Commission

ACCMA ACTIA 1333 Broadway, Suite 220 1333 Broadway, Suite 300 Oakland, CA 94612 Oakland, CA 94612 PH: (510) 836-2560 PH: (510) 893-3347

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www.AlamedaCTC.org

AC Transit
Director
Greg Harper

Alameda County
Supervisors
Alice Lai-Bilker
Scott Haggerty, Vice Chair
Gail Steele
Nate Miley
Keith Carson

City of Alameda Mayor Beverly Johnson

City of Albany Vice Mayor Farid Javandel

BART Director Thomas Blalock

City of Berkeley Councilmember Laurie Capitelli

City of Dublin Mayor Tim Sbranti

City of Emeryville Mayor Ruth Atkin

City of Fremont Vice Mayor Robert Wieckowski

City of Hayward Councilmember Olden Henson

City of Livermore Mayor Marshall Kamena

City of Newark Councilmember Luis Freitas

City of Oakland Councilmembers Larry Reid Rebecca Kaplan

City of Piedmont Vice Mayor John Chiang

City of Pleasanton Mayor Jennifer Hosterman

City of San Leandro
Councilmember
Joyce R. Starosciak

City of Union City Mayor Mark Green, Chair

Executive Director

Alameda County Transportation Commission Board

Meeting as a committee of the whole as the

FINANCE AND ADMINISTRATION COMMITTEE

MEETING NOTICE

Monday, November 8, 2010 1:30 P.M. or immediately following the Programs and Projects Committee (PPC), whichever comes later

1333 Broadway, Suite 300 Oakland, California 94612

Members:

Chair: Vice Mayor John Chiang
Vice Chair: Councilmember Rebecca Kaplan

Mayor Mark Green

Supervisor Scott Haggerty Supervisor Alice Lai-Bitker Supervisor Gail Steele Mayor Beverly Johnson Director Tom Blalock

Councilmember Laurie Capitelli

Staff Liaisons: G. Richard Swanson

Anees Azad

Executive Director: Arthur L. Dao **Clerk of the Commission:** Gladys V. Parmelee

AGENDA

Copies of Individual Agenda Items are Available on the Alameda CTC Website – www.alamedactc.org

1 PUBLIC COMMENT

Members of the public may address the Committee during "Public Comment" on any item <u>not</u> on the agenda. Public comment on an agenda item will be heard when that item is before the Committee. Anyone wishing to comment should make his or her desire known to the Chair.

2 CONSENT CALENDAR

2A. Minutes of October 11, 2010 – page 1

3 FINANCIAL MATTERS

3A. Presentation and Approval of Financial Audits for ACTIA – page 7

- 3B. Presentation and Approval of Financial Audits for ACTA page 69
- 3C. Presentation and Approval of Financial Audits for ACCMA page 103
- 3D. Approval of First Quarter Budget Update for ACTIA page 137

Alameda County Transportation Commission Finance and Administration Committee Agenda November 8, 2010 Page 2 of 2

4 ADMINISTRATIVE MATTERS

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None this month.

5 CONTRACTS AND AGREEMENTS STATUS REPORTS

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None this month.

6 STAFF AND COMMITTEE MEMBER REPORTS

NOTE: The Alameda CTC Commission meeting on November 25th is rescheduled to December 2, 2010.

7 ADJOURNMENT/NEXT MEETING: JANUARY 10, 2010

There will be **no** Finance and Administration Committee (FAC) meeting on December 13, 2010. The next FAC meeting is on January 10, 2011.

Key: A – Action Item; I – Information Item; D - Discussion Item (#) All items on the agenda are subject to action and/or change by the Committee.

PLEASE DO NOT WEAR SCENTED PRODUCTS SO INDIVIDUALS WITH ENVIRONMENTAL SENSITIVITIES MAY ATTEND

Glossary of Acronyms

| ABAG | Association of Bay Area Governments | MTC | Metropolitan Transportation Commission |
|-------------|--|-------------|--|
| ACCMA | Alameda County Congestion Management Agency | MTS | Metropolitan Transportation System |
| ACE | Altamont Commuter Express | NEPA | National Environmental Policy Act |
| ACTA | Alameda County Transportation | NOP | Notice of Preparation |
| | Authority (1986 Measure B authority) | PCI | Pavement Condition Index |
| ACTAC | Alameda County Technical Advisory | PSR | Project Study Report |
| ACTIA | Committee Alamada County Transportation | RM 2 | Regional Measure 2 (Bridge toll) |
| ACHA | Alameda County Transportation Improvement Authority (2000 Measure B authority) | RTIP | Regional Transportation Improvement Program |
| ADA | Americans with Disabilities Act | RTP | Regional Transportation Plan (MTC's <i>Transportation 2035</i>) |
| BAAQMD | Bay Area Air Quality Management District | SAFETEA-L | , , |
| BART | Bay Area Rapid Transit District | SR | State Route |
| BRT | Bus Rapid Transit | STA | State Transit Assistance |
| Caltrans | California Department of Transportation | STIP | State Transportation Improvement Program |
| CEQA | California Environmental Quality Act | STP | Federal Surface Transportation Program |
| CIP | Capital Investment Program | TCM | Transportation Control Measures |
| CMAQ | Federal Congestion Mitigation and Air Quality | TCRP | Transportation Congestion Relief Program |
| CMP | Congestion Management Program | TDA | Transportation Development Act |
| CTC | California Transportation | TDM | Travel-Demand Management |
| FID | Commission Environmental Impact Percent | TFCA | Transportation Fund for Clean Air |
| EIR FHWA | Environmental Impact Report | TIP | Federal Transportation Improvement |
| FTA | Federal Highway Administration Federal Transit Administration | | Program |
| НОТ | High occupancy toll | TLC | Transportation for Livable |
| HOV | High occupancy vehicle | TMD | Communities TracGa Management Plan |
| ITIP | State Interregional Transportation | TMP TMS | Traffic Management Plan |
| | Improvement Program | TOD | Transportation Management System Transit-Oriented Development |
| LATIP | Local Area Transportation Improvement Program | TOS | Transportation Operations Systems |
| LAVTA | Livermore-Amador Valley Transportation Authority | TVTC VHD | Tri Valley Transportation Committee Vehicle Hours of Delay |
| LOS | Level of service | VMT | Vehicle miles traveled |



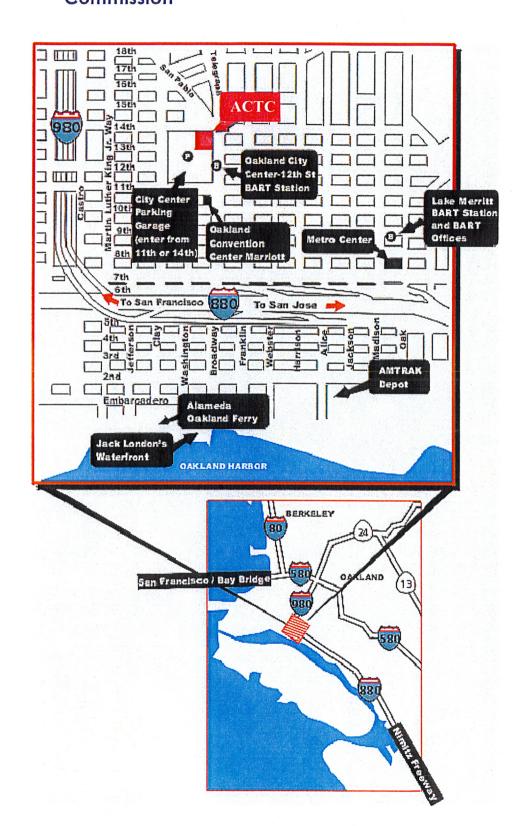
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ALAMEDA County Transportation Commission



Public Transportation Access

BART: City/Center 12th Street Station

AC Transit:

Lines 1, 1R, 11, 12, 13, 14, 15, 18, 40, 51, 63, 72, 72M, 72R, 88, 314, 800, 801, 802, 805, 840

Auto Access

- Traveling South: Take 11th Street exit from I-980 to 11th Street
- Traveling North: Take 11th Street/Convention Center Exit from I-980 to 11th Street
- Parking:
 City Center Garage –
 Underground Parking,
 enter from 11th or 14th
 Street



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Alameda County Transportation Commission FINANCE AND ADMINISTRATION COMMITTEE

MINUTES OF OCTOBER 11, 2010

Chair John Chiang convened the meeting at 2:05 PM

1 PUBLIC COMMENT

There was no public comment.

2 CONSENT CALENDAR

2A. Minutes of September 9, 2010

A motion to approve the consent calendar was made by Supervisor Haggerty; a second was made by Mayor Green. The motion passed 6-0.

3 FINANCIAL MATTERS

3A. Approval of FY 2010-2011 Budget - First Quarter Update

Dick Swanson gave an update on the First Quarter Budget for FY 2010-2011. He requested the committee to recommend that the Commission approve the FY 2010-2011 budget. A motion to approve staff recommendation was made by Supervisor Haggerty; a second was made by Supervisor Lai-Bitker. The motion passed 6-0.

3B. ACCMA Quarterly Financial Overview

Dick Swanson stated that the purpose of the ACCMA quarterly financial overview is to update the Committee on progress in meeting financial challenges and provide a snapshot of project and program activity through FY14/15. He stated that project development work along with construction support and oversight work is projected to remain relatively constant through FY 12/13. By FY 14/15, the project related work is projected to decline by 66%. He said that programming and core function activities remain relatively stable through FY 14/15. He also added that there is no gap in funding but there are cash flow or timing issue on the receivables. This item was for information only.

4 ADMINISTRATIVE MATTERS

4A. Approval of ACCMA's Quarterly SBE, LBE and DBE Report for the Period of July 1, 2010 through September 30, 2010

Liz Brazil stated that there were nine contracts awarded in the current reporting period. Of these contracts, approximately 87% of the amount awarded went to LBE and 17% to SBE. She also stated that the LBE goal of 70% and SBE goal of 15% for professional services contracts were exceeded. She said there was no construction contract awarded for this period. She requested the committee to recommend that the Commission approve the ACCMA's Quarterly SBE, LBE and DBE Report for the period July 1, 2010 through September 30, 2010. A motion to approve staff recommendation was made by Councilmember Kaplan; a second was made by Director Blalock. The motion passed 8-0.

4B. Approval of Interagency Agreement Regarding Reimbursement and Allocation of Costs Associated with the Joint Operation of the Alameda County Transportation Commission (Alameda CTC), the Alameda County Transportation Improvement Authority (ACTIA), and the Alameda County Congestion Management Agency (CMA)

Arthur Dao requested the committee to recommend that the Commission authorize the Chair to execute an agreement between Alameda CTC, ACTIA and ACCMA regarding reimbursement and allocation of costs during the period prior to the full merger and implementation of Alameda CTC. A motion to approve staff recommendation was made by Supervisor Lai-Bitker; a second was made by Director Blalock. The motion passed 8-0.

4C. Approval of a Comprehensive Benefits Program for Transition and Future Employees of the Alameda County Transportation Commission

Arthur Dao presented the proposed comprehensive benefits program for transition and future employees of the Alameda CTC. The four major components of the employee benefits program are: (1) CalPERS retirement benefits; (2) health benefits for transition employees; (3) post-retirement health benefits; and, (4) accrual of vacation and sick leaves, paid holidays allowance, and other benefits. He said that approval of staff recommendations would allow for the: (a) initiation of a new contract with CalPERS to provide the Alameda CTC employees with CalPERS retirement benefits. (This contract execution process could take up to nine months to complete); (b) initiation of an actuarial analysis on the retirement benefit program; (c) provision of key budgeting information for a unified budget for FY 2011/12; and (d) basis for a salary and benefit resolution to be brought back to the Commission for adoption in Spring of 2011. He requested the committee to recommend that the Commission approve the comprehensive benefits program.

The Committee discussed all four components of the proposed benefits program. On the CalPERS retirement benefits, the Committee proposed a higher Employer Paid Member Contribution (EPMC) instead of the current 1% (of 8%) by the employees of both ACTIA and ACCMA. The Committee also endorsed the Retirement Formula (2.5% at age 55). The Committee preferred a two tier program; one for transition employees and another one for future employees. The Committee did not take any motion and instructed staff to make changers to component (1) of the proposed employee benefits program and bring to the Commission the revised proposal for approval.

4D. Alameda County Transportation Commission Branding

Tess Lengyel stated that the new Alameda CTC requires branding to establish its recognition within the industry and with its partners. A common method of referencing the Alameda CTC, both in verbal and written communications, as well as visually through a logo and information materials will create a common recognition of the organization. She recommended that the term Alameda CTC be used to reference the Commission and she also presented three sample logos depicting the Commission as a transportation-related entity and to capture a new look, distinct from ACCMA and ACTIA. The Committee directed staff to continue to develop other logo samples to as options to choose from those presented to them.

