,770,404
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,026	\$ 153,024	\$ 731,956	\$ 9,737,050
Due to other funds	21,398	-	92,689	1,033,089
Unearned revenue	-	-	8	-
Total Liabilities	22,424	153,024	824,653	10,770,139
Fund Balances				
Restricted	1,792,630	1,377,610	4,541,554	265
Total Fund Balances	1,792,630	1,377,610	4,541,554	265
Total Liabilities and Fund Balances	\$ 1,815,054	\$ 1,530,634	\$ 5,366,207	\$ 10,770,404

See accompanying note to the Supplementary Information.

Transit Oriented Development	Paratransit	Total Special Revenue Subfunds
\$ 1,495,839	\$ 1,972,053	\$ 10,375,454
36,327	273,412	11,746,372
553	722	3,221
-	44,130	1,140,654
20,007	200	59,841
<u>\$ 1,552,726</u>	<u>\$ 2,290,517</u>	<u>\$ 23,325,542</u>

\$ -	\$ 744,262	\$ 11,367,318
118,899	-	1,266,075
-	54,670	54,678
<u>118,899</u>	<u>798,932</u>	<u>12,688,071</u>

1,433,827	1,491,585	10,637,471
<u>1,433,827</u>	<u>1,491,585</u>	<u>10,637,471</u>
<u>\$ 1,552,726</u>	<u>\$ 2,290,517</u>	<u>\$ 23,325,542</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**ACTIA SPECIAL REVENUE FUND COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2014**

	Programming and Programs	Express Bus	Bike and Pedestrian	Direct Local Distribution
REVENUES				
Sales tax	\$ 1,817,614	\$ 828,395	\$ 1,479,277	\$ 66,662,145
Project revenue	-	-	1,149,039	-
Investment income	-	2,890	6,926	-
Other income	-	-	1,986	-
Total Revenues	1,817,614	831,285	2,637,228	66,662,145
EXPENDITURES				
Administrative:				
Salaries and benefits	168,798	-	-	-
Professional services	1,102	45,977	123,038	-
Other	21,398	96	1,986	-
Transportation improvements:				
Public transit	-	1,133,710	-	35,786,673
Local transportation	-	-	1,932,986	30,875,473
Total Expenditures	191,298	1,179,783	2,058,010	66,662,146
NET CHANGE IN FUND BALANCES	1,626,316	(348,498)	579,218	(1)
Fund Balances - Beginning	166,314	1,726,108	3,962,336	266
Fund Balances - Ending	\$ 1,792,630	\$ 1,377,610	\$ 4,541,554	\$ 265

See accompanying note to the supplementary information.

Transit Oriented Development	Paratransit	Total Special Revenue Subunds
\$ 224,850	\$ 1,692,293	\$ 72,704,574
-	210,420	1,359,459
2,371	3,268	15,455
-	17,502	19,488
<u>227,221</u>	<u>1,923,483</u>	<u>74,098,976</u>
-	10,400	179,198
18,092	415,164	603,373
103	26,059	49,642
-	1,913,366	38,833,749
118,698	-	32,927,157
<u>136,893</u>	<u>2,364,989</u>	<u>72,593,119</u>
90,328	(441,506)	1,505,857
1,343,499	1,933,091	9,131,614
<u>\$ 1,433,827</u>	<u>\$ 1,491,585</u>	<u>\$ 10,637,471</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

Schedules of Revenues, Expenditures and Change in Fund Balances - Budget and Actual

A schedule of revenues, expenditures and change in fund balances comparing budgeted and actual results is presented for each capital project major fund and all nonmajor funds included in this financial report.

Schedule of Expenditures of Federal Awards

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

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

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

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

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

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

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

STATISTICAL SECTION

Statistical Section

This section of the comprehensive annual financial report presents detailed information about the Alameda County Transportation Commission's financial results, major revenues sources, demographic statistics, and operating activities and will help the reader understand how Alameda CTC's financial performance and financial condition have changed over time.

