

ALAMEDA COUNTY TRANSPORTATION COMMISSION OAKLAND, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013



**ALAMEDA COUNTY
TRANSPORTATION COMMISSION
OAKLAND, CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013
PREPARED BY THE FINANCE DEPARTMENT**



ALAMEDA COUNTY TRANSPORTATION COMMISSION

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION

Letter of Transmittal	i
Commissioners	v
Executive Management	vi
Organization Chart	vii
Map	viii
Table of Credits	ix

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements	
Governmental Funds - Balance Sheet	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
Governmental Funds - Statement of Revenues, Expenditures, and Change in Fund Balances	23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances to the Statement of Activities	25
Fiduciary Fund Financial Statements	
Statement of Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Financial Statements	28
Required Supplementary Information	
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual - General Fund	46
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual - Special Revenue Fund	47
Supplementary Information	
Schedule of Expenditures of Federal Awards	49
Combining Schedules– General Fund	
Schedule of Balance Sheets	50
Schedule of Revenues, Expenditures and Change in Fund Balances	51
Combining Statements – Nonmajor Governmental Funds	
Balance Sheet	52
Statement of Revenues, Expenditures and Change in Fund Balances	53
Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual	
ACTIA Capital Projects Fund	54
ACTA Capital Projects Fund	55
ACCMA Capital Projects Fund	56
Exchange Fund	57
Transportation for Clean Air Fund	58
Vehicle Registration Fee Fund	59
Combining Schedules – ACTIA Special Revenue Fund	
Schedule of the Balance Sheet of the Special Revenue Fund by Program	60
Schedule of Revenues, Expenditures and Change in Fund Balances of the Special Revenue Fund by Program	61
Note to Supplementary Information	62

ALAMEDA COUNTY TRANSPORTATION COMMISSION

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2013

STATISTICAL SECTION

Financial Trends	
Net Position by Component	65
Changes in Net Position	66
Fund Balances, Governmental Funds	67
Changes in Fund Balances	68
Revenue Capacity	
Sales Tax	69
Principal Sales Tax Payers	70
Vehicle Registration Fee	71
Demographics and Economic Information	
Statistics	72
Top Ten Principal Employers	73
Operating Information	
Employees	74
Program Revenues	75
Capital Assets	76

FEDERAL COMPLIANCE INFORMATION SECTION

Independent Auditor's Report	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	80
Schedule of Findings and Questioned Costs	
Summary of Auditor's Results	83
Financial Statement Findings	84
Federal Awards Findings and Questioned Costs	85
Summary Schedule of Prior Audit Findings	86

INTRODUCTORY SECTION



December XX, 2013

**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, 2013. 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, 2013.

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 19 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, 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 a schedule that compares actual results to the final adopted budgets.

ECONOMIC CONDITION

LOCAL ECONOMY

Unemployment in Alameda County has decreased to 7.4 percent by June 2013 from 9.4 percent in June 2012 and 10.7 percent in June 2011. This is better than the state unemployment rate which has decreased to 8.5 percent by June 2013 from 10.6 percent in June 2012 and 11.9 percent in June 2011. The decrease in the unemployment rate is also better than the national unemployment rate, which has decreased to only 7.6 percent by June 2013 from 8.2 percent in June 2012 and 9.1 percent in June 2011. While the economic recovery continues to move very slowly, this is still an improvement for Alameda County. The county unemployment rate generally falls between the national and state rates; however, as of June 2013 it is lower than both rates, indicating that employment has begun to recover at a slightly 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 2012-13 to a level above the historical peak of \$116.3 million in fiscal year 2007-08 to \$121.1 million. This is a 7.6 percent increase over the prior fiscal year; however, it is below original projections 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) in half the anticipated time. Faster delivery allowed for lower construction costs, but the result is that the Measure B sales tax will incur costs before all of the sales tax funds have been collected. To date, Measure B has operated on a pay-as-you-go basis; however current cash flow projections reflect that a pay-as-you-go approach will not suffice within the coming fiscal year. The Commission has authorized staff to begin the process of issuing debt to bridge the short-term funding gap that exists over the next few years while many large projects in the TEP are closed out and finalized. Staff anticipates going to market for bond financing in early 2014. Cash flow projections also 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 funds 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 2013, the Commission adopted a 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 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 new \$7.8 billion 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, so it did not pass. The Alameda CTC has made it a legislative priority to support efforts to lower the 2/3 voter threshold for voter approved transportation measures since the majority of Alameda County voters supported the measure, but did not realize the benefits of their vote. The Commission is considering returning to the voters in the coming years to again put a new 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. If the voters approve a new measure in the coming years, this would significantly increase the funding available for transportation projects and programs throughout Alameda County.

AWARDS AND ACKNOWLEDGEMENTS

This is the first year the Alameda CTC has produced a Comprehensive Annual Financial Report (CAFR) which includes additional, complementary information, in addition to the basic financial statements, to better help the reader understand the financial condition of the Alameda CTC. We believe our current CAFR meets the requirements of the Government Finance Officers Association's (GFOA) Certificate of Achievement Program, and we are submitting it to the GFOA to determine its eligibility for the award. To be awarded the certificate, a CAFR must be easy to read and efficiently organized while satisfying both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

Member	Jurisdiction	Alternate
Supervisor Scott Haggerty, Chair	Alameda County District 1 Supervisor	Bill Harrison
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 Cutter-Russo
Supervisor Nate Miley	Alameda County, District 4	No Alternate
Supervisor Keith Carson	Alameda County, District 5	Kriss Worthington
Director Tom Blalock	Bay Area Rapid Transit	John McPartland
Vice Mayor Marilyn Ezzy Ashcraft	City of Alameda	Stewart Chen
Mayor Peggy Thomsen	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 Brinkham
Councilmember Suzanne Chan	City of Fremont	Bill Harrison
Councilmember Marvin Peixoto	City of Hayward	Mark Salinas
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 John Chiang	City of Piedmont	Garrett Keating
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
---------------	--------------------	---------------------	----------------

Executive Team

Tess Lengyel	Deputy Director of Policy, Public Affairs and Legislation	tlengyel@alamedactc.org	(510) 208-7428
Stewart Ng	Deputy Director of Programming and Projects	stewartng@alamedactc.org	(510) 208-7437
Patricia Reavey	Director of Finance	preavey@alamedactc.org	(510) 208-7422
Beth Walukas	Deputy Director of Planning	bwalukas@alamedactc.org	(510) 208-7405

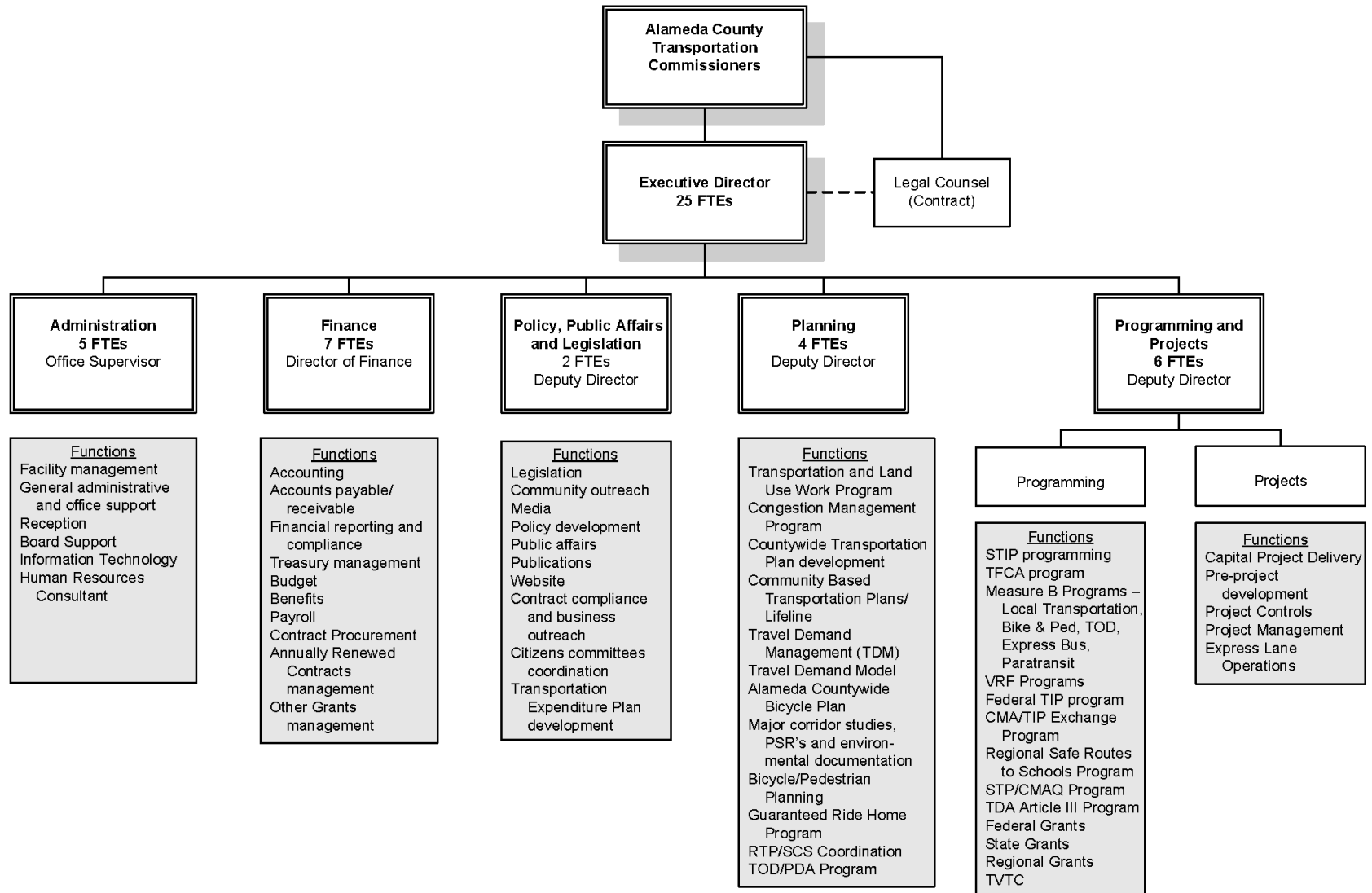
General Counsel

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 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

FINANCIAL SECTION



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, 2013, 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 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 Alameda CTC'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 Alameda CTC'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, 2013, 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.