5 CONTRACTS AND AGREEMENTS STATUS REPORTS

There were none this month.

6 STAFF AND COMMITTEE MEMBER REPORTS

Mayor Green informed the Committee that there will be a Board Retreat in December. The date will be decided at the Commission meeting this month.

7 ADJOURNMENT/NEXT MEETING: NOVEMBER 8, 2010

7 ADJOURNMENT/NEXT MEETING: NOVEMBER 8, 2010

Chair John Chiang adjourned the meeting at 3:04 p.m. The next meeting is on November 8, 2010.

Attest by:

Gladys V. Parmelee

Interim Clerk of the Commission

Key: A – Action Item; I – Information Item; D - Discussion Item (#) All items on the agenda are subject to action and/or change by the Committee.

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FINANCE AND ADMINISTRATION COMMITTEE MEETING

ROSTER OF MEETING ATTENDANCE October 11, 2010 1:30 p.m. 1333 Broadway, Suite 300, Oakland, CA 94612

| BOARD MEMBERS | Initials | ALTERNATES | Initials |
|--|----------|---|----------|
| Chair: John Chiang, – City of Piedmont | XXX | Frank Matarrese- City of Alameda | |
| Vice Chair: Rebecca Kaplan – City of Oakland | (2) | William Harrison – City of Fremont | |
| Members: | | | |
| Beverly Johnson — City of Alameda | ۸ | Frank Matarrese – City of Alameda | - |
| Scott Haggerty - County of Alameda, District 1 | EM3 | Bill Harrison – City of Fremont | |
| Gail Steele – County of Alameda, District 2 | 4.5. | p | |
| Alice Lai-Bitker – County of Alameda, District 3 | ALA | Michael Gregory – City of San Leandro | |
| Tom Blalock - BART | PB- | Robert Franklin - BART | |
| Laurie Capitelli – City of Berkeley | | Kriss Worthington – City of Berkeley | |
| Mark Green - City of Union City | | Carol Dutra-Vernaci – City of Union City | |
| | - J | | |
| LEGAL COUNSEL | | Supply 18 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - | |
| Zack Wasserman WRBD | | | |
| Neal Parish – WRBD | | | |
| Geoffrey Gibbs - GLG | | | - |
| | | | |
| STAFF | | | <u> </u> |
| Arthur L. Dao – Executive Director | | | |
| Gladys Parmelee – Exec. Asst & Clerk of the Commission | gno | | |
| Dick Swanson - Director of Finance & Administration | U | | |
| Anees Azad – Manager of Finance & Admin. | | | <u> </u> |

| STAFF | Initials | STAFF | Initials |
|--|-------------------|--|----------|
| Tess Lengyel – Programs & Public Affairs Manager | The second second | Frank R. Furger - Chief Deputy Director | |
| Beth Walukas – Manager of Planning | atw | Ray Akkawi - Manager of Project Delivery | und |
| Matt Todd - Manager of Programming | MI | Cyrus Minoofar - Manager of ITS | |
| Yvonne Chan Accounting Manager | | Christina Muller –Administrative Manager | |
| Bijan Yarjani – Senior Transportation Engineer | | Lei Lam – Senior Accountant | / 1 |
| Steve Haas – Senior Transportation Engineer | | Keonnis Taylor – Programs Coordinator | 124 |
| John Hemiup – Senior Transportation Engineer | | Arun Goel – Associate Transportation Engr. | AICG |
| Saravana Suthanthira - Senior Transportation Planner | OD- | Linda Adams – Executive Assistant | 71 |
| Diane Stark - Senior Transportation Planner | 23 | Liz Brazil – Contracts Administrator | |
| Vivek Bhat - Associate Transportation Engr. | KB | Jacki Taylor – Engineering Staff Assistant | (5-5) |
| Myrna Portillo – Administrative Assistant I | Just | MARGS AZAD-F/A MOR | Au |

| | NAME | JURISDICTION/ ORGANIZATION | PHONE # | E-MAIL |
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Memorandum

DATE: October 29, 2010

TO: Finance and Administration Committee

FROM: Arthur L. Dao, Executive Director

Anees Azad, Finance and Administration Manager

SUBJECT: Approval of ACTIA Draft Audit for Fiscal Year 2009/2010

Recommendations:

It is recommended that the Commission accept the following documents as presented by the certified public accounting firm of Maze and Associates, LLP. for fiscal year 2009/2010:

- 1. Draft Basic Financial Statements
- 2. ACTIA Single Audit Financial Statements (required for federally funded projects)
- 3. Limitations Worksheet (showing administrative cost ratios)

Discussion

As required by Measure B and SB 878, an annual independent financial audit was conducted by a certified public accounting firm for the fiscal year ending June 30, 2010. As there were transactions involving federal funds of more than \$500,000, the auditors performed the Single Audit as required by the federal grant.

The audit firm of Maze and Associates, LLP, is the Authority's new auditors starting this year. The draft audit report of the Authority's financial activities for the fiscal year ending June 30, 2010, and the Limitations Worksheet are attached for your review. The auditors also reviewed the Authority's internal operating controls, systems and processes as well as the accuracy and reliability of its financial records.

As part of their audit services, the auditor issues a management letter if they identify any material weaknesses in the internal control structure found during the audit of the financial statements, and discusses items of administrative concern. The auditors did not find any material weaknesses and will issue a statement stating so (see Statement to ACTIA Board).

We want to take this opportunity to thank Lei Lam, Senior Accountant, the Project Control Team and Maze and Associates staff for their assistance. This is the first year of Maze's contract with ACTIA, and we want to thank them for their diligent efforts in helping ACTIA address the increasing audit requirements.

Fiscal Impact

None

Attachments

- A Draft ACTIA Audit FY 2009-10 and Statement to Alameda CTC
- B Draft Single Audit Report (Federal Grant)
- C Draft Limitations Worksheet

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

PREPARED BY THE FINANCE AND ADMINISTRATION DEPARTMENT

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ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

TABLE OF CONTENTS June 30, 2010

| Independent Auditors' Report | Page 1 |
|--|-----------|
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Governmental Funds Balance Sheets \ Statement of Net Assets | 14 |
| Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance \ Statement of Activities | 15 |
| Statement of Fiduciary Net Assets | 16 |
| Statement of Changes in Fiduciary Net Assets | 17 |
| Notes to Financial Statements | 19 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and Actual – General Fund | 36 |
| Schedule of Revenues, Expenditures and Change in Fund Balances – Budget and | |
| Actual – Special Revenue Fund | 37 |
| Other Supplementary Information: | |
| Combining Balance Sheet Schedule of Special Revenue Fund Projects and Programs Combining Schedule of Revenues, Expenditures and Changes in Fund Balance by | 40 |
| Special Revenue Fund Projects and Programs | 41 |
| Schedule of Direct and Indirect Expenditures | 42 |

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INDEPENDENT AUDITORS' REPORT

The Governing Board of the Alameda County Transportation Improvement Authority Oakland, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alameda County Transportation Improvement Authority(ACTIA) as of and for the year ended June 30, 2010, which collectively comprise ACTIA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ACTIA's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the ACTIA's June 30, 2009 financial statements which were audited by other auditors whose unqualified opinion was dated October 26, 2009.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of ACTIA as of June 30, 2010, and the respective changes in the financial position, and the respective budgetary comparisons included as part of the basic financial statements, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2010 on our consideration of ACTIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information such as the Management's Discussion and Analysis and budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Schedule of Direct and Indirect Expenditures as listed on the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinions on it.

September 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

s management of the Alameda County Transportation Improvement Authority (Authority or ACTIA), we offer readers of ACTIA's financial statements this narrative overview and analysis of the financial activities of ACTIA for the Fiscal Year Ended June 30, 2010 (FYE 2010). We encourage readers to consider the information presented here in conjunction with ACTIA's financial statements that follow this section.

ACTIA began collecting sales tax revenues on April 1, 2002. In the first two years of operation, ACTIA relied on ACTA for the financing of start-up cost and administrative infrastructure. In FYE 2006, ACTIA has repaid all start-up loans, organized its own administrative infrastructure and has emerged as a financially viable transportation authority to deliver on the commitments outlined in the Authority's 20-Year Transportation Expenditure Plan.

Since inception, ACTIA has delivered over \$881 million in transportation funding to various Alameda County projects while incurring less than 4.5% in indirect administrative costs and under 1% in indirect staff costs (as percentages of revenues). ACTIA has maintained its net assets steadily over the same duration to address future commitments.

FINANCIAL HIGHLIGHTS

As of June 30, 2010, ACTIA has expended its net assets position from \$132 million to \$113 million in the delivery of capital projects. In prior year, FYE 2009, the Authority saw an improvement in net assets from \$127 million to \$132 million. ACTIA's overall financial position remained steady in the FYE 2010 after the precipitous 19% drop in sales tax revenues from the FYE 2007 level, due to the economic recession. On the expenditure side, recent capital projects contracts have also experienced significantly lower bids than the initial estimates, due to the recession. In the near term, due to the continued financial improvements and the recent lower cost environment for capital projects, ACTIA is expected to finance upcoming capital commitments without seeking external financing. However, in two to three years timeframe, ACTIA is likely to seek external medium-term financing for upcoming capital projects.

In FYE 2010, the Authority posted revenues of \$105.1 million, including sales tax revenues of \$95.6 million, which was a 7% decline from prior year. ACTIA's total expenditures for FYE 2010 were \$123.7 million, including \$6.3 million for administration, \$28.1 million for Highways and Streets, \$63.2 million for Public Transit, and \$26.1 million for Local Transportation. A total of \$107.9 million and \$111.2 million were expended in FYE 2009 and FYE 2008, respectively. The expenditures reflect the continuing development of capital projects and programs since inception in 2002.

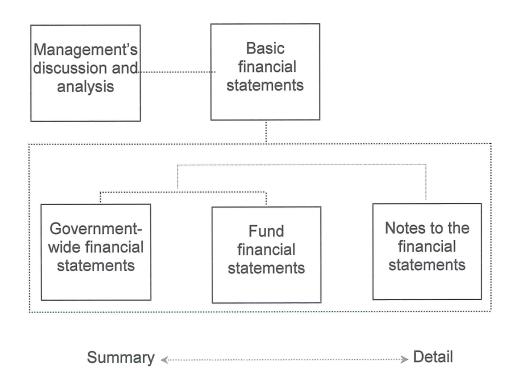
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the management's discussion and analysis (this section), and the basic financial statements, including the government-wide financial statements, statements for the general and governmental funds, and budgetary comparison statements. The basic financial statements show the consolidated presentation of governmental funds, along with the required adjustments and the resulting government-wide statements. The distinction between the two formats is summarized below:

- The government-wide statements include the statement of net assets and the statement of activities, which provides a summary of both the expenses and revenues by function or program.
- The next statements are governmental fund statements, that provide a summary of the following:
 - o Balance sheet showing the assets and liabilities by governmental fund type;
 - O Statement of revenues, expenditures and changes in fund balances, again by governmental fund type; (and reconciliation to the statement of activities); and
 - o Budgetary comparison statements for the general and special revenue funds.

Figure A-1

The Alameda County Transportation Improvement Authority Required Components of the Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-2 summarizes the major features of ACTIA's financial statements, including the portion of ACTIA they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

review draft 10/19/2010 **Page 16**

Figure A-2 The Alameda County Transportation Improvement Authority Major Features of the Government-Wide and Fund Financial Statements

| | Government-Wide Statements | Governmental Funds |
|---|--|--|
| Scope | Entire Agency | The activities of the entire Agency that are not proprietary or fiduciary, such as Highways and Streets and Public Transit |
| Required financial statements | Statement of net assets Statement of activities | Balance sheet Statement of revenues, expenditures, and changes in fund balances |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus |
| Type of asset/ liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included |
| Type of inflow/ outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter |

Government-Wide Statements

The government-wide statements report information about ACTIA as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of ACTIA's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The statement of activities includes the expenses, revenues, and changes in net assets by function or program.

The two government-wide statements report ACTIA's net assets and how they have changed. Net assets, the difference between ACTIA's assets and liabilities, are one way to measure ACTIA's financial health or position. Over time, increases or decreases in ACTIA's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of ACTIA include only one category:

 Governmental activities – ACTIA's basic services are included here, such as Highways and Streets, and Public Transit.

Fund Financial Statements

The fund financial statements provide more detailed information about ACTIA's governmental funds, not ACTIA as a whole. Funds are accounting devices that ACTIA uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law.
- The ACTIA Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

FINANCIAL ANALYSIS OF ACTIA AS A WHOLE

Government-wide Statements

Government-wide statements include the statement of activities and the statement of net assets.