<u>CONTENT</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how Alameda CTC's financial performance changed over time.	71
Revenue Capacity These schedules contain information to help the reader assess Alameda CTC's primary local revenue source, sales tax.	75
Debt Capacity These schedules present information to help the reader assess the affordability of the Alameda CTC's current level of outstanding debt and the government's ability to issue additional debt in the future.	78
Demographic and Economic Information These schedules contain demographic and economic indicators to assist the reader in understanding the environment within which Alameda CTC's financial activities take place.	81
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in Alameda CTC's financial report relates to the services it provides and the activities it performs.	83

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FINANCIAL TRENDS – NET POSITION BY COMPONENT LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2014	2013	2012
Governmental Activities:			
Net investment in capital assets	\$ 621,809	\$ 50,632	\$ 110,699
Restricted			
Local programs	10,637,471	9,131,614	9,252,256
Capital projects	108,759,745	175,060,226	200,229,225
Transportation fund for clean air	4,273,148	3,707,742	3,387,914
Vehicle registration fee	11,227,612	9,721,681	5,156,748
Debt service	18,551,776	-	-
Unrestricted	28,991,665	21,571,596	23,056,207
Total Governmental Activities Net Position	<u>\$ 183,063,226</u>	<u>\$ 219,243,491</u>	<u>\$ 241,193,049</u>

Note: Alameda CTC is a Joint Powers Agency (JPA) established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the JPA a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
FINANCIAL TRENDS – CHANGE IN NET POSITION**

LAST THREE FISCAL YEARS

EXPENSES	Fiscal Year Ending June 30,		
	2014	2013	2012
Governmental activities:			
Administration	\$ 12,087,490	\$ 11,981,445	\$ 11,338,750
Transportation improvement	165,594,441	131,266,274	135,067,898
Congestion management	35,422,286	37,720,724	46,101,090
Interest expense	1,005,686	-	-
Total Expenses	214,109,903	180,968,443	192,507,738
REVENUES			
Program revenues:			
Operating grants and contributions	25,160,233	17,112,291	22,634,296
Capital grants and contributions	22,585,431	19,051,245	32,521,003
Total revenues	47,745,664	36,163,536	55,155,299
Net (Expense) / Revenue	(166,364,239)	(144,804,907)	(137,352,439)
GENERAL REVENUES			
Governmental activities:			
Sales tax	127,095,900	121,084,780	112,568,093
Member agency fees	1,394,821	1,394,818	1,315,867
Interest and investment earnings	755,915	172,499	956,225
Other revenue	937,338	203,252	412,178
Total general revenues	130,183,974	122,855,349	115,252,363
Governmental Activities Change in Net Position	\$ (36,180,265)	\$ (21,949,558)	\$ (22,100,076)

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the formation of the Alameda CTC a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FINANCIAL TRENDS – FUND BALANCES, GOVERNMENTAL FUNDS LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2014	2013	2012
General Fund			
Nonspendable	\$ 207,546	\$ -	\$ -
Unassigned	23,798,828	20,357,986	18,321,401
Total General Fund	<u>24,006,374</u>	<u>20,357,986</u>	<u>18,321,401</u>
All Other Governmental Funds			
Nonspendable	29,649	-	-
Restricted			
ACTIA special revenue	10,637,471	9,131,614	9,252,256
Capital projects	265,389,161	175,060,226	200,229,225
Transportation fund for clean air	4,273,148	3,707,742	3,387,914
Vehicle registration fee	11,227,612	9,721,681	5,156,748
Debt service	20,379,253	-	-
Assigned, reported in:			
Exchange fund	4,985,291	1,213,610	4,762,721
Total All Other Governmental Funds	<u>\$ 316,921,585</u>	<u>\$ 198,834,873</u>	<u>\$ 222,788,864</u>