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 supplementary information is 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 _____, 2013, 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.

Palo Alto, California
_____, 2013

DRAFT

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

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, 2013. Management encourages readers to consider information presented in this section in conjunction with the financial statements and related notes contained in the financial section.

This report for the fiscal year ended June 30, 2013 is the first financial report for the Alameda CTC prepared in the form of a Comprehensive Annual Financial Report (CAFR) which includes all of the additional information required of a CAFR. 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 asset were \$219.2 million at June 30, 2013, a decrease of \$21.9 million or 9.1 percent from the prior fiscal year end primarily related to sales tax related capital project expenditures.
- Total assets decreased by \$41.9 million or 12.6 percent from \$331.7 million to \$289.8 million as of June 30, 2013 compared to June 30, 2012. Cash and investments comprised \$237.5 million or 81.9 percent of the total assets as of June 30, 2013.
- Revenues totaled \$159.0 million for the fiscal year ended June 30, 2013. This was a decrease of \$11.4 million or 6.7 percent from the fiscal year ended June 30, 2012. Sales tax revenues comprised \$121.1 million or 76.1 percent of the total revenues for the fiscal year.
- Total liabilities decreased by \$20.0 million or 22.1 percent from \$90.5 million to \$70.5 million as of June 30, 2013 compared to June 30, 2012. This decrease is primarily due to a project management effort requiring more timely submission and, therefore more timely payment, of invoices from project sponsors.
- Expenses totaled \$181.0 million for the fiscal year ended June 30, 2013. This was a decrease of \$11.5 million from the fiscal year ended June 30, 2012 mostly related to Measure B capital project expenditures.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

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 expenditures, 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. Pursuant to the Transportation Expenditure Plan (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 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, 2013

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 passed through to the cities and County of Alameda to fund transportation needs based on local priorities.

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

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

ACCMA Capital Projects Fund – The ACCMA Capital Projects Fund is used to account for capital projects designed to implement the Congestion Management Plan for Alameda County. The amount of capital project revenues and expenditures for the fiscal year ended June 30, 2013 were \$30.1 million and \$29.6 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 three nonmajor funds: the Exchange Fund, the Transportation for Clean Air Fund, and the Vehicle Registration Fee Fund.

Exchange Fund – The Exchange Fund is used to account for all activity related to the Exchange Program. Under the Exchange Program, the 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 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.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

The Alameda CTC has entered into the following exchange agreements through June 30, 2013:

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

These exchanges were recognized as deferred revenue in the government-wide financial statements at the time the Alameda CTC entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. \$71.3 million of these exchanged funds have been collected and \$62.1 million has been expended as of June 30, 2013.

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

TFCA funds are required to be used to implement projects aimed at reducing air pollution through the reduction of motor vehicle emissions. During the fiscal year ended June 30, 2013, the Alameda CTC provided funding to various sponsors including, but not limited to, Hayward for a Traffic Signal Controller Upgrade and Synchronization project, Livermore Amador Valley Transit Authority for the Bus Rapid Transit Route 10 and Routes 53 and 54 shuttles to the Altamont Commuter Express, California State University East Bay for campus shuttle operations and a Transportation Demand Management Program, Alameda-Contra Costa Transit District for an Easy Pass Program, and the City of Fremont for the North Fremont Arterial Management project. These funds were also utilized to fund internal projects and programs including the Webster Street SMART Corridors project and the Guaranteed Ride Home Program.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

The Alameda CTC also has one Fiduciary Fund.

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

This fiduciary fund was established prior to the consolidation of the agencies to accumulate funds for ACTIA post-employment benefits. The ACCMA had set up a separate California Employers' Retiree Benefit Trust (CERBT) with CalPERS to accumulate funds for the same purpose. During fiscal year 2013 both fiduciary funds were dissolved with the proceeds being transferred to a new consolidated Alameda CTC CERBT trust administered by CalPERS for the purpose of accumulating funds for Alameda CTC post-employment benefits other than pensions.

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, 2013, total assets were \$289.8 million, a decrease of \$41.9 million or 12.6 percent from June 30, 2012 with cash and investments accounting for \$237.5 million or 81.9 percent of this amount.

Total liabilities were \$70.5 million as of June 30, 2013, a decrease of \$20.0 million or 22.1 percent from June 30, 2012. 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, 2013, the Alameda CTC had commitments for \$31.7 million towards engineering contracts, \$12.8 million towards construction contracts and \$277.7 million towards project sponsor contracts with terms ranging up to ten (10) years.

Net position was \$219.2 million at June 30, 2013, a decrease of \$21.9 million or 9.1 percent from June 30, 2012. Of the total \$219.2 million in net position at June 30, 2013, less than \$0.1 million or 0.02 percent is invested in capital assets, \$21.6 million or 9.84 percent is unrestricted and the balance of \$197.6 million or 90.14 percent is restricted for use towards programs and projects authorized in the Measure B 1986 and 2000 TEPs and congestion management projects.

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, 2013

Statement of Net Position June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Cash and investments	\$ 237,453,707	\$ 283,246,488
Receivables		
Sales tax receivables	20,375,501	18,367,599
Interest	457,252	90,270
Other	27,068,625	25,619,435
Land held for resale	4,068,000	4,068,000
Prepaid and other assets	306,483	213,093
Capital assets		
Furniture and equipment (net of accumulated depreciation)	50,632	110,699
Total assets	\$ 289,780,200	\$ 331,715,584
Accounts payable & accrued liabilities	\$ 46,150,242	\$ 64,074,400
Deferred revenue	24,386,467	26,420,220
Net OPEB obligation	-	27,915
Total liabilities	70,536,709	90,522,535
Net position:		
Net investment in capital assets	50,632	110,699
Restricted for:		
Transportation projects/programs	197,621,263	218,026,143
Unrestricted	21,571,596	23,056,207
Total net position	219,243,491	241,193,049
Total liabilities and net position	\$ 289,780,200	\$ 331,715,584

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Change in Net Position

Total revenues during fiscal year 2013 were \$159.0 million, a decrease of \$11.4 million or 6.7 percent from fiscal year 2012. This decrease can be attributed to a decrease in Exchange Fund revenues and outside revenue sources for the congestion management program as more funding came from internal funding sources in fiscal year 2013 and therefore were eliminated on a consolidated basis. Total Expenses during fiscal year 2013 were \$181.0 million, a decrease of \$11.5 million or 6.0 percent from fiscal year 2012. This decrease is due to the changing phases and schedule of the congestion management capital projects as well as the elimination of internal funding expenses of congestion management programs on a consolidated basis.

The following are changes in key activities during fiscal year 2013:

- Operating grants and contributions for fiscal year 2013 were \$17.1 million, a decrease of \$5.5 million or 24.4 percent from fiscal year 2012. This change is primarily related to a decrease in Exchange Fund revenues in fiscal year 2013.
- Capital grants and contributions for fiscal year 2013 were \$19.1 million, a decrease of \$13.4 million or 41.1 percent from fiscal year 2012. This change is mostly due to a decrease in outside funding sources for the congestion management program as more funding came from internal funding sources in fiscal year 2013.
- Sales tax revenues for fiscal year 2013 were \$121.1 million, an increase of \$8.5 million or 7.6 percent over fiscal year 2012.
- Administration expenses for fiscal year 2013 were \$12.0 million, an increase of \$0.6 million or 5.7 percent from fiscal year 2012.
- Transportation improvement costs for fiscal year 2013 were \$131.3 million, a decrease of \$3.8 million or 2.8 percent.
- Congestion management expenses for fiscal year 2013 were \$37.7 million, a decrease of \$8.4 million or 18.2 percent from fiscal year 2012. This decrease is due to the changing phases and schedule of the congestion management capital projects as well as the elimination of internal funding expenses that were eliminated on a consolidated basis.

During fiscal year 2013, expenses exceeded revenues by \$21.9 million resulting in a decrease to net position which was \$219.2 million as of June 30, 2013.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Changes in Net Position June 30, 2013 and 2012