Activities: In FYE 2010, ACTIA posted total revenues of \$105.1 million, of which \$95.6 was from sales tax and the balance from interest and other revenue. In FYE 2009, ACTIA posted total revenues of \$113.0 million, of which \$102.5 was from sales tax and the balance from interest and other revenue. In FYE 2008, ACTIA posted total revenues of \$127.4 million, of which \$117.3 million was from sales tax and the balance from interest and other revenue (see Table A-1 and Figure A-3).

The total costs for the current year, FYE 2010, were \$123.7 million, including \$6.3 million for Administration, \$28.1 million for Highways and Streets, \$63.2 million for Public Transit, and \$26.1 million for Local Transportation. In FYE 2009, the total cost were \$107.9 million, including \$6.4 million for Administration, \$33.9 million for Highways and Streets, \$40.4 million for Public Transit, and \$27.2 million for Local Transportation. The total costs for FYE 2008, total costs were \$111.3 million, including \$5.3 million for Administration, \$31.5 million for Highways and Streets, \$40.5 million for Public Transit, and \$33.9 million for Local Transportation. (See Table A-1 and Figure A-4).

In the current year, FYE 2010, expenditures exceeded revenues by \$18.7 million, resulting in net assets of \$113.5 million at year-end. In the prior year, FYE 2009, revenues exceeded expenditures by \$5.0 million, resulting in net assets of \$132.2 million at year-end. In FYE 2008, revenues exceeded expenditures by \$16.1 million, resulting in net assets of \$127.1 million at year-end. (See Table A-1).

Table A-1

The Alameda County Transportation Improvement Authority
Changes in Net Assets
June 30, 2010, 2009 and 2008

| June 30, | 201 | u, 2009 and 2 | UUO | | | |
|------------------------------------|-----|---------------|------|-------------|-------|------------|
| | | Gov | erm | ental Activ | ities | 5 |
| | | 2010 | | 2009 | | 2008 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Operating grants and contributions | \$ | 7,150,185 | \$ | 4,307,866 | \$ | 3,691,335 |
| Capital grants and contributions | | 2,261,455 | | 6,132,120 | | 6,369,021 |
| General revenues: | | | | | | |
| Sales taxes | | 95,642,284 | 1 | 02,531,773 | 1 | 17,325,523 |
| Total revenues | | 105,053,924 | 1 | 12,971,759 | 1 | 27,385,879 |
| Expenses | | | | | | |
| Administration | | 6,345,537 | | 6,451,951 | | 5,358,500 |
| Highways and Streets | | 28,109,281 | | 33,903,914 | | 31,512,788 |
| Public Transit | | 63,176,467 | | 40,400,152 | | 40,548,900 |
| Local Transportation | | 26,101,744 | | 27,166,706 | | 33,893,417 |
| Total expenses | | 123,733,029 | 1 | .07,922,723 | | 11,313,605 |
| Change in net assets | | (18,679,105) | | 5,049,036 | | 16,072,274 |
| Net assets, beginning of year | | 132,155,115 | 1 | 27,106,079 | 1 | 11,033,805 |
| Net assets, end of year | \$ | 113,476,010 | \$ 1 | 32,155,115 | \$ 1 | 27,106,079 |
| | | | | | | |

Figure A-3
The Alameda County Transportation Improvement Authority
Sources of Revenue for Fiscal Year 2009-10

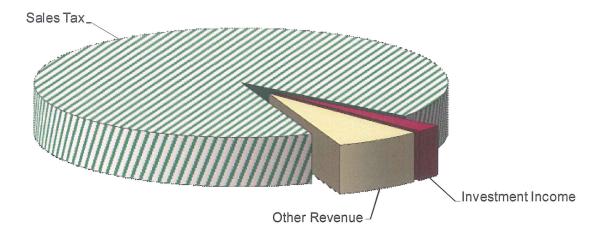
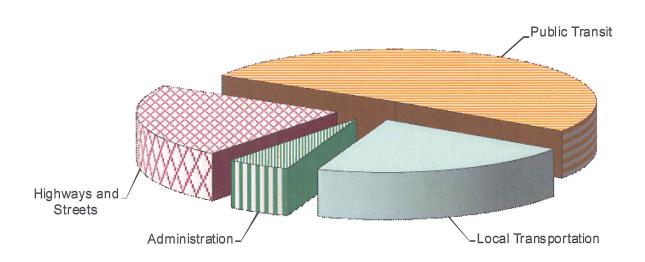


Figure A-4
The Alameda County Transportation Improvement Authority
Functional Expenses for Fiscal Year 2009-10



Net Assets: The total assets for the current year at June 30, 2010 were \$139.0 million, of which \$15.1 million was from sales tax receivables, \$ 114.8 million was from cash and investments, \$7.0 million are receivables from other government agencies and \$2.1 million from various other assets. Liabilities totaled \$25.5 million, most of which was accounts payable. Of the total \$113.5 million in net assets, nearly all of it is restricted as to use and \$0 million is invested in capital assets (see table A-2).

The total assets for the current year at June 30, 2009 were \$150.7 million, of which \$14.7 million was from sales tax receivables, \$118.9 million was from cash and investments, \$15.1 million are receivables from other government agencies and \$2.0 million from various other assets. Liabilities totaled \$18.5 million, most of which was accounts payable. Of the total \$132.1 million in net assets, nearly all of it is restricted as to use and \$0 million is invested in capital assets (see table A-2).

The total assets at June 30, 2008 were \$155.4 million, of which \$18.6 million was from sales tax receivables, \$111.1 million was from cash and investments, \$25.1 million are receivables from other government agencies and \$0.5 million from various other assets. Liabilities totaled \$28.2 million, most of which was accounts payable. Of the total \$127.1 million in net assets, nearly all of it is restricted as to use and \$0.1 million is invested in capital assets (see table A-2).

Table A-2
The Alameda County Transportation Improvement Authority
Net Assets
June 30, 2010, 2009 and 2008

| | | Go | verr | ımental Activ | ities | |
|------------------------------------|----|-------------|------|---------------|-------|-------------|
| | | 2010 | | 2009 | | 2008 |
| Cash and investments | \$ | 114,623,290 | \$ | 118,906,164 | \$ | 111,107,595 |
| Receivables | | | | | | |
| Sales tax receivables | | 15,131,509 | | 14,742,712 | | 18,588,200 |
| Interest | | 68,513 | | 123,833 | | 266,456 |
| Other governmental | | 1,302,444 | | 106,472 | | 116,298 |
| Other | | 718,178 | | 1,645,589 | | 9,475 |
| Due from fiduciary | | 22,767 | | 12,218 | | 22,587 |
| Capital assets (net of accumulated | | | | | | |
| depreciation) | | | | | | |
| Furniture and equipment | | 35,656 | | 47,176 | | 31,494 |
| Leasehold improvements | | - | | - | | 34,406 |
| Advances to other governments | | 7,040,370 | | 15,086,398 | | 25,080,225 |
| Other assets | | 50,268 | | 20,298 | | 98,662 |
| Total assets | \$ | 138,992,995 | \$ | 150,690,860 | \$ | 155,355,398 |
| | | | | | | |
| Accounts payable | \$ | 25,373,950 | \$ | 18,424,633 | \$ | 28,159,090 |
| Compensated absences | | 70,804 | | 73,761 | | 72,450 |
| Net OPEB Obligation | | 55,204 | | 37,351 | | 17,779 |
| Due to other governments | | 17,027 | | - | | - |
| Total liabilities | | 25,516,985 | | 18,535,745 | | 28,249,319 |
| Net assets: | | | | | | |
| invested in capital assets | | 35,656 | | 47,176 | | 65,900 |
| Restricted for: | | | | | | |
| Transportation Projects/Programs | | 113,440,354 | | 132,107,939 | | 127,040,179 |
| Total net assets | | 113,476,010 | | 132,155,115 | | 127,106,079 |
| Total liabilities and net assets | \$ | 138,992,995 | ¢ | 150,690,860 | ¢ | 155 255 200 |
| Total navinties and net assets | Ф | 130,772,773 | \$ | 130,070,000 | \$ | 155,355,398 |

Financial Analysis of ACTIA's Funds

Governmental Funds

ACTIA uses fund accounting to ensure compliance with finance-related legal requirements. The governmental funds in this case include the general, capital projects, and special revenue funds.

ACTIA works with other project sponsors to deliver the Highway and Streets projects and the Public Transit and Paratransit programs. Local Transportation funds are, for the most part, distributed directly to local agencies to administer projects important to their governing Boards. ACTIA's activities also include administration, which consists of financing public improvements, investing remaining fund balances, project management, and other administrative functions.

As of June 30, 2010, ACTIA had \$139.0 million in assets in the governmental funds: \$15.0 million in the general fund, \$102.2 million in the capital projects fund, and \$21.7 million in the special revenue fund. Of the total assets, \$114.6 million was in cash and investments. As of June 30, 2009, ACTIA had \$150.6 million in assets in the governmental funds: \$13.2 million in the general fund, \$112.7 million in the capital projects fund, and \$24.7 million in the special revenue fund. Of the total assets, \$118.9 million was in cash and investments. As of June 30, 2008, ACTIA had \$155.3 million in assets in the governmental funds: \$11.9 million in the general fund, \$113.7 million in the capital projects fund, and \$29.7 million in the special revenue fund. Of the total assets, \$111.1 million was in cash and investments

At the end of FYE 2010, ACTIA's liabilities were \$25.5 million, most of which were in accounts payable. At the end of FYE 2009, ACTIA's liabilities were \$18.5 million, most of which were in accounts payable. At the end of FYE 2008, ACTIA's liabilities were \$28.2 million, most of which were in accounts payable.

As of June 30, 2010, the total fund balance was \$113.6 million. As of June 30, 2009, the total fund balance was \$132.9 million. As of June 30, 2008, the total fund balance was \$127.1 million.

For FYE 2010, ACTIA had revenues of \$105.1 million, primarily from the sales tax and investment income. During the year, ACTIA expended \$123.7 million through the governmental funds, including \$6.3 million for administration, \$28.1 million for Highways and Streets, \$63.2 million for Public Transit and Paratransit operations, and \$26.1 million for Local Transportation programs.

For FYE 2009, ACTIA had revenues of \$113.0 million, primarily from the sales tax and investment income. During the year, ACTIA expended \$107.9 million through the governmental funds, including \$6.4 million for administration, \$33.9 million for Highways and Streets, \$40.4 million for Public Transit and Paratransit operations, and \$27.2 million for Local Transportation programs.

For FYE 2008, ACTIA had revenues of \$127.4 million, primarily from the sales tax and investment income. During the year, ACTIA expended \$111.2 million through the governmental funds, including \$5.3 million for administration, \$31.5 million for Highways and Streets, \$40.5 million for Public Transit and Paratransit operations, and \$33.9 million for Local Transportation programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, ACTIA had invested \$35,656 in capital assets, including furniture and equipment and leasehold improvements (see Table A-3). Please refer to the notes to the financial statements for more detail.

Table A-2-1
The Alameda County Transportation Improvement Authority
Capital Assets (net of depreciation)
June 30, 2010, 2009 and 2008

| | 2010 | 2009 | 2008 |
|--|--------------|--------------|--------------|
| Furniture and equipment (net of accumulated depreciation) | \$ 13,217 | \$ 18,754 | \$ 31,494 |
| Leasehold improvements | | | |
| (net of accumulated amortization) | 22,439 | 28,422 | 34,406 |
| Total | \$ 35,656 | \$ 47,176 | \$ 65,900 |

The major capital asset additions included leasehold improvements and new furniture and equipment to carry out its regular business operations.

Long-Term Debt

As of June 30, 2010, 2009 and 2007, ACTIA had no outstanding long-term debt.

COMPARISON OF BUDGETED TO ACTUAL

Prior to the start of each fiscal year, ACTIA adopts a budget for the fiscal year. This budget may be modified at quarterly intervals resulting in subsequent legally adopted budgets. These modifications are made primarily to adjust revenues that change due to the economic climate and adjust expenses to reflect the changes in revenues or capital project costs.

For the general fund, ACTIA started with an adopted budget of \$6.2 million from revenues, expenditures totaling \$5.8 million, and a surplus in the general fund balance of \$0.4 million. In the final adopted budget, these amounts were revised to \$5.7 million in revenues, \$4.8 million in expenditures, and a surplus in the general fund of \$0.9 million. The actual revenues from the sales tax and other income were \$5.9 million, and indirect administrative costs totaled \$4.3 million (including \$1.3 million of sales tax collection fees), resulting in a surplus of \$1.6 million. Most of the improvements were from the allocation of cost to benefitting capital projects and special revenue funds.