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the Alameda CTC a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FINANCIAL TRENDS – CHANGES IN FUND BALANCES,
GOVERNMENTAL FUNDS
LAST THREE FISCAL YEARS**

	Fiscal Year Ending June 30,		
	2014	2013	2012
REVENUES			
Sales tax	\$ 127,095,900	\$ 121,084,780	\$ 112,568,093
Project revenue	35,076,200	24,098,481	52,913,173
Member agency contributions	1,394,821	1,394,818	1,315,867
Vehicle registration fees	12,669,464	12,065,055	12,242,126
Investment income	755,915	172,499	956,225
Other income	937,338	203,252	412,178
Total Revenues	<u>177,929,638</u>	<u>159,018,885</u>	<u>180,407,662</u>
EXPENDITURES			
Administrative			
Salaries and benefits	4,215,750	4,271,217	4,191,318
Office rent	1,067,830	903,841	912,888
Professional services	2,328,134	2,923,255	2,528,606
Planning and programming	2,603,119	1,561,829	2,484,552
Bond issuance costs	592,542	-	-
Other	1,851,292	2,289,151	1,184,867
Transportation improvements			
Highways and streets	18,779,607	27,720,363	39,801,038
Public transit	112,271,930	72,041,838	91,981,235
Local transportation	34,542,904	31,504,073	36,777,134
Congestion management	35,422,286	37,720,724	46,101,090
Total Expenditures	<u>213,675,394</u>	<u>180,936,291</u>	<u>225,962,728</u>
OTHER FINANCING SOURCES			
Other sources	157,480,856	-	-
Total Other Financing Sources	<u>157,480,856</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 121,735,100</u>	<u>\$ (21,917,406)</u>	<u>\$ (45,555,066)</u>

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the Alameda CTC a 10 year trend analysis is not available.

Source: Alameda CTC Financial Statements

ALAMEDA COUNTY TRANSPORTATION COMMISSION

REVENUE CAPACITY– SALES TAX LAST TEN FISCAL YEARS

Fiscal Year Ended June 30:	Alameda CTC Sales Tax Rate ¹	Sales Tax Revenue	Annual Growth	Total Taxable Sales in Alameda County (in thousands)
2014	0.5%	\$ 127,095,900	4.96%	\$ 25,419,180 ²
2013	0.5%	121,084,780	7.57%	24,216,956 ²
2012	0.5%	112,568,093	6.81%	25,181,571 ³
2011	0.5%	105,393,813	11.58%	23,430,799 ³
2010	0.5%	94,453,574	-6.77%	21,541,741 ³
2009	0.5%	101,317,661	-12.86%	20,430,195 ³
2008	0.5%	116,267,321	2.23%	23,862,957 ³
2007	0.5%	113,726,121	3.07%	25,831,140 ³
2006	0.5%	110,339,552	9.10%	25,223,384 ³
2005	0.5%	101,134,874	2.10%	24,242,981 ³

¹ In 2000, Alameda County voters approved Measure B, the half-cent transportation sales tax.

² For fiscal years 2013 and 2014, taxable sales were calculated based on the Alameda CTC's sale tax revenues divided by half of a percent.

³ Taxable sales were obtained from the California State Board of Equalization website.

Source: These amounts were derived from the prior years financial statements of Alameda CTC or its predecessors

Sales Tax Rates by Incorporated City in Alameda County

City	Effective 4/1/2014	Effective 10/1/2014
Alameda	9.00%	9.00%
Albany	9.50%	9.50%
Berkeley	9.00%	9.00%
Dublin	9.00%	9.00%
Emeryville	9.00%	9.00%
Fremont	9.00%	9.00%
Hayward	9.00%	9.50%
Livermore	9.00%	9.00%
Newark	9.00%	9.00%
Oakland	9.00%	9.00%
Piedmont	9.00%	9.00%
Pleasanton	9.00%	9.00%
San Leandro	9.25%	9.25%
Union City	9.50%	9.50%