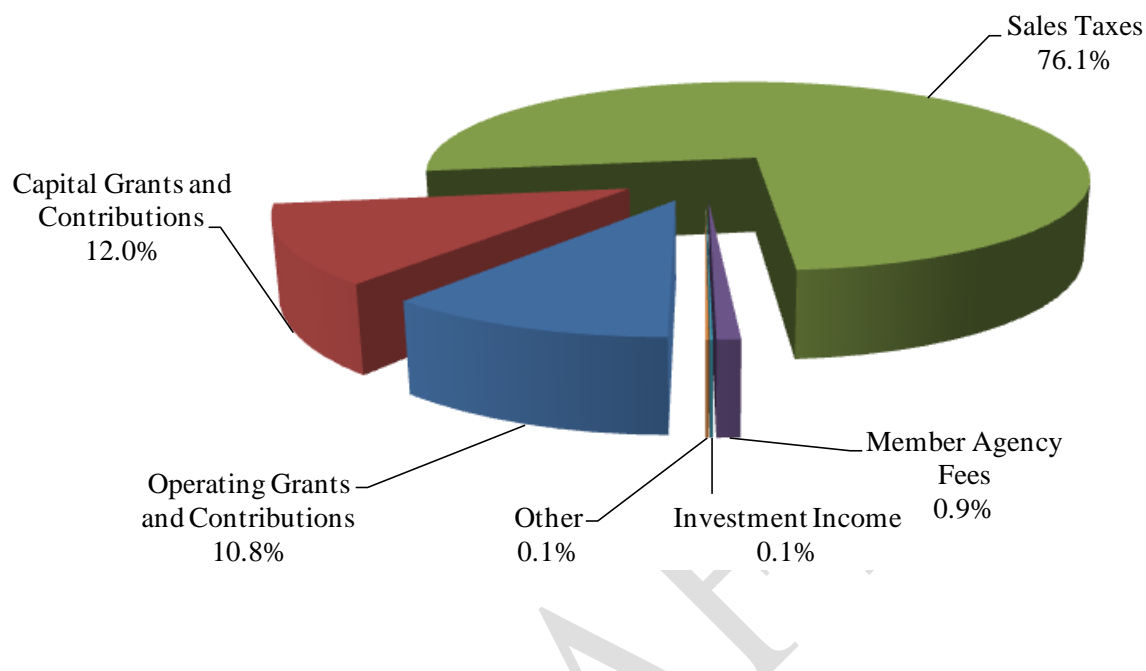
	Governmental Activities	
	2013	2012
Revenues		
Program revenues:		
Operating grants and contributions	\$ 17,112,291	\$ 22,634,296
Capital grants and contributions	19,051,245	32,521,003
General revenues:		
Sales taxes	121,084,780	112,568,093
Member agency fees	1,394,818	1,315,867
Investment income	172,499	956,225
Other	203,252	412,178
Total revenues	159,018,885	170,407,662
Expenses		
Administration	11,981,445	11,338,750
Transportation improvements	131,266,274	135,067,898
Congestion management	37,720,724	46,101,090
Total expenses	180,968,443	192,507,738
Change in net position	(21,949,558)	(22,100,076)
Net position, beginning of year	241,193,049	263,293,125
Net position, end of year	\$ 219,243,491	\$ 241,193,049

ALAMEDA COUNTY TRANSPORTATION COMMISSION

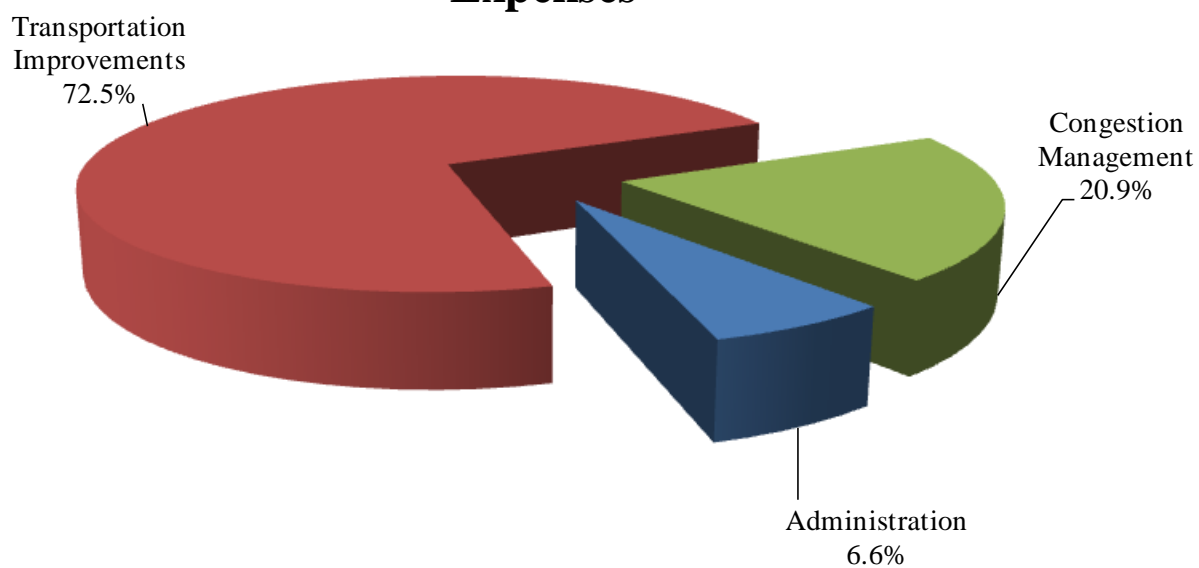
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Revenues



Expenses



ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

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 Exchange Fund, Transportation for Clean Air Fund, and Vehicle Registration Fee Fund.

As of June 30, 2013, the Alameda CTC had \$219.2 million of fund balance in the governmental funds: \$20.4 million in the General Fund, \$9.1 million in the ACTIA Special Revenue Fund, \$46.6 million in the ACTIA Capital Projects Fund, \$128.5 million in the ACTA Capital Projects Fund and \$14.6 million in the nonmajor governmental funds. This is a decrease from June 30, 2012 of \$21.9 million or 9.1 percent. This decrease is mostly due to public transit and highways and streets related expenditures in the ACTIA and ACTA Capital Projects Funds. Construction on ACTA capital projects will continue until projects are completed. However, as of March 31, 2002 when the 1986 Measure B expired, this fund is no longer eligible to receive sales tax revenues.

For the period July 1, 2012 through June 30, 2013, the Alameda CTC had \$159.0 million of revenues in the governmental funds: \$10.8 million in the General Fund, \$69.4 million in the ACTIA Special Revenue Fund, \$48.6 million in the ACTIA Capital Projects Fund, \$0.2 million in the ACTA Capital Projects Fund, \$30.1 million in the ACCMA Capital Projects Fund, \$14.0 million in the nonmajor governmental funds less \$14.1 million of inter-fund revenues which have been eliminated on a consolidated basis. This is a decrease from June 30, 2012 of \$21.4 million or 11.9 percent. This decrease can be attributed to a decrease in Exchange Fund revenues and outside revenue sources for the congestion management program as more funding came from internal funding sources in fiscal year 2013 and therefore were eliminated on a consolidated basis.

For the period July 1, 2012 through June 30, 2013, the Alameda CTC had \$180.9 million of expenditures in the governmental funds: \$9.2 million in the General Fund, \$69.5 million in the ACTIA Special Revenue Fund, \$60.7 million in the ACTIA Capital Projects Fund, \$13.2 million in the ACTA Capital Projects Fund, \$29.6 million in the ACCMA Capital Projects Fund, \$12.7 million in the nonmajor governmental funds less \$14.1 million of inter-fund expenditures which have been eliminated on a consolidated basis. This is a decrease of \$45.0 million or 19.9 percent from June 30, 2012. This decrease is primarily due to Measure B Capital Projects Fund expenditures for public transit and highway and streets projects.

As of June 30, 2013, the Alameda CTC had \$289.6 million of assets in the governmental funds: \$32.5 million in the General Fund, \$26.5 million in the ACTIA Special Revenue Fund, \$63.6 million in the ACTIA Capital Projects Fund, \$131.0 million in the ACTA Capital Projects Fund, \$35.0 million in the ACCMA Capital Projects Fund, \$28.4 million in the nonmajor governmental funds less \$27.4 million of assets which have been eliminated on a consolidated basis. This is a decrease of \$41.9 million or 12.6 percent from June 30, 2012. This decrease is mostly attributed to a decrease of cash and investments in the ACTIA and ACTA Capital Projects Funds as they continue to fund projects authorized in the TEP while the ACTA Capital Projects Fund no longer collects sales tax revenues.

As of June 30, 2013, the Alameda CTC had \$70.4 million of liabilities in the governmental funds: \$12.1 million in the General Fund, \$17.3 million in the ACTIA Special Revenue Fund, \$17.1 million in the ACTIA Capital Projects Fund, \$2.5 million in the ACTA Capital Projects Fund, \$35.0 million in the ACCMA Capital Projects Fund, \$13.8 million in the nonmajor governmental funds less \$27.4 million of liabilities which have been eliminated on a consolidated basis. This is a decrease of \$20.0 million or 22.1 percent from June 30, 2012. This decrease is primarily due to a project management effort requiring more timely submission, and therefore more timely payment, of invoices from project sponsors.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Capital Assets

As of June 30, 2013, the Alameda CTC had \$50,632 invested in capital assets, including furniture and equipment and leasehold improvements.

Capital Assets
(net of accumulated depreciation and amortization)
As of June 30, 2013 and 2012

	2013	2012
Furniture and equipment (net of accumulated depreciation)	\$ 43,908	\$ 66,464
Leasehold improvements (net of accumulated amortization)	6,724	44,235
Total	<u>\$ 50,632</u>	<u>\$ 110,699</u>

Comparison of Budget to Actual

General Fund - The Alameda CTC began the fiscal year with an adopted revenue budget of \$13.3 million, an expenditures budget of \$15.6 million and a budgeted transfer in the amount of \$0.9 million resulting in a reduction in the General Fund balance of \$1.3 million. In the final adopted budget, the revenue budget was revised to \$11.7 million and the expenditure budget was revised to \$12.1 million resulting in a surplus in the General Fund of \$0.6 million. The adjustments were mostly related to a decrease in projected planning project expenditures.

Actual revenues from sales tax, project revenues, member agency fees, investment income and other were \$10.8 million which is less than final budget by \$0.9 million or 7.6 percent and actual administrative expenditures were \$9.2 million which is less than final budget by \$2.8 million or 23.5 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.

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 measure would have provided Alameda County with \$7.8 billion in funding over the next 30 years to increase mobility, create jobs, reduce congestion and protect the environment. The 2012 TEP responded to the many transportation needs in Alameda County by providing details of how the funds would have been used to restore and expand transit services, fix potholes and reduce highway congestion, expand bicycle and pedestrian access and connect transit with housing and jobs.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

The Alameda CTC has formed an ad hoc committee of the Commission to address the next steps in Alameda County's transportation expenditure plan development and placement on the ballot. The committee is made up of members from the board of supervisors and cities representing all areas of the County. Formation of an ad hoc committee of the Commission will enable a focused discussion on reauthorization of the current transportation sales tax program, a determination on the appropriate time to place another sales tax measure on the ballot, a framework for which a transportation expenditure plan could be developed and what should be included, and the duration of the new sales tax program.