Likewise, for the Special Revenue Fund starting adopted budget anticipated revenues and expenditures of \$57.5 million and \$59.3 million, respectively. The final adopted budget had revenues and expenditures of \$51.8 million and \$55.4 million, respectively. Actual amounts were \$54.3 million in revenues and \$57.8 million in expenditures, with \$32.4 million for Public Transit, \$24.6 million for Local Transportation (Highways and Streets) and \$0.9 million for Administration. Special fund revenues include grants and pass-through funds, which match expenditures as nearly all receipts are passed on to Alameda County jurisdictions in accordance with the Measure B plan. The residual difference of \$3.5 million is the net decrease to the reserved fund balance under special revenue (Express Bus, Service Gap, Regional Bike and Pedestrians and Transit Oriented Development Reserves). Details of special revenue funds are provided under supplemental information.

Review draft_10/19/2010

Page 23

11

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of ACTIA's finances for all those with an interest in ACTIA's finances. Questions concerning information provided in this report or requests for additional financial information should be addressed to Arthur L. Dao or Anees Azad of the Alameda County Transportation Improvement Authority at 1333 Broadway, Suite 300, Oakland, California 94612.

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ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY GOVERNMENTAL FUNDS - BALANCE SHEETS / STATEMENT OF NET ASSETS JUNE 30, 2010

(WITH SUMMARIZED COMPARATIVE AMOUNTS FOR JUNE 30, 2009)

Statement of Net Assets

| | General | Capital Projects | Special Revenue | 2010 Total | Adjustments | 2010 Total | 2009 Total |
|--|--------------|------------------|-----------------|---------------|---------------|---------------|---------------|
| Assets | | | | | | | |
| Cash and investments | \$14,110,501 | \$87,443,490 | \$13,069,299 | \$114,623,290 | | \$114,623,290 | \$118,906,164 |
| Receivables | | | | | | | |
| Sales tax | 680,918 | 5,794,693 | 8,655,898 | 15,131,509 | | 15,131,509 | 14,742,712 |
| Accrued interest | | 68,513 | | 68,513 | | 68,513 | 123,833 |
| Other governments | 115,162 | 1,180,793 | 6,489 | 1,302,444 | | 1,302,444 | 106,472 |
| Other | 3,152 | 713,626 | 1,400 | 718,178 | | 718,178 | 1,645,589 |
| Advances to other governments | 5,767 | 7,034,603 | | 7,040,370 | | 7,040,370 | 15,086,398 |
| Due from employee benefits trust | 22,767 | | | 22,767 | | 22,767 | 12,218 |
| Other assets | 50,268 | | | 50,268 | | 50,268 | 20,298 |
| Capital assets, depreciable, net of | | | | | | | |
| accumulated depreciation | | | | | (1) \$35,656 | 35,656 | 47,176 |
| Total assets | \$14,988,535 | \$102,235,718 | \$21,733,086 | \$138,957,339 | \$35,656 | \$138,992,995 | \$150,690,860 |
| | | | | | | | |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$365,997 | \$14,884,840 | \$10,123,113 | \$25,373,950 | | 25,373,950 | \$18,424,633 |
| Due to other governments | | | 17,027 | 17,027 | | 17,027 | |
| Compensated absences | | | |) | 2) 70.804 | 70,804 | 73.761 |
| Net OPEB obligations - due in more than one year | | | | | (3) 55,204 | 55,204 | 37,351 |
| Total liabilities | 365,997 | 14,884,840 | 10,140,140 | 25,390,977 | 126,008 | 25,516,985 | 18,535,745 |
| Fund balances: | | | | | | | |
| Reserved for: | | | | | | | |
| Administration | 11,022,538 | | | 11,022,538 | (11,022,538) | | |
| Election costs | 2,600,000 | | | 2,600,000 | (2,600,000) | | |
| County-wide transportation plan | 1,000,000 | | | 1,000,000 | (1,000,000) | | |
| Transportation projects | | 87,350,878 | 11,592,946 | 98,943,824 | (98,943,824) | | |
| Total fund balances | 14,622,538 | 87,350,878 | 11,592,946 | 113,566,362 | (113,566,362) | | |
| Total liabilities and fund balances | \$14,988,535 | \$102,235,718 | \$21,733,086 | \$138,957,339 | | | |
| | | | | | | | |

Net Assets:

Invested in capital assets Restricted

\$132,107,939

\$113,440,354

113,440,354 \$113,476,010

Total net assets

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

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

(WITH SUMMARIZED COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009) STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY IN FUND BALANCE / STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

Statement of Activities

| 2010 2009 Total Total | \$95,642,284 \$102,531,773 2,261,455 6,132,120 2,910,537 2,656,029 4,239,648 1,651,837 | 105,053,924 112,971,759 | 6,345,537 6,451,951 28,109,281 33,903,914 63,176,467 40,400,152 26,101,744 27,166,706 | 123,733,029 107,922,723 | (18,679,105) 5,049,036 | (18,679,105) 5,049,036 | 132,155,115 127,106,079 |
|--------------------------|---|-------------------------|---|--|------------------------|---|-------------------------|
| Adjustments | | | (1) \$26,416 | 26,416 | (26,416) | (26,416) | (63,936) |
| Total | \$95,642,284 2,261,455 2,910,537 4,239,648 | 105,053,924 | 6,319,121 (28,109,281 63,176,467 26,101,744 | 123,706,613 | (18,652,689) | (18,652,689) | 132,219,051 |
| Special Revenue | \$54,031,694 249,554 2,030 | 54,283,278 | 850,048 32,356,795 24,576,408 | 57,783,251 | (3,499,973) | (3,499,973) | 15,092,919 |
| Capital Projects | \$36,171,469 1,719,992 2,910,537 4,057,864 | 44,859,862 | 1,196,590 28,109,281 30,819,672 1,525,336 | 61,650,879 | (16,791,017) | (16,791,017) | 104,141,895 |
| General | \$5,439,121 291,909 179,754 | 5,910,784 | 4,272,483 | 4,272,483 | 1,638,301 | 1,638,301 | 12,984,237 |
| Revenues: | Sales tax Investment income Federal, state and local funds Other income | Total revenues | Expenditures/expenses: Current: Administration Highways and streets Public transit Local transportation | Total expenditures\expenses Excess of revenues over | expenditures | Net change in fund balances \ net assets Fund balances \ net assets: | Beginning of year |

⁽¹⁾ Amounts reported for governmental activities in the statement of activities are different because:

| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays were exceeded by depreciation in the period. | 11,520 |
|---|---------|
| Changes in compensated absences | (2,957) |
| Changes in post-employment benefits other than pensions | 17,853 |

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY FIDUCIARY FUNDS STATEMENT OF NET ASSETS JUNE 30, 2010

| | Retiree |
|---------------------------------|------------------------|
| | Benefits Trust Fund |
| ASSETS | |
| Deposits and investments | \$932,128 |
| Total Assets | 932,128 |
| LIABILITIES | |
| Due to ACTIA General Fund | 22,767 |
| Total Liabilities | 22,767 |
| NET ASSETS | |
| Held in trust for OPEB benefits | 909,361 |
| Total Net Assets | \$909,361 |

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED JUNE 30, 2010

| | Retiree Benefits Trust Fund |
|---|-----------------------------------|
| ADDITIONS: | |
| Investment earnings | \$8,789 |
| Total Additions | 8,789 |
| DEDUCTIONS: Benefits Total Deductions | 10,549 10,549 |
| Change in Net Assets | (1,760) |
| Net Assets - Beginning | 911,121 |
| Net Assets - Ending | \$909,361 |

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ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

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

The basic financial statements of ACTIA include all of its financial activities. ACTIA is the sole independent agency responsible for receiving and allocating funds necessary to complete the programs and was governed by an eleven-member board of elected officials from the County and local cities. Also please read Note (10) for additional information.

(b) Government-Wide and Fund Financial Statements

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

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

The government-wide financial statements are reported using the *economics resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales tax revenues are recorded when the tax is due to the State Board of Equalization. Grants and similar items recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current *financial resources measurement* focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, ACTIA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

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

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

ACTIA reports the following major governmental funds:

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

The *capital projects fund* accounts for resources accumulated and payments made for the acquisition or construction of major capital improvements in accordance with the Alameda County 20-Year Transportation Expenditure Plan. ACTIA does not retain ownership of these improvements. They are transferred to the sponsor or managing jurisdiction after completion.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

(d) Budgetary Data

Following a public meeting, ACTIA adopts an annual budget for all governmental fund types to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the program level, the amounts stated therein as proposed expenditures become appropriations to the various programs. Once a quarter, ACTIA approves all transfers between expenditure objects and overall budget modifications during the year. For the capital projects fund, ACTIA annually approves individual project budgets (strategic plan), detailed by component functions. The Executive Director or designee approves reimbursements to the project sponsors, and reimbursements are not to exceed contract and strategic plan limits. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

(e) Deposits and Investments

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

(f) Capital Assets

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

Capital assets of ACTIA are depreciated using the straight-line method over the following estimated useful lives:

| Asset | Years |
|--------------------------------|-------|
| Office furniture and equipment | 5 |
| Computer equipment | 3 |
| Leasehold improvements | 5 |

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(2) Summary of Significant Accounting Policies (Continued)

(g) Compensated Absences

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

Compensated absences activity was as follows for the year ended June 30, 2010:

| Beginning Balance | \$73,761 |
|-------------------|----------|
| Additions | 63,185 |
| Payments | (66,142) |
| Ending Balance | \$70,804 |

(h) Fund Equity

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

(i) Interfund Transfers

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

(j) Estimates

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

(2) Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

| Governmental Activities | \$114,623,290 |
|-------------------------|---------------|
| Fiduciary Funds | 932,128 |
| Total Deposits | \$115,555,418 |

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(2) Deposits and Investments (Continued)

Deposits and investments as of June 30, 2010, consist of the following:

| Cash on hand and in banks | \$4,091,191 |
|--------------------------------|---------------|
| Investments | 111,464,227 |
| Total Deposits and Investments | \$115,555,418 |

Policies and Practices

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

General Authorizations

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

| Maximum | Maximum | Maximum | Minimum |
|-----------|--|--|---|
| Remaining | Percentage | Investment | Credit |
| Maturity | of Portfolio | In One Issuer | Quality |
| 5 years | 10% | 5% | Aa |
| 5 years | 10% | 5% | Aa |
| 5 years | None | None | None |
| 5 years | None | 35% | Aaa |
| 180 days | 40% | 5% | Al |
| 270 days | 25% | 5% | A1 |
| 3 years | 30% | 5% | Aa |
| 90 days | 20% | None | None |
| 5 years | 30% | 5% | Aa |
| N/A | 20% | 5% | Aaa |
| N/A | None | None | None |
| N/A | None | None | None |
| | Remaining Maturity 5 years 5 years 5 years 5 years 180 days 270 days 3 years 90 days 5 years N/A N/A | Remaining Maturity 5 years 5 years 10% 5 years None 5 years None 180 days 270 days 3 years 90 days 5 years N/A N/A None | Remaining Maturity Percentage of Portfolio In One Issuer 5 years 10% 5% 5 years 10% 5% 5 years None None 5 years None 35% 180 days 40% 5% 270 days 25% 5% 3 years 30% 5% 90 days 20% None 5 years 30% 5% N/A 20% 5% N/A None None |

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(2) Deposits and Investments (Continued)

Interest Rate Risk

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

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

| | 12 Months | 13 to 24 | |
|---|---------------|--------------|---------------|
| Investment Type | or less | Months | Total |
| U.S. Agency Securities: | | | |
| Non-Callable | \$45,917,314 | \$5,219,512 | \$51,136,826 |
| U.S. Treasury Bonds | 1,469,046 | 3,133,599 | 4,602,645 |
| Corporate Notes | 911,828 | 3,701,115 | 4,612,943 |
| Certificate of Deposits | 932,128 | | 932,128 |
| Money Market Mutual Funds | 180,635 | | 180,635 |
| California Local Agency Investment Fund | 49,999,050 | | 49,999,050 |
| Total Investments | \$99,410,001 | 12,054,226 | 111,464,227 |
| Cash in Bank | 4,091,191 | - | 4,091,191 |
| Total Cash and Investments | \$103,501,192 | \$12,054,226 | \$115,555,418 |

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2010, these investments matured in an average of 203 days.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(2) Deposits and Investment (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, ACTIA's investment policy, or debt agreements, and the actual S & P rating as of the year-end for each investment type.

| Investment Type | Aaa | Not Rated | Total |
|---|--------------|--------------|---------------|
| U.S. Agency Securities: | | | |
| Non-Callable | \$51,136,826 | | \$51,136,826 |
| U.S. Treasury Bonds | | \$4,602,645 | 4,602,645 |
| Corporate Notes | 4,612,943 | | 4,612,943 |
| Certificate of Deposits | | 932,128 | 932,128 |
| Money Market Mutual Funds | 180,635 | | 180,635 |
| California Local Agency Investment Fund | | 49,999,050 | 49,999,050 |
| Totals Investments | \$55,930,404 | 55,533,823 | 111,464,227 |
| Cash in Bank | | 4,091,191 | 4,091,191 |
| Total Cash and Investments | \$55,930,404 | \$59,625,014 | \$115,555,418 |

Concentration of Credit Risk

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

| Issuer | Investement Type | Amount |
|---------------------------------|---------------------------|--------------|
| Federal Home Loan Bank | Federal Agency Securities | \$12,189,569 |
| Federal Home Loan Mortgage Corp | Federal Agency Securities | 18,911,717 |
| Federal National Mortgage Assoc | Federal Agency Securities | 11,126,253 |

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(2) Deposits and Investment (Continued)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, ACTIA's deposits may not be returned to it. ACTIA's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2010, ACTIA's bank balance of \$5,786,349, with a reported balance of \$4,091,191, is collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the ACTIA.