Source: California State Board of Equalization

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**REVENUE CAPACITY– PRINCIPAL SALES TAX PAYERS BY SEGMENT
FOR THE COUNTY OF ALAMEDA
FISCAL YEARS 2012 AND 2005**

Principal Revenue Payers	Rank	2012 ¹	
		Total Taxable Sales in Alameda County (in thousands)	Percentage of Taxable Sales
All Other Outlets	1	\$ 9,400,222	37.33%
Motor Vehicle and Parts Dealers	2	2,823,697	11.21%
Food Services and Drinking Places	3	2,318,686	9.21%
Gasoline Stations	4	2,291,985	9.10%
General Merchandise Stores	5	1,887,477	7.50%
Bldg. Matrl. and Garden Equip. and Supplies	6	1,230,013	4.88%
Clothing and Clothing Accessories Stores	7	1,084,439	4.31%
Food and Beverage Stores	8	990,964	3.94%
Miscellaneous Store Retailers	9	988,889	3.93%
Electronics and Appliance Stores	10	625,589	2.48%
Sporting Goods, Hobby, Book, and Music Stores	11	487,666	1.94%
Furniture and Home Furnishing Stores	12	474,949	1.89%
Health and Personal Care Stores	13	440,239	1.75%
Nonstore Retailers	14	136,755	0.54%
		<u>\$ 25,181,570</u>	

Principal Revenue Payers	Rank	2005	
		Total Taxable Sales in Alameda County (in thousands)	Percentage of Taxable Sales
All Other Outlets	1	\$ 7,952,917	32.81%
Automotive Group	2	4,506,132	18.59%
Specialty Stores Group	3	2,477,995	10.22%
General Merchandise Group	4	2,087,101	8.61%
Eating and Drinking Group	5	1,709,868	7.05%
Building Material Group	6	1,581,211	6.52%
Business and Personal Services	7	1,061,582	4.38%
Household Group	8	843,587	3.48%
Food Stores Group	9	744,339	3.07%
All Other Retail Stores Group	10	652,265	2.69%
Apparel Stores Group	11	625,984	2.58%
		<u>\$ 24,242,981</u>	

¹ 2012 is the latest informaiton available.

Source: State Board of Equalization, <http://www.boe.ca.gov/news/tsalescont.htm>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

REVENUE CAPACITY– VEHICLE REGISTRATION FEE LAST FOUR FISCAL YEARS

Fiscal Year Ended	Vehicle	Total	Annual	Vehicles
June 30:	Registration Fee	Revenue	Growth ¹	Registered in
				Alameda County
2014	\$ 9.995	\$ 12,669,464	5.01%	1,267,580
2013	9.995	12,065,052	-1.45%	1,207,109
2012	9.995	12,242,127	582.26%	1,224,825

¹ Measure F Alameda County Vehicle Registration Fee (VRF) Program was approved by the voters in November 2010. The collection of the \$10 per year vehicle registration fee began in May 2011. The California Department of Motor Vehicles collects a 0.05% Admin Fee.

Source: These amounts were derived from the prior years financial statements of Alameda CTC or its predecessors.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

DEBT CAPACITY – RATIOS OF OUTSTANDING DEBT

Fiscal Year Ended June 30:	Total Outstanding Debt	Total Taxable Sales in Alameda County ¹	Total Debt as a % of Taxable Sales	Personal Income	Total Debt as a % of Personal Income
2014	\$ 137,145,000	25,419,180,000	0.54%	86,725,943	158.14%

¹ In February 2014, Alameda CTC issued its first series of Revenue Sale Tax Bonds.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

DEBT CAPACITY – DEBT LIMITATIONS

Alameda County Transportation Commission does not have overlapping debt with other governments.