One Bay Area Grant Program – One of the most significant planning and programming efforts developed by staff in fiscal year 2013 was the One Bay Area Grant (OBAG) Program. The goal of the OBAG Program is to provide flexible funding to support the Sustainable Communities Strategy (SCS) in the Bay Area. The SCS aims to link housing and transportation in order to reduce greenhouse gas emissions and provide housing for residents of all income levels. To meet these goals, the OBAG program funds programs that support Priority Development Areas (PDA) including local streets and roads, bike and pedestrian infrastructure and transit oriented development. After extensive review, discussion and community input, the Commission approved the OBAG Program guidelines and selection criteria in December 2012. In February 2013, the Alameda CTC issued a coordinated call for projects which included OBAG, Measure B and VRF funding totaling more than \$70 million. Sixty-Nine (69) applications requesting \$121.1 million in funding for projects supporting PDAs and PCAs were received. After a rigorous evaluation process to prioritize projects that link transportation improvements with land-use decisions, relieve congestion and improve the region's air quality by a review team comprised of staff and consultants, final recommendations were approved by the Commission at its June 2013 meeting. The final recommendations approved by the Commission include funding for 38 projects throughout Alameda County.

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 and particularly throughout fiscal year 2013, 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.

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 is the first year the SSCLJPA began paying for its own operating costs. Since inception, the Lane has continued to show growth in revenues and riders from week to week and is expected to be independently sustainable in the near future.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

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

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

The Alameda CTC began receiving the related VRF revenues in June 2011. Pass through funding for local road improvements and repairs began flowing to the cities and the County of Alameda in June 2012.

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, 2013

ASSETS

Cash and investments	\$ 237,453,707
Sales tax receivable	20,375,501
Interest receivable	457,252
Other receivable	27,068,625
Land held for resale	4,068,000
Prepays and other assets	306,483
Capital assets, net of accumulated depreciation	50,632
Total Assets	<u>289,780,200</u>

LIABILITIES

Accounts payable and accrued liabilities	46,150,242
Deferred revenues	24,386,467
Total Liabilities	<u>70,536,709</u>

NET POSITION

Net investment in capital assets	50,632
Restricted	197,621,263
Unrestricted	21,571,596
Total Net Position	<u>\$ 219,243,491</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, 2013

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	\$ 11,981,445	\$ -	\$ -	\$ (11,981,445)
Transportation improvement	131,266,274	102,943	1,644,334	(129,518,997)
Congestion management	37,720,724	17,009,348	17,406,911	(3,304,465)
Total Governmental Activities	\$ 180,968,443	\$ 17,112,291	\$ 19,051,245	(144,804,907)
General revenues and subventions:				
Sales tax				121,084,780
Member agency fees				1,394,818
Interest and investment earnings				172,499
Other revenues				203,252
Subtotal, general revenues				122,855,349
Change in Net Position				(21,949,558)
Net Position - Beginning				241,193,049
Net Position - Ending				\$ 219,243,491

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2013

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
ASSETS			
Cash and investments	\$ 27,670,648	\$ 14,784,579	\$ 53,656,586
Sales tax receivable	916,898	11,655,703	7,802,900
Interest receivable	1,521	4,277	84,821
Other receivable	3,454,099	26,187	1,643,772
Due from other funds	192,478	-	440,163
Land held for sale	-	-	-
Prepays and other assets	270,970	-	-
Total Assets	<u>\$ 32,506,614</u>	<u>\$ 26,470,746</u>	<u>\$ 63,628,242</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,324,233	\$ 17,287,726	\$ 12,862,796
Due to other funds	10,824,395	17,252	4,191,276
Deferred revenue	-	34,154	-
Total Liabilities	<u>12,148,628</u>	<u>17,339,132</u>	<u>17,054,072</u>
Fund Balances			
Restricted			
ACTIA special revenue	-	9,131,614	-
Capital projects	-	-	46,574,170
Transportation for clean air	-	-	-
Vehicle registration fees	-	-	-
Assigned	-	-	-
Unassigned	20,357,986	-	-
Total Fund Balances	<u>20,357,986</u>	<u>9,131,614</u>	<u>46,574,170</u>
Total Liabilities and Fund Balances	<u>\$ 32,506,614</u>	<u>\$ 26,470,746</u>	<u>\$ 63,628,242</u>

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
\$ 116,483,245	\$ 9,952,767	\$ 14,905,882	\$ -	\$ 237,453,707
-	-	-	-	20,375,501
349,600	9,462	7,571	-	457,252
34,604	18,676,352	3,081,156	-	26,916,170
10,000,000	6,384,589	10,412,927	(27,430,157)	-
4,068,000	-	-	-	4,068,000
35,513	-	-	-	306,483
<u>\$ 130,970,962</u>	<u>\$ 35,023,170</u>	<u>\$ 28,407,536</u>	<u>\$ (27,430,157)</u>	<u>\$ 289,577,113</u>
\$ 2,484,598	\$ 10,543,173	\$ 1,647,716	\$ -	\$ 46,150,242
308	9,561,505	2,835,421	(27,430,157)	-
-	14,918,492	9,281,366	-	24,234,012
<u>2,484,906</u>	<u>35,023,170</u>	<u>13,764,503</u>	<u>(27,430,157)</u>	<u>70,384,254</u>
-	-	-	-	9,131,614
128,486,056	-	-	-	175,060,226
-	-	3,707,742	-	3,707,742
-	-	9,721,681	-	9,721,681
-	-	1,213,610	-	1,213,610
-	-	-	-	20,357,986
<u>128,486,056</u>	<u>-</u>	<u>14,643,033</u>	<u>-</u>	<u>219,192,859</u>
<u>\$ 130,970,962</u>	<u>\$ 35,023,170</u>	<u>\$ 28,407,536</u>	<u>\$ (27,430,157)</u>	<u>\$ 289,577,113</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2013

Reconciliation of Fund Balance of Governmental Funds to Net Position on the Statement of Net Position

Fund Balances on Governmental Funds Balance Sheet	\$ 219,192,859
Certain long-term receivables are recognized on the Statement of Net Position, but because these receivables are not available as current resources, they are not recognized on the governmental funds' balance sheet.	152,455
Certain deferrals of revenue are recognized on the Statement of Net Position, but because these deferrals of revenues are not available as current resources, they are not recognized on the governmental funds' balance sheet.	(152,455)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	50,632
Net Position on Statement of Net Position	<u>\$ 219,243,491</u>

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	ACTIA Special Revenue Fund	ACTIA Capital Projects Fund
REVENUES			
Sales tax	\$ 5,448,815	\$ 69,265,943	\$ 46,370,022
Project revenue	3,772,035	102,943	2,084,497
Member agency fees	1,394,818	-	-
Vehicle registration fees	-	-	-
Investment income	18,103	18,989	112,398
Other income	192,953	24,337	-
Total Revenues	<u>10,826,724</u>	<u>69,412,212</u>	<u>48,566,917</u>
EXPENDITURES			
Administrative			
Salaries and benefits	3,060,749	183,217	115,462
Office rent	788,189	-	-
Professional services	1,656,940	1,103,352	-
Planning and programming	1,561,829	-	-
Other	2,168,009	24,337	3,156
Transportation improvements			
Highways and streets	-	-	17,306,921
Public transit	-	37,183,713	41,205,395
Local transportation	-	31,038,235	2,108,726
Congestion management	-	-	-
Total Expenditures	<u>9,235,716</u>	<u>69,532,854</u>	<u>60,739,660</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in	445,577	-	-
Operating transfer out	-	-	-
Total Other Financing Sources (uses)	<u>445,577</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>2,036,585</u>	<u>(120,642)</u>	<u>(12,172,743)</u>
Fund Balances - Beginning	<u>18,321,401</u>	<u>9,252,256</u>	<u>58,746,913</u>
Fund Balances - Ending	<u>\$20,357,986</u>	<u>\$ 9,131,614</u>	<u>\$ 46,574,170</u>

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
\$ -	\$ -	\$ -	\$ -	\$ 121,084,780
-	30,299,929	1,962,620	(14,123,543)	24,098,481
-	-	-	-	1,394,818
-	-	12,065,055	-	12,065,055
210,335	(209,547)	22,221	-	172,499
10,299	-	-	(24,337)	203,252
220,634	30,090,382	14,049,896	(14,147,880)	159,018,885
258,106	338,275	315,408	-	4,271,217
115,652	-	-	-	903,841
101,117	-	61,846	-	2,923,255
-	-	-	-	1,561,829
117,986	-	108,108	(132,445)	2,289,151
12,624,029	-	-	(2,210,587)	27,720,363
-	-	-	(6,347,270)	72,041,838
-	-	-	(1,642,888)	31,504,073
-	29,306,530	12,228,884	(3,814,690)	37,720,724
13,216,890	29,644,805	12,714,246	(14,147,880)	180,936,291
-	-	-	-	445,577
-	(445,577)	-	-	(445,577)
-	(445,577)	-	-	-
(12,996,256)	-	1,335,650	-	(21,917,406)
141,482,312	-	13,307,383	-	241,110,265
\$ 128,486,056	\$ -	\$ 14,643,033	\$ -	\$ 219,192,859

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Position on Statement of Activities

Net Change in Fund Balances on governmental funds Statement of
Revenues, Expenditures and Changes in Fund Balances \$ (21,917,406)

Capital outlays to purchase or build capital assets are reported in the governmental
funds as expenditures, however are capitalized in the Statement of Net Position and
allocated over the estimated useful life of the asset as depreciation. The
governmental funds reports capital asset additions of \$23,768 and the Statement
of Activities reports depreciation expense of \$83,835. (60,067)

In the Statement of Activities, other postemployment benefits are measured by the
annual required contribution of the employer. In the governmental funds,
expenditures for postemployment benefits are measured by the amount actually
contributed. The difference between the Annual Required Contribution (ARC) and the
amount actually contributed is reported in the Statement of Activities. This is
the amount of the OPEB contributions that exceeded the ARC. 27,915

Change in Net Position on Statement of Activities \$ (21,949,558)

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FIDUCIARY FUND STATEMENT OF NET POSITION JUNE 30, 2013

	Retiree Benefits Trust Fund
ASSETS	
Deposits and investments	\$ -
Total Assets	-
NET POSITION	
Total Net Position	\$ -

DRAFT

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FIDUCIARY FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2013

	Retiree Benefits Trust Fund
ADDITIONS:	
Net investments income	\$ 839
Total Additions	<u>839</u>
DEDUCTIONS:	
Transfer to California Employer Retirement Benefit Trust	<u>911,211</u>
Total Deductions	<u>911,211</u>
CHANGE IN NET POSITION	
Net Position - Beginning	<u>910,372</u>
Net Position - Ending	<u><u>\$ -</u></u>

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

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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, 2013

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, 2013 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.