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

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Retiree Health Benefit Trust Fund's deposits may not be returned to them. Although the Retiree Health Insurance Trust Fund does not have its own investment policy, there are securities available as pledged collateral for the retirement fund for the Retiree Health Insurance Trust Fund's Deposits of \$932,128 with a financial institution. Retiree Health Benefit Trust Fund is held as a timed deposit with a maturity date of July 2, 2010.

Custodial Credit Risk – Investments

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

Local Agency Investment Fund

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(3) Advances to Other Governments

ACTIA advanced \$25 million of public transit program funds to Alameda-Contra Costa Transit Agency (AC Transit) in 2006. The advance had a variable interest rate, which is adjusted monthly, based on LAIF plus one percent. During the fiscal year ended on June 30, 2009, the loan agreement was amended where \$10 million of loan was paid down. The amended loan carries an interest rate of 6% and another 1% for administrative fees. The loan is due on or before December 31, 2010. The outstanding balance, including accrued interest, as of June 30, 2010, is \$7,040,370.

(4) Capital Assets

(a) Capital Assets – Governmental Activities

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

| | June 30, 2009 | Additions | June 30, 2010 |
|---|----------------------|--------------------|----------------------|
| Capital assets being depreciated: | | | |
| Furniture and equipment | \$85,732 | \$4,384 | \$90,116 |
| Leasehold improvements | 41,886 | | 41,886 |
| Total capital assets being depreciated | 127,618 | 4,384 | 132,002 |
| Less accumulated depreciation for: Furniture and equipment Leasehold improvements | (66,978) (13,464) | (9,921) (5,983) | (76,899) (19,447) |
| Total accumulated depreciation | (80,442) | (15,904) | (96,346) |
| Governmental activities capital assets, net | \$47,176 | (11,520) | \$35,656 |

(b) Depreciation Expense

Depreciation expense of \$15,904 was charged to the Administrative function of ACTIA during the year ended June 30, 2010.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(5) Commitments and Contingent Liabilities

(a) Agreements with Engineering Firms

ACTIA has entered into contracts with various private engineering firms to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, and construction management services. As of June 30, 2010, the total outstanding commitments (not paid or accrued) are \$11.2 million. The terms range from June 30, 2010 for up to four and half years (or acceptance of the phase of work, whichever is earlier).

(b) Agreements with Project Sponsors

ACTIA has entered into contracts with various project sponsors to provide scoping/planning, engineering, environmental, design, right-of-way engineering and acquisition, construction management and equipment purchase services. As of June 30, 2010, the total outstanding commitments (not paid or accrued) are \$186.4 million. The terms range from June 30, 2010 for seven and one half years (or acceptance of the phase of work, whichever is earlier).

(c) Operating Lease Commitments

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

| Year Ending | Lease |
|-------------|-------------|
| June 30 | Payments |
| 2011 | \$360,057 |
| 2012 | 371,325 |
| 2013 | 382,593 |
| 2014 | 161,370 |
| Total | \$1,275,345 |

ACTIA will also pay additional rent related to its share of increased operating costs and increased taxes. One fourth of the rent is paid by the ACTA under the budget approved by the Boards (See Note 8).

ACTIA has entered into sublease agreements for rental of facilities to Bay Area Program Management Group and Nelson\Nygaard for monthly rent of \$4,082 and \$710 respectively effective from July 1, 2007. Under new sublease agreements with Acumen and Rochelle Wheeler entered during the fiscal year ending June 30, 2009, the Authority will receive a monthly rent of \$1,011 and \$368, respectively. These subleases are month-to-month tenancy terminable for any reason whatsoever on 30 days written notice given at any time by either party.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(5) Commitments and Contingent Liabilities (Continued)

(d) Insurance, Claims and Litigation

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

| Type of Claim | Coverage Limits | Deductible | |
|-----------------------|-----------------|------------|--|
| | | | |
| Property | \$200,000 | \$1,000 | |
| General Liability | 2,000,000 | 1,000 | |
| Automobile | 1,000,000 | | |
| Excess Liability | 4,000,000 | 10,000 | |
| Commercial Crime | 10,000,000 | 75,000 | |
| Workers' Compensation | 1,000,000 | | |

(7) Retirement Plan

Plan Description – ACTIA is part of the miscellaneous 2.5% at 55 risk pool, a cost-sharing multiple-employer defined benefit plan. All employees are eligible to participate in the Public Employees' Retirement Fund (the Fund) of the California Public Employees' Retirement System (CalPERS). The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefits provisions and all other requirements are established by State statute. CalPERS issues a publicly available financial statement report. The CalPERS Comprehensive Annual Financial Report may be obtained by writing the State of California's Public Employees' Retirement System at P.O, Box 942709, Sacramento, California 94229-2709.

Funding Policy – The total combined payroll for ACTA and ACTIA for the fiscal year ended June 30, 2010 was \$1,035,500, which approximates covered payroll for employees participating in the Fund. ACTIA, due to a benefits resolution, has an obligation to contribute 7% for covered employees and employees will contribute 1%, which represent the members' portion. ACTIA is required to contribute at an actuarially determined rate. The average rate for the year ended June 30, 2010 was 10.101% of covered payroll.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(6) Retirement Plan (Continued)

Annual Pension Cost – ACTIA's annual pension costs was equal to the required contribution, which was determined as part of an actuarial valuation performed as of June 30, 2008, using the entry age normal cost method. The significant actuarial assumptions used in the valuation were an assumed rate of return on investment assets of 7.75%, projected salary increases ranging from 3.25% to 14.45%, annual payroll growth of 3.25% and inflation of 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term market value fluctuations over a fifteen-year period.

Three Year Trend Information - The following table shows the ACTIA's required contributions and percentage contributed, for the current year and each of the preceding two years.

| | Annual | Percentage | |
|----------------|--------------|---------------|-------------|
| | Pension Cost | of APC | Net Pension |
| Valuation Date | (APC) | Contributions | Obligation |
| 06/30/08 | \$171,690 | 100% | \$0 |
| 06/30/09 | 178,821 | 100% | 0 |
| 06/30/10 | 176,843 | 100% | 0 |

As required by new State law, effective July 1, 2005, the Authority's Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERs to join a new State-wide pool. One of the conditions of entry to these pools was that the Authority true-up any unfunded liability in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERs.

Three-year historical trend information is presented below:

State-wide Pool Miscellaneous Plan:

| | | | | | | Olliulidea |
|----------------|-------------------|--------------------|---------------|--------|----------------|-------------------|
| | | | Unfunded | | | (Overfunded) |
| | Entry Age Accrued | Actuarial Value of | (Overfunded) | Funded | Annual Covered | Liability as % of |
| Valuation Date | Liability | Assets | Liability | Ratio | Payroll | Payroll |
| 2006 | \$912,988,585 | \$787,758,909 | \$125,229,676 | 86.3% | \$200,320,145 | 62.5% |
| 2007 | 1,315,454,361 | 1,149,247,298 | 166,207,063 | 87.4% | 289,090,187 | 57.5% |
| 2008 | 1,537,909,933 | 1,337,707,835 | 200,202,098 | 87.0% | 333,307,600 | 60.1% |

Unfunded

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(7) Other Postemployment Benefits (OPEB)

Plan Description

Employees hired prior to November 1, 2004 - Employees who retire from ACTIA and are eligible to immediately receive a pension from CalPERS are eligible to receive a portion of the cost of the monthly premium for health coverage through the CalPERS medical program. The benefit provided by ACTIA is for the retiree only. It continues until the retiree dies. ACTIA will contribute the lesser of the premium rate for the plan selected by the retiree and the Kaiser Employee only/Early Retiree premium rate. Retirees must contribute the entire cost of spousal and dependent child coverage.

Employees hired November 1, 2004 and later - Eligibility for postretirement health coverage through the Authority will be determined by a vesting schedule. An employee will vest 50% after five years of service with ACTIA. After five years of service with ACTIA, credit will be given for any prior years of PERS service that the employee may have earned with another employer. The employee will vest an additional 5% for each year of service thereafter, up to a maximum of 100%. The benefit provided by ACTIA is for the retiree only. It continues until the retiree dies. ACTIA will contribute the lesser of the premium rate for the plan selected by the retiree and the vested percentage of the weighted average Employee only premium rate based on the enrollment of all active employees.

Employees will be considered 100% vested after 15 years of service with ACTIA, regardless of the number of days after separation from employment.

Retirees must contribute the entire cost of spousal and dependent child coverage

The plan is authorized under the Board Resolution 04-0054. The ACTIA reports the financial activity of the Plan as a trust/ agency fund, and no separate financial report is prepared. Membership of the Plan consisted of the following at July 1, 2009, the date of the latest actuarial valuation:

| Retirees receiving benefits | 3 |
|-----------------------------|---|
| Active plan members | 8 |
| Total | 11 |
| | *************************************** |

Funding Policy - The contribution requirements of ACTIA and the plan members are established and may be amended by the Governing Board. The required contribution is based on the single party Kaiser premium available through the California PERS medical program. During the year ended June 30, 2010, ACTIA contributed \$0. The premiums were funded from the interest earnings of Retiree Benefit Trust.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(7) Other Postemployment Benefits (OPEB) (Continued)

Annual Post Retirement Benefit Costs and Net Post Retirement Benefit Obligations - ACTIA's annual other post retirement benefit (OPEB) obligation cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following tables show the ARC of ACTIA, the components of ACTIA's annual OPEB costs for the year, the amount actually contributed to the Plan, and the changes in ACTIA's net post retirement benefit cost obligation to the Plan.

| Normal Cost at Year End | \$35,793 |
|--|----------|
| Amortization of UAAL | (17,301) |
| Annual required contribution (ARC) | 18,492 |
| Interest on Prior Year Net OPEB Obligation | 1,868 |
| Adjustment to ARC | (2,507) |
| Annual OPEB Cost | 17,853 |
| Contributions made | 0 |
| Increase (Decrease) in Net OPEB Obligation | 17,853 |
| Net OPEB Obligation - Beginning of Year | 37,351 |
| Net OPEB Obligation - End of Year | \$55,204 |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2010 were as follows:

| | Annual | Actual | Percentage of ARC | Net OPEB Obligation |
|-------------|-----------|--------------|-------------------|------------------------|
| Fiscal Year | OPEB Cost | Contribution | Contributed | (Asset) |
| | | | | |
| 6/30/08 | \$17,119 | \$0 | 0% | \$17,119 |
| 6/30/09 | 19,572 | \$0 | 0% | 37,351 |
| 6/30/10 | 17,853 | \$0 | 0% | 55,204 |

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the profitability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimated are made about the future. The schedules of funding progress and employer's contributions are presented as required supplementary information following the notes to the financial statements. The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. The schedule provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(7) Other Postemployment Benefits (OPEB) (Continued)

Funded Status and Funding Progress (Continued)

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

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Actuarial Cost Method. Under the PUC cost method the actuarial present value of projected benefits is allocated ratably over the service of individuals between entry age and the assumed exit age(s). In this valuation each individual's attribution period extends from hire date to estimated retirement date. The actuarial assumptions included a 5% discount rate and 5% investment rate of return. The retirement, mortality and termination rates used in this valuation were recently adopted for use in California PERS pension valuations. The actuarial valuation assumed that the annual health care cost trend rates will decrease gradually from the relatively high rate of annual increase in the past, depending on the age of the employee and the year being projected. See table below for medical trend rates assumptions. The health care cost long-term annual expected rate of increase is in the 5% to 6% range, leading to 5.5% long term rate.

| Calendar Year | Estimated |
|-------------------|-----------|
| Beginning January | Increase |
| 2011 | 7.9% |
| 2012 | 7.6% |
| 2013 | 7.3% |
| 2014 | 7.0% |
| 2015 | 6.7% |
| 2016 | 6.4% |
| 2017 | 6.1% |
| 2018 | 5.8% |
| 2019 & thereafter | 5.5% |

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(7) Other Postemployment Benefits (OPEB) (Continued)

OPEB Schedule of Funding Progress

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

| | Actuarial | | Unfunded | | Annual | UAAL As a |
|----------------|-----------------|-----------------|-------------|---------|-----------|-----------------|
| | Accrued | Actuarial | AAL | Funded | Covered | Percentage of |
| Actuarial | Liability (AAL) | Value of Assets | (UAAL) | Status | Payroll | Covered Payroll |
| Valuation Date | (a) | (b) | (a) - (b) | (b)/(a) | (c) | [(a)-(b)]/(c) |
| 6/30/2007 | \$557,513 | \$873,021 | (\$315,508) | 156.6% | \$989,408 | -31.9% |
| 6/30/2008 | 610,469 | 921,678 | (311,209) | 151.0% | 1,037,158 | -30.0% |
| 6/30/2009 | 665,583 | 923,339 | (257,756) | 138.7% | 1,036,286 | -24.9% |

(8) Related Party Transactions

During the year ended June 30, 2010, ACTIA paid \$1,498,893 for the administrative costs on behalf of ACTA. As of June 30, 2010, \$1,285,414 is receivable from ACTA. This is included in the receivable from other governments total on the statement of net assets and balance sheet.