Alameda County Transportation Commission does not have a legal debt limit.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

DEBT CAPACITY – PLEDGED REVENUE COVERAGE

Fiscal Year Ended June 30:	Available Revenue	Annual Debt Service		Total	Coverage
	Sales Tax Revenue	Principal	Interest		
2014	\$ 127,095,900	\$ -	\$ -	\$ -	n/a ¹

¹ Debt Service payments begin September 1, 2014.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

DEMOGRAPHIC AND ECONOMIC INFORMATION – STATISTICS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30:	Population ²	Total Personal Income (in thousands) ²	Per Capita Personal Income ²	Unemployment Rate ³
2014	1,573,254	86,725,943 ¹	55,125 ¹	5.8%
2013	1,550,119	85,867,270 ¹	55,394 ¹	7.4%
2012	1,554,720	85,017,099	54,683	9.4%
2011	1,531,626	78,550,471	51,286	10.7%
2010	1,513,586	72,870,527	48,144	11.4%
2009	1,498,539	70,463,233	47,021	11.1%
2008	1,477,208	73,944,674	50,057	6.1%
2007	1,455,715	72,269,758	49,646	4.8%
2006	1,444,484	69,413,342	48,054	4.6%
2005	1,441,545	64,547,920	44,777	5.3%

¹ Data not yet published, FY 2013 and FY 2014 assumes a 1% increase over prior fiscal year.

² Data for 2005-2012 obtained from U.S. Department of Commerce, Bureau of Economic Analysis, data revised as of March 2013.
2013-2014 Data not available from the U.S. Department of Commerce.

2013-2014 Population obtained from Department of Finance, data reflects January 2014 estimates.

³ Source: State of California Employment Development Department.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**DEMOGRAPHIC AND ECONOMIC INFORMATION – TOP TEN PRINCIPAL EMPLOYERS IN ALAMEDA COUNTY
CURRENT YEAR AND TEN PRIOR YEARS**

		Fiscal Year Ending June 30:		
		2014 ¹		
Employer	Type of Business	Rank	Number of Employees	Percentage of Employment
University of California, Berkeley	Education	1	13,773	1.72%
Kaiser Permanente	Hospitals, Health and Medical	2	11,208	1.40%
County of Alameda	Local Government	3	8,832	1.10%
Safeway, Inc.	Food	4	6,573	0.82%
Alta Bates Summit Medical Center	Hospitals, Health and Medical	5	4,641	0.58%
City of Oakland	Local Government	6	4,604	0.58%
Tesla Motors	Automotive Manufacturing	7	4,500	0.56%
Oakland Unified School District	Education	8	4,496	0.56%
Lawrence Livermore National Lab	Energy Development and Conservation	9	4,400	0.55%
Lawrence Berkeley National Lab	Scientific Research	10	4,158	0.52%
			67,185	

		Fiscal Year Ending June 30:		
		2005 ²		
Employer	Type of Business	Rank	Number of Employees	Percentage of Employment
Kaiser Permanente	Medical Services and Health Insurance	1	13,681	1.60%
University of California, Berkeley	Colleges and Universities	2	12,700	1.49%
County of Alameda	Public Administration	3	9,167	1.07%
Lawrence Livermore Lab	Research and Testing Services	4	8,500	1.00%
Mervyns LLC	Department Store	5	6,781	0.80%
Oakland Unified School District	Elementary and Secondary Schools	6	6,778	0.79%
Oracle Systems Corporation	Computer and Data Processing Services	7	6,307	0.74%
City of Oakland	Public Order and Safety	8	5,696	0.67%
Advanced Comm Dvcs Corp	Electronic Components and Accessories	9	5,500	0.64%
New United Motor Mfg Inc.	Motor Vehicles and Equipment	10	4,893	0.57%
			80,003	

Note: Data pertaining to principal employers for 2004 is not available.

¹ Source: East Bay EDA, total employment of 724,240 is used to calculate the percentage of employment.