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, 2013

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

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

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

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

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 5.

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

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.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Fiduciary Fund

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

Measurement Focus and Basis of Accounting

The Alameda CTC's governmental fund financial statements are presented on a modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are both measurable and available. Measurable means the amount can be determined. Available means that they are collectible within the current period or soon thereafter to pay current liabilities. The 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.

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

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.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Fund Balances

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

The fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the classification of fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the 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 three classifications are discussed in more detail below:

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

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

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

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

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the 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, 2013

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 and the Exchange 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.

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, 2013 is \$192,011. 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.

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, 2013

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, 2013. Investment ratings as determined by Standard & Poors are as follows:

Investment Type	AAA	AA+	A-1+	A1	Not Rated	Total
US Agency Securities	\$ -	\$ 76,182,434	\$ 3,499,306	\$ -	\$ -	\$ 79,681,740
US Treasury Bonds	-	5,333,352	-	-	-	5,333,352
Commercial Paper	-	-	9,644,491	12,486,832	-	22,131,323
Corporate Notes	670,706	-	-	-	-	670,706
Money Market						
Mutual Funds	429,961	-	-	-	-	429,961
Certificates of						
Deposits	-	-	11,756,002	13,177,291	-	24,933,293
LAIF	-	-	-	-	88,621,428	88,621,428
Total Investments	<u>\$ 1,100,667</u>	<u>\$ 81,515,786</u>	<u>\$ 24,899,799</u>	<u>\$ 25,664,123</u>	88,621,428	221,801,803
Cash in Banks					15,651,904	15,651,904
Total Cash and						
Investments					<u>\$104,273,332</u>	<u>\$237,453,707</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, 2013, a portion of the Alameda CTC's bank balance, \$16,590,641, 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, 2013

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. 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	\$ 30,106,582
Federal National Mortgage Association	Federal Agency Securities	28,406,930

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. However, the current portfolio has become very short term as the Alameda CTC anticipates funding large Measure B projects within the next year. Many ACTIA capital projects are complete and many are moving into the construction phase at a faster pace than originally projected in the TEP. The Alameda CTC plans to do a debt financing in the next fiscal year to fund the needs of the ACTIA capital program which will be paid back from future sales tax revenues.

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	Total
U.S. Agency Securities	\$ 73,809,876	\$ 5,871,864	\$ 79,681,740
U.S. Treasury Bonds	5,333,352	-	5,333,352
Commercial Paper	22,131,323	-	22,131,323
Corporate Notes	670,706	-	670,706
Certificates of Deposits	24,933,293	-	24,933,293
Money Market Mutual Funds	429,961	-	429,961
State Investment Pool	88,621,428	-	88,621,428
Total Investments	215,929,939	5,871,864	221,801,803
Cash in Bank	15,651,904	-	15,651,904
Total Cash and Investments	\$ 231,581,843	\$ 5,871,864	\$ 237,453,707

As reported by the State Treasurer, the weighted average maturity of the LAIF was 278 days on June 30, 2013.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

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
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

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, 2013, and activity during the fiscal year were as follows:

	July 1, 2012	Additions	Dispositions	June 30, 2013
Capital assets being depreciated:				
Furniture, equipment and leasehold improvements	\$ 1,062,102	\$ 23,768	\$ (84,084)	\$ 1,001,786
Less accumulated depreciation for:				
Furniture, equipment and leasehold improvements	(951,403)	(83,835)	84,084	(951,154)
Capital assets, net of accumulated depreciation	<u>\$ 110,699</u>	<u>\$ (60,067)</u>	<u>\$ -</u>	<u>\$ 50,632</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 5 – 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 deferred revenues. These deferred revenues are recognized as revenues at the time qualifying expenditures are incurred.

The following is a list of the funds exchanged from other governments through June 30, 2013:

Alameda County Transportation Improvement Authority	\$ 2,300,000
Alameda-Contra Costa Transit District	35,060,514
Bay Area Rapid Transit	8,100,000
City of Berkeley	259,560
City of Dublin	4,230,000
City of Fremont	5,983,256
City of Livermore	4,580,000
City of Union City	9,314,000
Metropolitan Transportation Commission	675,000
San Joaquin Regional Rail Commission	432,445
Santa Clara Valley Transportation Authority	558,000
Total Exchanged Funds	<u>71,492,775</u>
Total expenditures incurred	
Year ended June 30, 2013	-
Previous years	<u>(62,058,954)</u>
Total deferred inflows - accrual basis	9,433,821
Less amount not yet collected	<u>(152,455)</u>
Total deferred inflows - modified accrual	<u><u>\$ 9,281,366</u></u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 6 - 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. All employees are eligible to participate in the fund. The Fund is an agent 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 may receive retirement benefits at age 50. Benefit provisions and all other requirements are established by state statute and Commission resolution. CalPERS issues a publicly available Comprehensive Annual Financial Report (CAFR). The CalPERS CAFR may be obtained by written request to the State of California's Public Employees' Retirement System at 400 Q Street, Sacramento, California 95811 or <http://www.calpers.ca.gov>.

Funding Policy

The total payroll for the year ended June 30, 2013 was \$2,665,027, which is the approximate covered payroll for employees participating in the Fund. The contribution requirements of the plan members are established by State statute and were eight percent of salary as of June 30, 2013; however, the Alameda CTC contributes five percent of this contribution on the employee's behalf. The Alameda CTC is required to contribute the employer portion at an actuarially determined rate. The average rate for the year ended June 30, 2013 was 14.563 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 payroll growth of 3.0 percent.

Two-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	Percentage of APC Contributions	Net Pension Obligation
June 30, 2013	\$ 565,592	100%	\$ -
June 30, 2012	511,783	100%	-

*Annual Pension Cost for 2011 is not available because Alameda CTC was formed in fiscal year ended June 30, 2012.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating Lease

The Alameda CTC has entered into operating lease agreements with OCC Venture LLC for the office space located at 1111 Broadway in Oakland, CA through 2023. These agreements do not contain purchase options.

Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payments
2014	\$ 1,026,944
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>\$ 9,568,893</u>

The Alameda CTC has entered into sublease agreements for rental of facilities with Acumen Building Enterprise, Inc. (\$1,070 per month), Nelson\Nygaard Consulting Associates (\$745 per month), Rochelle Wheeler (\$417 per month), and L. Luster and Associates (\$274 per month) effective from July 1, 2011. They also entered into a sublease agreement with Moffatt & Nichol (\$3,500 per month) effective July 1, 2011 that expired December 31, 2012 and one with Hatch Mott McDonald, LLC (\$5,086 per month) effective January 1, 2013. These sublease agreements are month-to-month tenancy and are terminable for any reason whatsoever with 30 days written notice given at any time by either party.

Agreements with 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, 2013, the total outstanding commitments (not paid or accrued) are \$31.7 million. The terms range from June 30, 2013 to up to five 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, 2013, the total outstanding commitments (not paid or accrued) are \$277.7 million. The terms range from June 30, 2013 to up to ten years (or acceptance of the work, whichever is earlier).

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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, 2013.

Construction

The Alameda CTC has entered into contracts with various contractors for the construction phase of capital projects. As of June 30, 2013, the total outstanding commitments (not paid or accrued) are \$12.8 million. The terms range from June 30, 2013 through June 30, 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, 2013, the remaining project costs to be paid by the Alameda CTC totaled approximately \$30.3 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.

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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	\$ 983,000 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, 2013.

NOTE 8 – INTERFUND ACTIVITY

As of June 30, 2013, 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, 2013, the ACCMA General Fund owed the ACTA Capital Projects Fund \$10 million.

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 congestion management project or program. As of June 30, 2013, 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 \$7,044,257 due and net revenues reported of \$14,147,880 from the various Alameda CTC managed tax measures or congestion management fee programs. The various Funds providing the

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

funding have recorded all receipts as revenues, and receivables if not yet received, and all funding requirements as expenditures, and payables if not yet paid.

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

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The 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, 2013, membership in the plan consisted of the following:

Retirees receiving benefits	11
Active plan members	25
Total	<u>36</u>

The Alameda CTC participates in the California Employers' Retirement Benefit Trust (CERBT), an irrevocable trust established to fund postemployment healthcare benefits. The CERBT 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 93811.

Prior to establishing the Alameda CTC CERBT, the prior agencies had two separate types of trusts established to accumulate other postemployment benefits (OPEB). The ACCMA's OPEB trust was also a CERBT with CalPERS, and ACTIA's OPEB trust was a separate trust set up as a fiduciary fund and is included in this Comprehensive Annual Financial Report as the Retiree Benefits Trust Fund. The Retiree Benefits Trust Fund does not prepare separate financial statements. All assets of the prior agencies' trust funds were transferred to the consolidated Alameda CTC CERBT during the current fiscal year.