ACTA is charged various administrative costs such as staff costs, rent, insurance, supplies and other miscellaneous costs on a prorated basis. These costs are approved through the budget process and reimbursed from cash reserves.

(9) Stewardship, compliance and accountability

Excess of expenditures over appropriations- For the year ended on June 30, 2010, expenditures exceeded appropriations for \$2,386,121 in Special Revenue Fund. The excess of actual over budgeted expenditures are due to the timing differences on Board Approved grant expenditures.

(10) Creation of Alameda County Transportation Commission (Alameda CTC) and Termination of ACTA on July 1, 2010

On March 25, 2010, ACTIA, the Alameda County Congestion Management Agency (ACCMA), the County of Alameda, the fourteen cities within Alameda County, the Bay Area Rapid Transit District and the Alameda-Contra Costa Transit District entered into a Joint Powers Agreement (JPA). On June 24, 2010, the Boards of ACTIA and ACCMA gave the final approval which 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, ACTIA and ACTA, and has all the functions and responsibilities of such agencies along with certain additional powers as described in the JPA.

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

Effective on July 1, 2010, ACTA transferred to ACTIA net assets in the amount of \$189, 243,754.

 $\pmb{REQUIRED\ SUPPLEMENTARY\ INFORMATION}$

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2010

| | Budgete | ed Amounts | | |
|--------------------------------------|-------------|-------------|----------------|---|
| | Original | Final | Actual Amounts | Variance with Final Budget- Positive (Negative) |
| Revenues: | | | | |
| Sales tax | \$5,750,000 | \$5,238,710 | \$5,439,121 | \$200,411 |
| Investment income | 223,350 | 233,339 | 291,909 | 58,570 |
| Other | 186,274 | 196,248 | 179,754 | (16,494) |
| Total revenues | 6,159,624 | 5,668,297 | 5,910,784 | 242,487 |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 5,773,604 | 4,766,894 | 4,272,483 | 494,411 |
| Total expenditures | 5,773,604 | 4,766,894 | 4,272,483 | 494,411 |
| Excess of revenues over expenditures | 386,020 | 901,403 | 1,638,301 | 736,898 |
| Net change in fund balances | \$386,020 | \$901,403 | 1,638,301 | \$736,898 |
| Beginning Fund balance | | | 12,984,237 | |
| Ending Fund balance | | | \$14,622,538 | |

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2010

| | Budgeted A | mounts | | |
|-----------------------------|---------------|---------------|----------------|---|
| | Original | Final | Actual amounts | Variance with Final Budget- Positive (Negative) |
| Revenues: | | | | |
| Sales tax | \$57,204,500 | \$51,484,054 | \$54,031,694 | \$2,547,640 |
| Investment income | 301,523 | 291,049 | 249,554 | (41,495) |
| Other | | 2,230 | 2,030 | (200) |
| Total revenues | 57,506,023 | 51,777,333 | 54,283,278 | 2,505,945 |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 1,208,000 | 1,251,970 | 850,048 | 401,922 |
| Public transit | 32,543,209 | 30,720,885 | 32,356,795 | (1,635,910) |
| Local Transportation | 25,569,664 | 23,424,275 | 24,576,408 | (1,152,133) |
| Total expenditures | 59,320,873 | 55,397,130 | 57,783,251 | (2,386,121) |
| Net change in fund balances | (\$1,814,850) | (\$3,619,797) | (3,499,973) | \$119,824 |
| Beginning Fund balance | | | 15,092,919 | |
| Ending Fund balance | | | \$11,592,946 | |

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OTHER SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY SCHEDULE OF SPECIAL REVENUE FUND PROJECTS AND PROGRAMS COMBINING BALANCE SHEET FOR THE YEAR ENDED JUNE 30, 2010 (WITH SUMMARIZED COMPARATIVE AMOUNTS FOR JUNE 30, 2009)

| | | | | Regional | Transit- | | | |
|-----|-------------------------------------|-------------|-------------|-------------|-------------|---------------|--------------|--------------|
| | | | | Bike and | Oriented | Program | Total | al |
| | Assets | Express Bus | Service Gap | Pedestrian | Development | Distributions | 2010 | 2009 |
| Ű | Cash and investments | \$2,713,153 | \$3,736,785 | \$5,250,279 | \$1,368,873 | 8209 | \$13,069,299 | \$16,283,275 |
| Ŗ | Receivables | | | | | | | |
| | Sales tax | 101,552 | 206,643 | 180,632 | 27,456 | 8,139,615 | 8,655,898 | 8,433,489 |
| | Other receivables | | 1,400 | | | | 1,400 | |
| Õ | Due from other governments | | | 6,489 | | | 6,489 | |
| | Total assets | 2,814,705 | 3,944,828 | 5,437,400 | 1,396,329 | 8,139,824 | 21,733,086 | 24,716,764 |
| | Liabilities and Fund Balances | | | | | | | |
| ij | Liabilities: | | | | | | | |
| | Accounts payable | \$109,127 | \$1,302,072 | \$451,974 | \$120,338 | \$8,139,602 | \$10,123,113 | \$9,623,845 |
| | Due to other governments | 1,881 | 13,942 | | 1,204 | | 17,027 | |
| | Total liabilities | 111,008 | 1,316,014 | 451,974 | 121,542 | 8,139,602 | 10,140,140 | 9,623,845 |
| Ξ | Find balances: | | | | | | | |
| | Reserved for: | | | | | | | |
| r | Transportation projects | 2,703,697 | 2,628,814 | 4,985,426 | 1,274,787 | 222 | 11,592,946 | 15,092,919 |
| آخ | Total fund balances | 2,703,697 | 2,628,814 | 4,985,426 | 1,274,787 | 222 | 11,592,946 | 15,092,919 |
| /ie | Total liabilities and fund balances | \$2,814,705 | \$3,944,828 | \$5,437,400 | \$1,396,329 | \$8,139,824 | \$21,733,086 | \$24,716,764 |
| ١٨ | | | | | | | | |

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY SPECIAL REVENUE FUND PROJECTS AND PROGRAMS FOR THE YEAR ENDED JUNE 30, 2010

| | | | Regional Bike and | Transit- Oriented | Program | Total | - |
|----------------------------------|-------------|-------------|----------------------|----------------------|---------------|--------------|--------------|
| Revenues: | Express Bus | Service Gap | Pedestrian | Development | Distributions | 2010 | 2009 |
| Sales tax | \$633,907 | \$1,289,906 | \$1,127,539 | \$171,386 | \$50,808,956 | \$54,031,694 | \$57,958,263 |
| Investment income | 71,936 | 71,049 | 84,137 | 22,432 | | 249,554 | 728,178 |
| Other governments | | | 2,030 | | | 2,030 | 99 |
| Total revenues | 705,843 | 1,360,955 | 1,213,706 | 193,818 | 50,808,956 | 54,283,278 | 58,686,497 |
| Expenditures: | | | | | | | |
| Administration | 13,885 | 358,490 | 366,981 | 110,692 | | 850,048 | 492,849 |
| Public transit | 2,043,397 | 2,850,462 | | 187,984 | 27,274,952 | 32,356,795 | 31,414,738 |
| Local transportation | | | 1,042,488 | | 23,533,920 | 24,576,408 | 26,618,543 |
| Total expenditures | 2,057,282 | 3,208,952 | 1,409,469 | 298,676 | 50,808,872 | 57,783,251 | 58,526,130 |
| Excess of revenues over | | | | | | | |
| expenditures | (1,351,439) | (1,847,997) | (195,763) | (104,858) | 84 | (3,499,973) | 160,367 |
| Net change in fund balances | (1,351,439) | (1,847,997) | (195,763) | (104,858) | 84 | (3,499,973) | 160,367 |
| | | i i | | 6 | , | 4 | |
| rund balances, beginning of year | 4,055,136 | 4,476,811 | 5,181,189 | 1,379,645 | 138 | 15,092,919 | 14,932,552 |
| Fund balances, end of year | \$2,703,697 | \$2,628,814 | \$4,985,426 | \$1,274,787 | \$222 | \$11,592,946 | \$15,092,919 |
| rov | | | | | | | |

Alameda County Transportation Improvement Authority Schedule of Direct and Indirect Expenditures

FYE June 30, 2011

| | | | | Unallowable | BUDGET |
|----|-----------------------------------|--------------|----------------|-------------|--------------|
| # | Budget Categories | Direct Costs | Indirect costs | Costs | TOTAL |
| | | | | Costs | |
| 1 | Salaries and Benefits | \$ 712,136 | \$ 756,415 | | \$ 1,468,552 |
| 2 | Office Expenses | 11,000 | 334,200 | \$ 22,100 | 367,300 |
| 3 | Publications | | 145,000 | | 145,000 |
| 4 | Professional Services | 3,668,904 | 1,285,802 | 280,000 | 5,234,706 |
| 5 | Office Rental | | 242,747 | 77,253 | 320,000 |
| 6 | Equipment Purchases | | 15,000 | | 15,000 |
| 7 | Insurance | | 70,000 | 10,000 | 80,000 |
| 8 | Tax Collection Costs | | | 1,225,000 | 1,225,000 |
| 9 | Projects | 85,695,267 | | | 85,695,267 |
| 10 | Grants | 10,641,911 | | | 10,641,911 |
| 11 | Pass-Through | 48,413,268 | | | 48,413,268 |
| 12 | Total Expenses | 149,142,486 | 2,849,164 | 1,614,353 | 153,606,004 |
| 13 | Prior year Indirect cost Filing/C | arryforward | None | | |
| 14 | Depreciation | | | | |
| 15 | Amount Recoverable | | 2,849,164 | | |
| | | | | | |
| | | | | | |
| 16 | Ratio of Indirect to Direct Costs | 3 | 1.91% | | |
| 17 | Ratio of Indirect to Direct-w/o F | Pass-Through | 2.83% | | |

SINGLE AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2010

SINGLE AUDIT REPORT For The Year Ended June 30, 2010

TABLE OF CONTENTS

| <u>Page</u> |
|---|
| Schedule of Findings and Questioned Costs |
| Section I - Summary of Auditor's Results |
| Section II – Financial Statement Findings |
| Section III – Federal Award Findings and Questioned Costs |
| Section IV - Status of Prior Year Findings and Questioned Costs |
| Schedule of Expenditures of Federal Awards |
| Notes to Schedule of Expenditures of Federal Awards |
| 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> |
| Report On Compliance with Requirements Applicable To Each Major Program and On Internal Control Over Compliance In Accordance With OMB Circular A-133 |

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended June 30, 2010

SECTION I—SUMMARY OF AUDITOR'S RESULTS

| <u>Financial Statements</u> | | | |
|---|-------------------|---------|------------------|
| Type of auditor's report issued: | Unqualifi | ed | _ |
| Internal control over financial reporting:Material weakness(es) identified? | Yes | X | _ No |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes | X | None Reported |
| Noncompliance material to financial statements noted? | Yes | X | _ No |
| Federal Awards | | | |
| Type of auditor's report issued on compliance for major programs: | Unqualifi | ed | _ |
| Internal control over major programs: Material weakness(es) identified? Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes | X X | No None Reported |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | Yes | X | _ No |
| Identification of major programs: | | | |
| CFDA#(s) Name of Federal | Program or Cluste | er | |
| 20.200 Highway Research and Development Pr | ogram | | |
| Dollar threshold used to distinguish between type A and type B | programs: \$ | 300,000 | |
| Auditee qualified as low-risk auditee? | X Yes | | _ No |

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated September 15, 2010 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS -

Financial Statement Prior Year Findings

There were no prior year Financial Statement Findings reported.