² Source County of Alameda CAFR: The number of employees, except for County of Alameda and City of Oakland, include Alameda County and Contra Costa County employees. Total employment within County of Alameda is unavailable.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

OPERATING INFORMATION – EMPLOYEES LAST THREE FISCAL YEARS

Function	Fiscal Year Ending June 30,		
	2014	2013	2012
Executive	1.00	1.00	1.00
Administration	3.00	5.00	6.00
Finance	7.00	7.00	7.00
Policy, Public Affairs and Legislation	2.00	2.00	2.00
Planning	3.00	4.00	3.00
Program and Projects	5.00	6.00	5.00
Total Employees	21.00	25.00	24.00

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the formation of the Alameda CTC a 10 year trend analysis is not available.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

OPERATING INFORMATION – PROGRAM REVENUES LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2014	2013	2012
Federal Revenue	\$ 5,449,588	\$ 5,774,570	\$ 3,195,946
State Revenue	9,432,800	12,007,467	24,707,698
Regional Measure Revenue	3,593,671	3,049,072	4,356,559
Local Revenue	29,269,605	15,332,427	22,895,096
	<u>\$ 47,745,664</u>	<u>\$ 36,163,536</u>	<u>\$ 55,155,299</u>

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the recent formation of the Alameda CTC a 10 year trend analysis is not available.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**OPERATING INFORMATION – CAPITAL ASSETS
LAST THREE FISCAL YEARS**

	Fiscal Year Ending June 30,		
	2014	2013	2012
Capital assets, being depreciated			
Furniture and Fixtures	\$ 311,138	\$ 103,384	\$ 103,384
Office Equipment	151,049	513,121	573,437
Leasehold Improvements	399,631	385,281	385,281
Total capital assets, being depreciated	<u>861,818</u>	<u>1,001,786</u>	<u>1,062,102</u>
Less accumulated depreciation			
Furniture and Fixtures	(78,953)	(103,383)	(95,558)
Office Equipment	(127,753)	(469,213)	(514,800)
Leasehold Improvements	<u>(33,303)</u>	<u>(378,558)</u>	<u>(341,045)</u>
Total accumulated depreciation	<u>(240,009)</u>	<u>(951,154)</u>	<u>(951,403)</u>
Total Capital Assets, Net	<u>\$ 621,809</u>	<u>\$ 50,632</u>	<u>\$ 110,699</u>

Note: Alameda CTC is a Joint Powers Agency established in July 2010, effectively merging the Alameda County Transportation Improvement Authority and the Alameda County Congestion Management Agency, who delegated all of their assets, liabilities, powers, functions, and responsibilities to the Alameda CTC. Alameda CTC produced their first financial report for fiscal year ended June 30, 2012. Due to the formation of the Alameda CTC a 10 year trend analysis is not available.

INDEPENDENT AUDITOR'S REPORTS



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

Governing Board
Alameda County Transportation Commission
Oakland, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alameda County Transportation Commission (Alameda CTC) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Alameda CTC's basic financial statements, and have issued our report thereon dated December 12, 2014.

Our report contains an emphasis of matter regarding adoption of Governmental Accounting Standards Board (GASB) Statement No. 65 - *Items Previously Reported as Assets and Liabilities* as of July 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alameda CTC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alameda CTC's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alameda CTC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alameda CTC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds allocated to and received by Alameda CTC were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act as required by Section 6666 of Title 21 of the California Code of Regulations. 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* or the Transportation Development Act.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alameda CTC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinck, Trine, Day & Co. LLP

Palo Alto, California
December 12, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board
Alameda County Transportation Commission
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited the Alameda County Transportation Commission's (Alameda CTC) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Alameda CTC's major Federal program for the year ended June 30, 2014. The major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Alameda CTC's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of Alameda CTC's compliance.

Opinion on the Major Federal Program

In our opinion, Alameda CTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Alameda CTC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alameda CTC's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alameda CTC internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinck, Trine, Day & Co. LLP

Palo Alto, California
December 12, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.