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 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:

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

Normal cost at year end	\$ 110,069
Amortization of UAAL	5,064
Annual required contribution (ARC)	115,133
Interest on prior year Net OPEB Obligation	6,449
Adjustment to ARC	(5,733)
Annual OPEB cost	115,849
Contributions made	(143,764)
Change in Net OPEB Obligation	(27,915)
Net OPEB Asset - Beginning of Year	27,915
Net OPEB Asset - End of Year	\$ -

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

Fiscal Year Ended*	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2013	\$ 115,849	\$ 143,764	124%	\$ -
June 30, 2012	115,849	163,797	141%	27,915

*Annual Pension Cost for 2011 is not available because Alameda CTC was formed in fiscal year ended June 30, 2012.

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 is 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; and a 3.25 percent annual increase in projected payroll. The Unfunded Actuarially Accrued Liability (UAAL) is being amortized on a level dollar approach on a closed basis over 30 years beginning in fiscal year 2007-08. The remaining amortization period is 24 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, 2013

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 10 – 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 \$694,008 of PTMISEA proceeds. The proceeds available for obligation at June 30, 2013 are \$99,251. The following table summarizes the activity during the year:

Available proceeds, June 30, 2012	\$ 791,867
Interest earned	1,392
Total revenues	793,259
Total expenditures	(694,008)
Available proceeds, June 30, 2013	<u>\$ 99,251</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, 2013

	Budgeted Amounts		Actual Amounts	Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 5,040,000	\$ 5,355,000	\$ 5,448,815	\$ 93,815
Project revenue	6,558,570	4,649,713	3,772,035	(877,678)
Member agency fees	1,394,819	1,394,819	1,394,818	(1)
Investment income	-	-	18,103	18,103
Other	322,000	322,000	192,953	(129,047)
Total revenues	13,315,389	11,721,532	10,826,724	(894,808)
Expenditures				
Administrative				
Salaries and benefits	2,768,643	2,768,643	3,060,749	(292,106)
Office rent	833,970	833,970	788,189	45,781
Professional services	1,613,764	1,439,711	1,656,940	(217,229)
Planning and programming	8,481,977	5,139,943	1,561,829	3,578,114
Other	1,877,721	1,894,348	2,168,009	(273,661)
Total Expenditures	15,576,075	12,076,615	9,235,716	2,840,899
Other Financing Sources				
Transfers in	911,394	911,394	445,577	(465,817)
Net change in fund balance	(1,349,292)	556,311	2,036,585	1,480,274
Fund Balance - Beginning	18,321,401	18,321,401	18,321,401	-
Fund Balance - Ending	\$ 16,972,109	\$ 18,877,712	\$ 20,357,986	\$ 1,480,274

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 64,069,040	\$ 68,073,355	\$ 69,265,943	\$ 1,192,588
Project revenue	45,000	74,981	102,943	27,962
Investment income	-	-	18,989	18,989
Other income	-	40,600	24,337	(16,263)
Total revenues	64,114,040	68,188,936	69,412,212	1,223,276
Expenditures				
Administrative				
Salaries and benefits	197,889	197,889	183,217	14,672
Professional services	988,016	1,140,755	1,103,352	37,403
Other		40,600	24,337	16,263
Transportation improvements	64,250,323	70,934,576	68,221,948	2,712,628
Total Expenditures	65,436,228	72,313,820	69,532,854	2,780,966
Net change in fund balance	(1,322,188)	(4,124,884)	(120,642)	4,004,242
Fund Balance - Beginning	9,252,256	9,252,256	9,252,256	-
Fund Balance - Ending	\$ 7,930,068	\$ 5,127,372	\$ 9,131,614	\$ 4,004,242

SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2013

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			\$ 520,517
Center to Center Program			(7,998)
Congestion Management Program			139,792
Coordination and Mobility Management Planning			3,281
Countywide Transportation Plan			69,895
East Bay Greenway - Segment 7A			14,506
I-580 Eastbound HOV/AUX Lane - Segment 3			144,000
I-580 Soundwall Landscaping SL			261,607
I-580 Westbound Express HOT/HOV Lanes			188,635
I-680 Southbound SMART Carpool Lane			109,275
I-680 Sunol Express Lanes - Southbound			727,417
I-80 Gilman			227,994
I-80 Intergrated Corridor Mobility			23,290
I-880 North Safety & Operational Improvements			1,250,446
I-880 Southbound HOV Lane			47,460
MTC Partnership			106
MTC Planning			208,449
One Bay Area Grant Program			40,740
Safe Routes to School			1,218,527
Transportation & Land Use			228,846
Travel Model Support			21,372
Tri-City Travel Training Program			(1,854)
Webster St. SMART Corridor			327,283
Total Expenditures of Federal awards			<u>\$ 5,763,586</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GENERAL FUND COMBINING SCHEDULE OF BALANCE SHEETS JUNE 30, 2013

	ACTIA	ACCMA	Total General Fund
ASSETS			
Cash and investments	\$ 18,946,623	\$ 8,724,025	\$ 27,670,648
Sales tax receivable	916,898	-	916,898
Interest receivable	-	1,521	1,521
Other receivable	83,102	3,370,997	3,454,099
Due from other funds	-	192,478	192,478
Prepays and other assets	107,540	163,430	270,970
Total Assets	<u>\$ 20,054,163</u>	<u>\$ 12,452,451</u>	<u>\$ 32,506,614</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 509,746	\$ 814,487	\$ 1,324,233
Due to other funds	-	10,824,395	10,824,395
Total Liabilities	<u>509,746</u>	<u>11,638,882</u>	<u>12,148,628</u>
Fund Balances			
Unassigned	19,544,417	813,569	20,357,986
Total Fund Balances	<u>19,544,417</u>	<u>813,569</u>	<u>20,357,986</u>
Total Liabilities and Fund Balances	<u>\$ 20,054,163</u>	<u>\$ 12,452,451</u>	<u>\$ 32,506,614</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGE IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	ACTIA	ACCMA	Total General Fund
REVENUES			
Sales tax	\$ 5,448,815	\$ -	\$ 5,448,815
Project revenue	-	3,772,035	3,772,035
Member agency fees	-	1,394,818	1,394,818
Investment income	13,195	4,908	18,103
Other income	30,896	162,057	192,953
Total Revenues	5,492,906	5,333,818	10,826,724
EXPENDITURES			
Administrative			
Salaries and benefits	826,801	2,233,948	3,060,749
Office rent	346,956	441,233	788,189
Professional services	1,153,212	503,728	1,656,940
Planning and programming	-	1,561,829	1,561,829
Other	1,646,662	521,347	2,168,009
Total Expenditures	3,973,631	5,262,085	9,235,716
OTHER FINANCING SOURCES			
Operating transfer in	-	445,577	445,577
NET CHANGE IN FUND BALANCES	1,519,275	517,310	2,036,585
Fund Balances - Beginning	18,025,142	296,259	18,321,401
Fund Balances - Ending	\$ 19,544,417	\$ 813,569	\$ 20,357,986

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	Exchange Fund	Transportation for Clean Air Fund	Vehicle Registration Fee Fund	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 2,701,447	\$ 3,230,852	\$ 8,973,583	\$ 14,905,882
Interest receivable	1,432	1,467	4,672	7,571
Other receivable	4,775	900,000	2,176,381	3,081,156
Due from other funds	10,412,927	-	-	10,412,927
Total Assets	\$13,120,581	\$ 4,132,319	\$ 11,154,636	\$ 28,407,536
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 80,966	\$ 326,213	\$ 1,240,537	\$ 1,647,716
Due to other funds	2,544,639	98,364	192,418	2,835,421
Deferred revenue	9,281,366	-	-	9,281,366
Total Liabilities	11,906,971	424,577	1,432,955	13,764,503
Fund Balances				
Restricted				
Transportation for Clean Air	-	3,707,742	-	3,707,742
Vehicle Registration Fee	-	-	9,721,681	9,721,681
Assigned	1,213,610	-	-	1,213,610
Total Fund Balances	1,213,610	3,707,742	9,721,681	14,643,033
Total Liabilities and Fund Balances	\$13,120,581	\$ 4,132,319	\$ 11,154,636	\$ 28,407,536

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Exchange Fund	Transportation for Clean Air Fund	Vehicle Registration Fee Fund	Nonmajor Governmental Funds
REVENUES				
Project revenue	\$ 108,061	\$ 1,854,559	\$ -	\$ 1,962,620
Vehicle registration fees	-	-	12,065,055	12,065,055
Investment income	3,833	5,077	13,311	22,221
Total Revenues	<u>111,894</u>	<u>1,859,636</u>	<u>12,078,366</u>	<u>14,049,896</u>
EXPENDITURES				
Administrative				
Salaries and benefits	-	-	315,408	315,408
Professional services	-	-	61,846	61,846
Other	-	-	108,108	108,108
Congestion management	3,661,005	1,539,808	7,028,071	12,228,884
Total Expenditures	<u>3,661,005</u>	<u>1,539,808</u>	<u>7,513,433</u>	<u>12,714,246</u>
NET CHANGE IN FUND BALANCES	(3,549,111)	319,828	4,564,933	1,335,650
Fund Balances - Beginning	<u>4,762,721</u>	<u>3,387,914</u>	<u>5,156,748</u>	<u>13,307,383</u>
Fund Balances - Ending	<u>\$1,213,610</u>	<u>\$ 3,707,742</u>	<u>\$ 9,721,681</u>	<u>\$ 14,643,033</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 42,890,960	\$ 45,571,645	\$ 46,370,022	\$ 798,377
Project revenue	300,000	2,091,098	2,084,497	(6,601)
Investment income	150,000	180,000	112,398	(67,602)
Total revenues	43,340,960	47,842,743	48,566,917	724,174
Expenditures				
Administrative				
Salaries and benefits	157,185	157,185	115,462	41,723
Professional services	1,434,995	1,298,909	-	1,298,909
Other	-	-	3,156	(3,156)
Transportation improvements	84,082,327	137,854,951	60,621,042	77,233,909
Total Expenditures	85,674,507	139,311,045	60,739,660	78,571,385
Net change in fund balance	(42,333,547)	(91,468,302)	(12,172,743)	79,295,559
Fund Balance - Beginning	58,746,913	58,746,913	58,746,913	-
Fund Balance - Ending	\$ 16,413,366	\$ (32,721,389)	\$ 46,574,170	\$ 79,295,559