Federal Award Prior Year Findings and Questioned Costs

There were no prior year Federal Award Findings and Questioned Costs reported.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2010

| Federal Grantor/ Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Federal Expenditures |
|--|---------------------------|---------------------------------------|-------------------------|
| U.S. Department of Transportation Pass-Through State of California Department of Transportation Highway Research and Development Program | 20.200 | STPL-6430(001) | \$822,543 |
| Total Expenditures of Federal Award | | | \$822,543 |

See Accompanying Notes to Schedule of Expenditures of Federal Award

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2010

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the Alameda County Transportation Improvement Authority , California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the Authority by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Authority. The Schedule includes both of these types of Federal award programs when applicable.

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

The Governing Board of the of the Alameda County Transportation Improvement Authority, Oakland California

We have audited the financial statements of the Alameda County Transportation Improvement Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We have also issued a separate Memorandum on Internal Control dated September 15, 2010 which is an integral part of our audits and should be read in conjunction with this report.

This report is intended solely for the information and use of Governing Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 15, 2010

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

Independent Auditor's Report

The Governing Board of the Alameda County Transportation Improvement Authority (Authority) Oakland, California

Compliance

We have audited the Alameda County Transportation Improvement Authority's 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 each of the Authority's major federal programs for the year ended June 30, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.7

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Governing Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 15, 2010

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To the Governing Board of the Alameda County Transportation Improvement Authority Oakland, California

We have audited the basic financial statements of the Alameda County Transportation Improvement Authority (Authority) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010. We have also audited the accompanying Alameda County Transportation Improvement Authority Limitations Worksheet (Limitations Worksheet) for the year ended June 30, 2010. The Worksheet is the responsibility of the Authority's management. Our responsibility is to express an opinion on this Limitations Worksheet based on our audit.

We conducted our audit of the Limitations Worksheet in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Limitations Worksheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Limitations Worksheet. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall Worksheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Limitations Worksheet referred to above, presents fairly, in all material respects, the administrative cost and related percentages of the Authority for the year ended June 30, 2010, in conformity with the accounting principles generally accepted in the United States of America.

September 15, 2010

| ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY | |
|--|---|
| Limitations Worksheet Basis for Salary and Benefits Limitation and the Administrative Cost Limitation | |
| Revenues Gross Sales Tax Less Collection Fees (BOE, Audit fees) Net SALES TAX PROCEEDS Investments and Other Income-Net of Related Costs Total Net Revenue-"FUNDS GENERATED" | \$ 95,642,284 (1,188,710 94,453,574 9,411,64 \$ 103,865,214 |
| <u>Expenditures</u> | |
| Gross Salaries and Benefits | \$ 936,973 |
| Administrative Salary & Benefits | 936,97 |
| Other Admin Costs (Consultants, Rent, Supplies, etc) under General Fund | 1,952,72 |
| Total Administration Costs | \$ 2,889,696 |
| Compliance on Salary and Benefits Cost Limitation (Maximum Allowed is 1%) Ratio of Gross Sal. & Ben. to "Net SALES TAX PROCEEDS" (Expenditure Plan Requirement) | 0.992 |
| Ratio of Gross Sal. & Ben. to FUNDS GENERATED (PUC 180109 Requirement) | 0.9029 |
| Compliance on Administration Cost Limitation (Maximum Allowed is 4.5%) Ratio of Total Admin. Costs to "Net SALES TAX PROCEEDS" (Expenditure Plan Requirement) | 3.059 |



ACCMA

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Memorandum

DATE: October 29, 2010

TO: Finance and Administration Committee

FROM: Arthur L. Dao, Executive Director

Anees Azad, Finance and Administration Manager

SUBJECT: Approval of ACTA Draft Audit for Fiscal Year 2009/2010

Recommendation:

It is recommended that the Commission accept the following documents as presented by the certified public accounting firm of Maze and Associates, LLP. For fiscal year 2009/2010:

1. Draft Basic Financial Statements

Discussion

As required by Measure B and SB 878, an annual independent financial audit was conducted by a certified public accounting firm for the fiscal year ending June 30, 2010. As there were <u>no</u> transactions involving federal funds of more than \$500,000, the auditors did not performed the Single Audit as required by the federal grant.

The audit firm of Maze and Associates, LLP, is ACTA's new auditor. This audit is the final independent audit for ACTA as the ACTA Board authorized the transfer of all assets, liabilities, fund balance and functions to ACTIA. These assets, liabilities and fund balance will be included with ACTIA's financial statements, as a segregated fund, starting July 1, 2010.

As part of their audit services, the auditor issues a management letter if they identify any material weaknesses in the internal control structure found during the audit of the financial statements, and discusses items of administrative concern. The auditors did not find any material weaknesses and will issue a statement stating so (see Statement to ACTA Board).

We want to take this opportunity to thank Lei Lam, Senior Accountant, the Project Control Team and Maze and Associates staff for their assistance. This is the first year of Maze's contract with ACTIA, and we want to thank them for their diligent efforts in helping ACTA address the increasing audit requirements.

Fiscal Impact

None

Attachments

A Draft ACTA Audit FY 2009-10 and Statement to ACTA Board

ALAMEDA COUNTY TRANSPORTATION AUTHORITY BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

PREPARED BY THE
FINANCE AND ADMINISTRATION
DEPARTMENT

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TABLE OF CONTENTS JUNE 30, 2010

| | Page |
|--|------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements | |
| Governmental Funds - Balance Sheet / Statement of Net Assets | 12 |
| Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities | 13 |
| Notes to Financial Statements | 15 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Bases on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards | 27 |

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INDEPENDENT AUDITORS' REPORT

The Governing Board of the Alameda County Transportation Authority Oakland, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alameda County Transportation Authority (ACTA) as of and for the year ended June 30, 2010, which collectively comprise ACTA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ACTA's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the ACTA's June 30, 2009, financial statements which were audited by other auditors whose unqualified opinion was dated October 26, 2009.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of ACTA as of June 30, 2010, and the respective changes in the financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2, ACTA Board passed a resolution which transferred all assets, liabilities, and responsibilities to ACTIA, effective on July 1, 2010.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2010 on our consideration of the ACTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

September 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

s management of the Alameda County Transportation Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the Fiscal Year Ended June 30, 2010 (FYE 2010). We encourage readers to consider the information presented here in conjunction with the Authority's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The Authority's overall financial position remained steady in FYE 2010 as it continued its transition to the post-collection period where the primary activity is the delivery of remaining expenditure plan capital projects. At the end of the fiscal year, the Authority had \$189.2 million in net assets to deliver the remaining projects in the ACTA Expenditure Plan.

The fiscal year ended June 30, 2002 was a pivotal stage for the Authority as the sales tax collection stopped as of March 31, 2002. From that year forward, expenditures have generally exceed revenues and the Authority will spend down the net assets accumulated over the prior years on the remaining projects in the 1986 Expenditure Plan.

In FYE 2010, the Authority posted revenues of \$8.1 million, primarily from interest on investments. ACTA's total expenditures for FYE 2010 were \$30.9 million. A total of \$30.1 million and \$20.2 million were expended in FYE 2009 and FYE 2008, respectively.

Of note is the remaining fund balance of \$185.2 million at the close FYE 2010 (compared to \$208.0 million at the end of last fiscal year). These funds are assets restricted for the completion of the remaining projects in the 1986 Expenditure Plan approved by voters, or as amended.

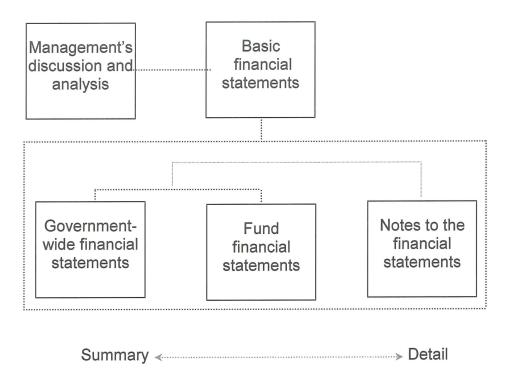
On June 2010, the ACTA Board adopted a resolution that transfers all of ACTA's assets, responsibilities, functions and liabilities to ACTIA to be effective on July 1, 2010. The ACTA Board also adopted the resolution that ACTA be dissolved, terminated and extinguished effective July 1, 2010, following the transfer. Effective July 1, 2010, ACTA transferred to ACTIA net assets in the amount of \$189,243,754.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the management's discussion and analysis (this section), and the basic financial statements, including the government-wide financial statements, statements for the general and governmental funds. The basic financial statements show the consolidated presentation of governmental funds, along with the required adjustments and the resulting government-wide statements. The distinction between the two formats is summarized below:

- The government-wide statements include the statement of net assets and the statement of activities, which provides a summary of both the expenses and revenues by function or program.
- The governmental fund statements, that provide a summary of the following:
 - o Balance sheet showing the assets and liabilities by function;
 - Statement of revenues, expenditures and changes in fund balances, again by function (and reconciliation to the statement of activities); and

Figure A-1
The Alameda County Transportation Authority
Required Components of the Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-2 summarizes the major features of the Authority's financial statements, including the portion of the Authority they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2 The Alameda County Transportation Authority Major Features of the Government-Wide and Fund Financial Statements

| | Government-Wide Statements | Governmental Funds |
|---|--|--|
| Scope | Entire Authority | The activities of the entire Authority that are not proprietary or fiduciary, such as highways and streets and public transit |
| Required financial statements | Statement of net assets Statement of activities | Balance sheet Statement of revenues, expenditures, and changes in fund balances |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus |
| Type of asset/ liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included |
| Type of inflow/ outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter |

Government-Wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Authority's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The statement of activities includes the expenses, revenues, and changes in net assets by function or program.

The two government-wide statements report the Authority's net assets and how they have changed. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position. Over time, increases or decreases in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Authority include only one category:

• Governmental activities – The Authority's basic services are included here, such as highways and streets, and public transit.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's governmental funds, not the Authority as a whole. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The Authority Board establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Government-wide statements include the statement of activities and the statement of net assets. Overall, expenses exceeded revenues, which in turn lowered the reserve funds for the expenditure plan implementation.

Activities: The Authority's total revenues for the current year, FYE 2010, were \$8.1 million, of which \$2.3 million were from capital grants, \$5.8 million was from operating grants/interest. The Authority's total revenues for FYE 2009 were \$14.9 million, of which \$2.5 million were from capital grants, \$12.4 million was from operating grants/interest and \$5 thousand were from residual sales tax receipts. The Authority's total revenues for FYE 2008 were \$16.2 million, of which \$0.6 million were from capital grants, \$14.9 million was from operating grants/interest and \$0.7 million were from residual sales tax receipts (see Table A-1 and Figure A-3).

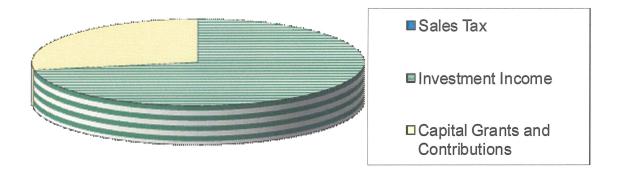
The total expenses for the Authority in the current year, FYE 2010, were \$30.9 million, which was primarily for Highways and Streets. The total expenses for FYE 2009 were \$30.1 million, which was primarily for Highways and Streets. The total expenses for the Authority in FYE 2008 were \$20.2 million, which was primarily for Highways and Streets (see Table A-1 and Figure A-4).

In the current year, FYE 2010, expenses exceeded revenues by \$22.8 million, resulting in net assets of \$189.2 million at year-end. In FYE 2009, expenses exceeded revenues by \$15.1 million, resulting in net assets of \$212.1 million at year-end. In FYE 2008, expenses exceeded revenues by \$4.0 million, resulting in net assets of \$227.2 million at year-end (see Table A-1).