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Investment income	\$ 1,025,000	\$ 1,025,000	\$ 210,335	\$ (814,665)
Other income	-	-	10,299	10,299
Total revenues	1,025,000	1,025,000	220,634	(804,366)
Expenditures				
Administrative				
Salaries and benefits	235,499	235,499	258,106	(22,607)
Office rent	119,139	119,139	115,652	3,487
Professional services	678,078	287,813	101,117	186,696
Other	226,359	216,234	117,986	98,248
Transportation improvements	11,861,501	44,069,577	12,624,029	31,445,548
Total Expenditures	13,120,576	44,928,262	13,216,890	31,711,372
Net change in fund balance	(12,095,576)	(43,903,262)	(12,996,256)	30,907,006
Fund Balance - Beginning	141,482,312	141,482,312	141,482,312	-
Fund Balance - Ending	\$ 129,386,736	\$ 97,579,050	\$ 128,486,056	\$ 30,907,006

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax				
Project revenue	\$ 57,881,374	\$ 78,681,037	\$ 30,299,929	\$ (48,381,108)
Investment income	-	-	(209,547)	(209,547)
Total revenues	57,881,374	78,681,037	30,090,382	(48,590,655)
Expenditures				
Administrative				
Salaries and benefits	1,232,836	1,232,836	338,275	894,561
Congestion management	56,648,538	77,448,201	29,306,530	48,141,671
Total Expenditures	57,881,374	78,681,037	29,644,805	49,036,232
Other Financing Uses				
Operating Transfer Out	-	-	445,577	(445,577)
Net change in fund balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - EXCHANGE FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Project revenue	\$ 4,950,000	\$ 4,950,000	\$ 108,061	\$ (4,841,939)
Investment income	-	-	3,833	3,833
Total revenues	4,950,000	4,950,000	111,894	(4,838,106)
Expenditures				
Administrative				
Salaries and benefits	51,346	51,346	-	51,346
Congestion management	7,830,933	7,830,933	3,661,005	4,169,928
Total Expenditures	7,882,279	7,882,279	3,661,005	4,221,274
Net change in fund balance	(2,932,279)	(2,932,279)	(3,549,111)	(616,832)
Fund Balance - Beginning	4,762,721	4,762,721	4,762,721	-
Fund Balance - Ending	\$ 1,830,442	\$ 1,830,442	\$ 1,213,610	\$ (616,832)

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - TRANSPORTATION FOR CLEAN AIR FUND FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Project revenue	\$ 1,847,855	\$ 1,847,855	\$ 1,854,559	\$ 6,704
Investment income	-	-	5,077	5,077
Total revenues	1,847,855	1,847,855	1,859,636	11,781
Expenditures				
Administrative				
Salaries and benefits	87,278	87,278	-	87,278
Professional services	4,500	4,500	-	4,500
Congestion management	1,510,079	2,507,165	1,539,808	967,357
Total Expenditures	1,601,857	2,598,943	1,539,808	1,059,135
Net change in fund balance	245,998	(751,088)	319,828	1,070,916
Fund Balance - Beginning	3,387,914	3,387,914	3,387,914	-
Fund Balance - Ending	\$ 3,633,912	\$ 2,636,826	\$ 3,707,742	\$ 1,070,916

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Vehicle registration fees	\$ 10,729,500	\$ 10,729,500	\$ 12,065,055	\$ 1,335,555
Investment income	-	-	13,311	13,311
Total revenues	10,729,500	10,729,500	12,078,366	1,348,866
Expenditures				
Administrative				
Salaries and benefits	390,280	390,280	315,408	74,872
Professional services	-	-	61,846	(61,846)
Other	128,108	128,108	108,108	20,000
Congestion management	8,535,000	9,045,000	7,028,071	2,016,929
Total Expenditures	9,053,388	9,563,388	7,513,433	2,049,955
Net change in fund balance	1,676,112	1,166,112	4,564,933	3,398,821
Fund Balance - Beginning	5,156,748	5,156,748	5,156,748	-
Fund Balance - Ending	\$ 6,832,860	\$ 6,322,860	\$ 9,721,681	\$ 3,398,821

ALAMEDA COUNTY TRANSPORTATION COMMISSION

ACTIA SPECIAL REVENUE FUND COMBINING SCHEDULE OF BALANCE SHEETS BY PROGRAM JUNE 30, 2013

	Programming and Programs	Express Bus	Bike and Pedestrian	Passthrough	Transit Oriented Development	Paratransit	Total Special Revenue Subfunds
ASSETS							
Cash and investments	\$ 108,035	\$ 1,981,854	\$ 3,966,276	\$ 5,348,940	\$ 1,327,405	\$ 2,052,069	\$ 14,784,579
Sales tax receivable	58,279	135,529	242,016	10,906,226	36,786	276,867	11,655,703
Interest receivable	-	935	1,852	-	539	951	4,277
Other receivable	-	-	-	-	-	26,187	26,187
Total Assets	<u>\$ 166,314</u>	<u>\$ 2,118,318</u>	<u>\$ 4,210,144</u>	<u>\$ 16,255,166</u>	<u>\$ 1,364,730</u>	<u>\$ 2,356,074</u>	<u>\$ 26,470,746</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ -	\$ 392,210	\$ 213,008	\$ 16,254,900	\$ 11,844	\$ 415,764	\$ 17,287,726
Due to other funds	-	-	7,865	-	9,387	-	17,252
Deferred revenue	-	-	26,935	-	-	7,219	34,154
Total Liabilities	<u>-</u>	<u>392,210</u>	<u>247,808</u>	<u>16,254,900</u>	<u>21,231</u>	<u>422,983</u>	<u>17,339,132</u>
Fund Balances							
Restricted	166,314	1,726,108	3,962,336	266	1,343,499	1,933,091	9,131,614
Total Liabilities and Fund Balances	<u>\$ 166,314</u>	<u>\$ 2,118,318</u>	<u>\$ 4,210,144</u>	<u>\$ 16,255,166</u>	<u>\$ 1,364,730</u>	<u>\$ 2,356,074</u>	<u>\$ 26,470,746</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, 2013

	Programming and Programs	Express Bus	Bike and Pedestrian	Passthrough	Transit Oriented Development	Paratransit	Total Special Revenue Subunds
REVENUES							
Sales tax	\$ 346,330	\$ 805,404	\$1,438,222	\$ 64,812,051	\$ 218,610	\$1,645,326	\$ 69,265,943
Project revenue	-	-	-	-	-	102,943	102,943
Investment income	-	4,108	8,431	-	2,044	4,406	18,989
Other income	-	-	4,102	-	-	20,235	24,337
Total Revenues	346,330	809,512	1,450,755	64,812,051	220,654	1,772,910	69,412,212
EXPENDITURES							
Administrative:							
Salaries and benefits	180,016	-	2,231	-	-	970	183,217
Professional services	-	127,134	437,581	-	41,548	497,089	1,103,352
Other	-	-	4,102	-	-	20,235	24,337
Transportation improvements:							
Public transit	-	894,206	-	34,793,474	-	1,496,033	37,183,713
Local transportation	-	-	1,260,919	30,018,576	(241,260)	-	31,038,235
Total Expenditures	180,016	1,021,340	1,704,833	64,812,050	(199,712)	2,014,327	69,532,854
NET CHANGE IN FUND BALANCES							
	166,314	(211,828)	(254,078)	1	420,366	(241,417)	(120,642)
Fund Balances - Beginning	-	1,937,936	4,216,414	265	923,133	2,174,508	9,252,256
Fund Balances - Ending	\$ 166,314	\$ 1,726,108	\$3,962,336	\$ 266	\$ 1,343,499	\$1,933,091	\$ 9,131,614

ALAMEDA COUNTY TRANSPORTATION COMMISSION

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

NOTE 1 - PURPOSE OF SCHEDULES

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

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

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

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

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

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.	65
Revenue Capacity These schedules contain information to help the reader assess Alameda CTC's primary local revenue source, sales tax.	69
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.	72
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.	73
* Debt Capacity is not applicable because Alameda CTC does not have debt.	

ALAMEDA COUNTY TRANSPORTATION COMMISSION

FINANCIAL TRENDS – NET POSITION BY COMPONENT

JUNE 30, 2013 AND JUNE 30, 2012

	Fiscal Year Ending June 30,	
	2013	2012
Governmental activities:		
Net investment in capital assets	\$ 50,632	\$ 110,699
Restricted		
ACTIA special revenue	9,131,614	9,252,256
Capital projects	175,060,226	200,229,225
Transportation for clean air	3,707,742	3,387,914
Vehicle registration fee	9,721,681	5,156,748
Unrestricted	21,571,596	23,056,207
Total governmental activities net position	<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 – CHANGES IN NET POSITION

FISCAL YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

EXPENSES	Fiscal Year Ending June 30:	
	2013	2012
Governmental activities:		
Administration	\$ 11,981,445	\$ 11,338,750
Transportation improvement	131,266,274	135,067,898
Congestion management	37,720,724	46,101,090
Total expenses	180,968,443	192,507,738
REVENUES		
Program revenues:		
Operating grants and contributions	17,112,291	22,634,296
Capital grants and contributions	19,051,245	32,521,003
Total revenues	36,163,536	55,155,299
Net (Expense) / Revenue	(144,804,907)	(137,352,439)
GENERAL REVENUES		
Governmental activities:		
Sales tax	121,084,780	112,568,093
Member agency fees	1,394,818	1,315,867
Interest and investment earnings	172,499	956,225
Other revenue	203,252	412,178
Total general revenues	122,855,349	115,252,363
Governmental activities change in net position	\$ (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

JUNE 30, 2013 AND JUNE 30, 2012

	Fiscal Year Ending June 30:	
	2013	2012
General Fund		
Unassigned	\$ 20,357,986	\$ 18,321,401
Total general fund	<u>20,357,986</u>	<u>18,321,401</u>
 All Other Governmental Funds		
Restricted		
ACTIA special revenue	9,131,614	9,252,256
Capital projects	175,060,226	200,229,225
Transportation for clean air	3,707,742	3,387,914
Vehicle registration fee	9,721,681	5,156,748
Assigned, reported in:		
Exchange fund	<u>1,213,610</u>	<u>4,762,721</u>
Total all other governmental funds	<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**

FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

	Fiscal Year Ending June 30:	
	2013	2012
REVENUES		
Sales tax	\$ 121,084,780	\$ 112,568,093
Project revenue	24,098,481	52,913,173
Member agency fees	1,394,818	1,315,867
Vehicle registration fees	12,065,055	12,242,126
Investment income	172,499	956,225
Other income	203,252	412,178
Total Revenues	159,018,885	180,407,662
EXPENDITURES		
Administrative		
Salaries and benefits	4,271,217	4,191,318
Office rent	903,841	912,888
Professional services	2,923,255	2,528,606
Planning and programming	1,561,829	2,484,552
Other	2,289,151	1,184,867
Transportation improvements		
Highways and streets	27,720,363	39,801,038
Public transit	72,041,838	91,981,235
Local transportation	31,504,073	36,777,134
Congestion management	37,720,724	46,101,090
Total Expenditures	180,936,291	225,962,728
NET CHANGE IN FUND BALANCES	\$ (21,917,406)	\$ (45,555,066)

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	Alameda CTC Sales Tax	Sales Tax	Annual	Total Taxable
June 30:	Rate ¹	Revenue	Growth	Sales in Alameda County ²
2013	0.5%	\$ 121,084,780	7.57%	\$24,216,956,000
2012	0.5%	112,568,093	6.81%	22,513,618,600
2011	0.5%	105,393,813	11.58%	21,078,762,600
2010	0.5%	94,453,574	-6.77%	18,890,714,800
2009	0.5%	101,317,661	-12.86%	20,263,532,200
2008	0.5%	116,267,321	2.23%	23,253,464,200
2007	0.5%	113,726,121	3.07%	22,745,224,200
2006	0.5%	110,339,552	9.10%	22,067,910,400
2005	0.5%	101,134,874	2.10%	20,226,974,800
2004	0.5%	99,054,892		19,810,978,400

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

² Taxable sales were calculated based on the Alameda CTC's sale tax revenues divided by half of a percent.

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

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
REVENUE CAPACITY– PRINCIPAL SALES TAX PAYERS BY SEGMENT
FOR THE COUNTY OF ALAMEDA**

FISCAL YEARS 2011 AND 2004

Principal Revenue Payers	Rank	2011 ¹	
		Total Taxable Sales in Alameda County (in thousands)	Percentage of Taxable Sales
All Other Outlets	1	\$ 8,911,043	38.03%
Motor Vehicle and Parts Dealers	2	2,405,412	10.27%
Gasoline Stations	3	2,135,182	9.11%
Food Services and Drinking Places	4	2,121,065	9.05%
General Merchandise Stores	5	1,810,195	7.73%
Bldg. Matrl. and Garden Equip. and Supplies	6	1,153,236	4.92%
Clothing and Clothing Accessories Stores	7	995,486	4.25%
Miscellaneous Store Retailers	8	955,440	4.08%
Food and Beverage Stores	9	928,190	3.96%
Electronics and Appliance Stores	10	583,234	2.49%
Sporting Goods, Hobby, Book, and Music Stores	11	484,909	2.07%
Furniture and Home Furnishing Stores	12	438,369	1.87%
Health and Personal Care Stores	13	434,353	1.85%
Nonstore Retailers	14	74,685	0.32%
		<u>\$ 23,430,799</u>	

Principal Revenue Payers	Rank	2004	
		Total Taxable Sales in Alameda County (in thousands)	Percentage of Taxable Sales
All Other Outlets	1	\$ 7,509,973	32.66%
Automotive Group	2	4,233,998	18.41%
Specialty Stores Group	3	2,272,171	9.88%
General Merchandise Group	4	1,989,603	8.65%
Eating and Drinking Group	5	1,621,608	7.05%
Building Material Group	6	1,508,037	6.56%
Business and Personal Services	7	1,142,550	4.97%
Household Group	8	808,098	3.51%
Food Stores Group	9	732,950	3.19%
All Other Retail Stores Group	10	610,664	2.66%
Apparel Stores Group	11	566,713	2.46%
		<u>\$ 22,996,365</u>	

¹ 2011 is the latest information available.

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

**ALAMEDA COUNTY TRANSPORTATION COMMISSION
REVENUE CAPACITY– VEHICLE REGISTRATION FEE
LAST TWO FISCAL YEARS**

Fiscal Year Ended	Vehicle	Total	Annual	Vehicles
June 30:	Registration Fee	Revenue	Growth ¹	Registered in
				Alameda County
2013	\$ 9.995	\$ 12,065,052	-1.45%	1,207,109
2012	9.995	12,242,127	582.26%	1,224,825
2011	9.995	1,794,343		2

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.

² Information is unavailable that corresponds to the collections for May 2011 - June 2011.

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

DRAFT

ALAMEDA COUNTY TRANSPORTATION COMMISSION

DEMOGRAPHIC AND ECONOMIC INFORMATION – STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year Ended		Total	Per Capita	
June 30:	Population ²	Personal Income (in thousands) ²	Personal Income ²	Unemployment Rate ³
2013	1,540,790	\$ - ¹	\$ - ¹	7.4%
2012	1,526,220	- ¹	- ¹	9.4%
2011	1,529,875	75,908,145	49,617	10.7%
2010	1,513,043	72,024,822	47,603	11.4%
2009	1,498,539	69,438,854	46,338	11.1%
2008	1,477,208	74,305,916	50,302	6.1%
2007	1,455,715	71,893,560	49,387	4.8%
2006	1,444,484	68,719,715	47,574	4.6%
2005	1,441,545	63,757,262	44,228	5.3%
2004	1,445,721	61,106,278	42,267	6.1%

¹ Data not yet published for fiscal years 2012 and 2013.

² Data for 2004-2011 obtained from U.S. Department of Commerce, Bureau of Economic Analysis.
2012-2013 Data not available from the U.S. Department of Commerce.
2012-2013 Population obtained from Department of Finance, 2013 data indicated as preliminary.

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:	
					2013 ¹	
				Percentage		
Employer	Type of Business	Rank	Number of	of		
			Employees	Employment		
University of California, Berkeley	Education	1	13,326	1.84%		
Kaiser Permanente	Health/Medical	2	10,914	1.51%		
County of Alameda	Local Government	3	8,055	1.11%		
Safeway, Inc.	Food	4	7,599	1.05%		
Oakland Unified School District	Local Government	5	7,200	0.99%		
Lawrence Livermore Lab	Energy Development and Conservation	6	7,000	0.97%		
Lawrence Berkeley Lab	Energy Development and Conservation	7	6,000	0.83%		
U.S. Postal Service	Postal Service	8	4,788	0.66%		
City of Oakland	Local Government	9	4,047	0.56%		
Edy's Grand Ice Cream	Food	10	3,700	0.51%		
			72,629			
					Fiscal Year Ending June 30:	
					2003 ²	
				Percentage		
Employer	Type of Business	Rank	Number of	of		
			Employees	Employment		
University of California, Berkeley	Education	1	21,035	3.00%		
Kaiser Permanente	Health/Medical	2	19,862	2.83%		
State of California	State Government	4	7,600	1.08%		
Safeway Inc.	Food	5	7,196	1.02%		
County of Alameda	Local Government	3	8,939	1.27%		
Lawrence Livermore Lab	Energy Development and Conservation	8	5,725	0.82%		
United States Postal Service	Postal Service	7	6,000	0.85%		
Wells Fargo Bank	Financial Services	12	4,659	0.66%		
City of Oakland	Local Government	13	4,248	0.60%		
Alta Bates Summit Medical Center	Hospitals	10	5,000	0.71%		
			90,264			

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 TWO FISCAL YEARS

Function	Fiscal Year Ending June 30:	
	2013	2012
Executive	1.00	1.00
Administration	5.00	6.00
Finance	7.00	7.00
Policy, Public Affairs and Legislation	2.00	2.00
Planning	4.00	3.00
Program and Projects	6.00	5.00
Total Employees	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 TWO FISCAL YEARS

	Fiscal Year Ending June 30:	
	2013	2012
Federal Revenue	\$ 5,774,570	\$ 3,195,946
State Revenue	12,007,467	24,707,698
Regional Measure Revenue	3,049,072	4,356,559
Local Revenue	15,332,427	22,895,096
	<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 TWO FISCAL YEARS

	Fiscal Year Ending June 30:	
	2013	2012
Capital assets, being depreciated		
Furniture and Fixtures	\$ 103,384	\$ 103,384
Office Equipment	513,121	573,437
Leasehold Improvements	385,281	385,281
Total capital assets, being depreciated	1,001,786	1,062,102
Less accumulated depreciation		
Furniture and Fixtures	(103,383)	(95,558)
Office Equipment	(469,213)	(514,800)
Leasehold Improvements	(378,558)	(341,045)
Total accumulated depreciation	(951,154)	(951,403)
Total capital assets, net	<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, 2013, and the related notes to the financial statements, which collectively comprise Alameda CTC's basic financial statements, and have issued our report thereon dated , 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 6667 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*.

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.

Palo Alto, California

_____, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR 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, 2013. 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, 2013.

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.

Palo Alto, California
_____, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ALAMEDA COUNTY TRANSPORTATION COMMISSION

SUMMARY OF AUDITOR'S RESULTS FOR THE YEAR ENDED JUNE 30, 2013

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 auditors' 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>No</u>

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

DRAFT

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

DRAFT

ALAMEDA COUNTY TRANSPORTATION COMMISSION

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

DRAFT