Table A-1
The Alameda County Transportation Authority
Changes in the Net Assets
Years Ended June 30, 2010, 2009 and 2008

| | | Go | vern | mental Activit | ies | |
|--|-----------|--------------|------|----------------|-----|-------------|
| | | 2010 | | 2009 | | 2008 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Investment Income | S | 5,840,620 | \$ | 12,425,608 | \$ | 14,910,354 |
| Capital grants and contributions | | 2,243,845 | | 2,501,241 | | 562,901 |
| General revenues: | | | | | | |
| Sales taxes | | - | | 5,150 | | 656,474 |
| Other | | - | | - | | 23,950 |
| Total revenues | - | 8,084,465 | | 14,931,999 | | 16,153,679 |
| Expenses | | | | | | |
| Highway and Streets | | 29,423,768 | | 28,418,996 | | 20,092,371 |
| Administration | | 1,504,634 | | 1,641,149 | | |
| Public Transit | | - | | 309 | | 86,207 |
| Total expenses | | 30,928,402 | | 30,060,454 | - | 20,178,578 |
| Change in Net Assets Fund Balance Adjustment | | (22,843,937) | | (15,128,455) | | (4,024,899) |
| Net assets (deficit), beginning of year | Continues | 212,087,691 | | 227,216,147 | | 231,241,046 |
| Net assets (deficit), end of year | \$ | 189,243,754 | \$ | 212,087,692 | s | 227,216,147 |

Figure A-3
The Alameda County Transportation Authority
Sources of Revenue for the Year Ended June 30, 2010



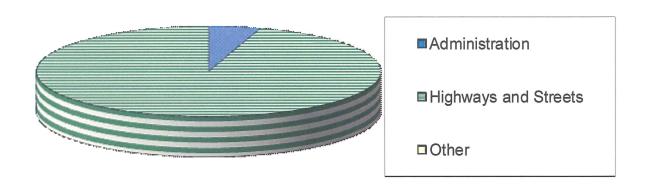


Figure A-4
The Alameda County Transportation Authority
Functional Expenses for the Year Ended June 30, 2010

Net Assets: The total assets of the Authority at June 30, 2010 (current year) were \$191.9 million, of which \$186.5 was from cash and investments. Of the total net assets, \$4.1 million is invested in capital assets, and \$185.2 is restricted for highways and streets. The total assets of the Authority at June 30, 2009 (prior year) were \$218 million, of which \$212.8 was from cash and investments. Of the total net assets, \$4.1 million is invested in capital assets, and \$204 million is restricted for highways and streets. The total assets of the Authority at June 30, 2008 were \$228.8 million, of which \$223.0 was from cash and investments. Of the total net assets, \$4.1 million is invested in capital assets, and \$223.2 million is restricted for highways and streets (see Table A-2).

Table A-2
The Alameda County Transportation Authority
Net Assets
June 30, 2010, 2009 and 2008

| | | Go | vern | mental Activit | ies | |
|--|----|-------------|------|----------------|-----|-------------|
| | | 2010 | | 2009 | | 2008 |
| Cash and Investments | \$ | 186,487,031 | \$ | 212,777,522 | \$ | 222,969,616 |
| Receivables | | | | | | |
| Accrued interest | | 28,377 | | 38,452 | | 97,622 |
| Other governments | | 1,242,421 | | 1,037,758 | | 1,580,291 |
| Other | | | | | | 62,029 |
| Capital assets (net of accumulated depreciation) | | | | | | |
| Land | | 4,068,000 | | 4,068,000 | | 4,068,000 |
| Furniture and equipment | | 17,770 | | 23,511 | | 32,134 |
| Other Assets | | 13,996 | | 6,538 | | 38,005 |
| Total assets | \$ | 191,857,595 | S | 217,951,781 | \$ | 228,847,697 |
| Accounts payable | S | 1,328,427 | S | 5,757,617 | s | 1,515,252 |
| Payable to other government | | 1,285,414 | | 106,472 | | 116,298 |
| Other | | - | | - | | - |
| Noncurrent liabilities | | - | | - | | - |
| Total liabilities | | 2,613,841 | | 5,864,089 | | 1,631,550 |
| Net assets: | | | | | | |
| Invested in capital assets | | 4,085,770 | | 4,091,511 | | 4,100,134 |
| For: | | | | | | |
| Highway and streets | | 185,157,984 | | 207,996,181 | | 223,116,013 |
| Total net assets | | 189,243,754 | | 212,087,692 | | 227,216,147 |
| Total Liabilities and Net | | | | | | |
| Assets | S | 191,857,595 | S | 217,951,781 | S | 228,847,697 |

1Financial Analysis of the Authority's Funds

Governmental Funds

The Authority uses fund accounting to ensure compliance with finance-related legal requirements. The governmental funds in this case include the general, capital projects, and special revenue funds.

In FYE 2006, the Authority (ACTA) transferred all employees, administrative functions and related liabilities to ACTIA. This leaves only the capital projects accounting under ACTA. As a result of this change, the funds activity reported under ACTA were primarily related to the Capital Fund. This fund accounts for capital project expenditures and administrative costs (including consultants, salaries and benefits) relating to the delivery of capital projects.

The total net assets of the Authority at June 30, 2010 (current year) were \$189.2 million, of which \$186.5 million was from cash and investments. The total net assets of the Authority at June 30, 2009 (prior year) were \$212.1 million, of which \$212.8 million was from cash and investments. The total net assets of the Authority at June 30, 2008 were \$227.2 million, of which \$223.0 million was from cash and investments.

At the end of FYE 2010 (current year), the Authority's liabilities were \$2.6 million, of which \$1.3 million is for accounts payable related to the capital projects fund and the balance is other liabilities. At the end of FYE 2009 (prior year), the Authority's liabilities were \$5.8 million, of which all is for accounts payable related to the capital projects fund and the balance is other liabilities. At the end of FYE 2008, the Authority's liabilities were \$1.6 million, of which nearly all is for accounts payable related to the capital projects fund.

Of the fund balances at the end of FYE 2010, \$185.2 million is reserved for Highways and Streets, for both capital projects and general administration. Of the fund balances at the end of FYE 2009, \$208 million was reserved for Highways and Streets, for both capital projects and general administration. Of the fund balances at the end of FYE 2008, \$223.1 million was reserved for Highways and Streets, for both capital projects and general administration.

In FYE 2010 (current year), the Authority had revenues of \$8.1 million, including \$5.8 million from investment income, and \$2.2 million from local matching funds. During the year, the Authority expended \$30.9 million through the governmental funds, mostly for highways and streets. In FYE 2009 (prior year), the Authority had revenues of \$14.9 million, including \$5 thousand from the sales tax, \$12.4 million from investment income, and \$2.5 million from local matching funds. During the year, the Authority expended \$30.1 million through the governmental funds, mostly for highways and streets. In FYE 2008, the Authority had revenues of \$16.2 million, including \$0.7 million from the sales tax, \$14.9 million from investment income, and \$0.6 million from local matching funds. During the year, the Authority expended \$20.2 million through the governmental funds, mostly for highways and streets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2010, 2009 and 2008, the Authority had invested \$4.1 million in capital assets, including property and furniture and equipment (see Table A-3).

Table A-3
The Alameda County Transportation Authority
Capital Assets (net of depreciation)
June 30, 2010, 2009 and 2008

| | A CONTRACTOR OF THE PARTY OF TH | 2010 | | 2009 | | 2008 |
|-----------------------------------|--|-----------|----|-----------|----|-----------|
| Land | \$ | 4,068,000 | S | 4,068,000 | S | 4,068,000 |
| Furniture and equipment | | | | | | |
| (net of accumulated depreciation) | | 17,770 | | 23,511 | | 32,134 |
| Total | S | 4,085,770 | \$ | 4,091,511 | \$ | 4,108,899 |

Long-Term Debt

As of June 30, 2010, 2009 and 2008, the Authority had no outstanding debt.

COMPARISON OF BUDGETED TO ACTUAL:

Prior to the start of each fiscal year, the Authority adopts a budget for the fiscal year. This budget may be modified at quarterly intervals resulting in subsequent legally adopted budget. These modifications are made to adjust revenues that change due to the economic climate and adjust expenses to the changes in revenues or capital project costs.

The final revenue budget for the Authority was \$7.3 million; the actual revenue was \$8.1 million. The variance is due to the investment income exceeding budget estimates.

The final budget anticipated expenditures of \$25.2 million. Actual expenditures were \$30.9 million and the variance was due to the timing of the expenditures on board authorized capital projects.

ECONOMIC FACTORS AND FUTURE PROJECTIONS

As the sales tax collection period ended in 2002, the Authority relies on the cash and investment balance, interest earnings on its investment balance and commitments from federal, state and local sources for the completion of the remaining projects. The improvement in interest rate has had a positive impact on the Authority's ability to complete the remaining projects. In the future, significant changes to the interest rates, project commitment levels and project cost overruns are likely to impact the Authority's ability to complete the remaining projects.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning information provided in this report or requests for additional financial information should be addressed to Arthur L. Dao or Anees Azad of the Alameda County Transportation Authority at 1333 Broadway, Suite 300, Oakland, California, CA 94610.

ALAMEDA COUNTY TRANSPORTATION AUTHORITY
GOVERNMENTAL FUNDS - BALANCE SHEET / STATEMENT OF NET ASSETS
JUNE 30, 2010
(WITH SUMMARIZED COMPARATIVE AMOUNTS FOR JUNE 30, 2009)

| | Canital | | ĺ | Statement of Net Assets | let Assets |
|--|---------------------|------------------------------|-----------------|-------------------------|-----------------------------|
| Assets | Projects | Total | Adjustments | Total | Total |
| Cash and investments Receivables | \$186,487,031 | \$186,487,031 | | \$186,487,031 | \$212,777,522 |
| Accrued interest Other Government agencies | 28,377 1,242,421 | 28,377 1,242,421 | | 28,377 1,242,421 | 38,452 60,469 977,289 |
| Capital assets Land | | | (1) \$4,068,000 | 4,068,000 | 4,068,000 |
| r uniture and equipment (fiet of accumulated depreciation) Other | 13,996 | 13,996 | (1) 17,770 | 17,770 | 23,511 6,538 |
| Total assets | \$187,771,825 | \$187,771,825 | 4,085,770 | 191,857,595 | 217,951,781 |
| Liabilities and Fund Balances Liabilities: Accounts payable Payable to other government agencies | \$1,328,427 | \$1,328,427 | | 1,328,427 | 5,757,617 |
| Total liabilities | 2,613,841 | 2,613,841 | | 2,613,841 | 5,864,089 |
| Fund balances: Reserves for: Highway and streets | 185,157,984 | 185,157,984 | (185,157,984) | | |
| Total fund balances Total liabilities and fund balances | \$187,771,825 | 185,157,984 \$187,771,825 | (185,157,984) | | |
| Net Assets: | | | | | |
| Invested in capital assets | | | 4,085,770 | 4,085,770 | 4,091,511 |
| Restricted | | | 185,157,984 | 185,157,984 | 207,996,181 |
| Total net assets | | | \$189,243,754 | \$189,243,754 | \$212,087,692 |
| | | | | | |

(1) Amounts reported for governmental activities in the statement of net assets are different because: Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES (WITH SUMMARIZED COMPARATIVE AMOUNTS FOR JUNE 30, 2009) ALAMEDA COUNTY TRANSPORTATION AUTHORITY IN FUND BALANCE \ STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

| | | | | Statement of Activities | Activities |
|---|---------------|---------------|-------------|-------------------------|-------------------|
| | Capital | | | 2010 | 2009 |
| Revenues: | Projects | Total | Adjustments | Total | Total |
| Sales tax | | | | | \$5,150 |
| Investment income | \$5,840,620 | \$5,840,620 | | \$5,840,620 | 12,425,608 |
| Local matching funds | 2,243,845 | 2,243,845 | | 2,243,845 | 2,501,241 |
| Total revenues | 8,084,465 | 8,084,465 | | 8,084,465 | 14,931,999 |
| Expenditures\expenses: | | | | | |
| Current: | | | | | |
| Administration | 1,498,893 | 1,498,893 (1) | \$5,741 | 1,504,633 | 1,641,149 |
| Highways and Streets Public transit | 29,423,768 | 29,423,768 | | 29,423,768 | 28,418,996 309 |
| Total expenditures\expenses | 30,922,661 | 30,922,661 | 5,741 | 30,928,402 | 30,060,454 |
| Excess (Deficiency) of revenues over expenditures | (22,838,196) | (22,838,196) | (5,741) | (22,843,937) | (15,128,455) |
| Net change in fund balances\net assets | (22,838,196) | (22,838,196) | (5,741) | (22,843,937) | (15,128,455) |
| Beginning of year | 207,996,180 | 207,996,180 | 4,091,511 | 212,087,691 | 227,216,147 |
| End of year | \$185,157,984 | \$185,157,984 | \$4,085,770 | \$189,243,754 | \$212,087,692 |
| | | | | | |

over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated in the current period.

See accompanying notes to financial statements

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(1) Summary of Significant Accounting Policies

a. Reporting Entity

The Alameda County Transportation Authority (ACTA) was created by the approval of Measure B by Alameda County, California (the County) voters in November 1986. Measure B authorized the imposition of a one-half of one percent sales and use tax (the sales tax) in the County, the proceeds of which are principally reserved for highway improvements, local transportation improvements, and transit funding (collectively, the programs) in the County. The sales tax commenced April 1, 1987 and expired on March 31, 2002.

ACTA is 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.

The basic financial statements of ACTA include all of its financial activities. ACTA is the sole independent Authority responsible for receiving and allocating funds from the 1986 Measure B necessary to complete the program and was governed by a nine-member board of elected officials from the County and local sites. Please refer to Footnote (2) for details.

b. Government-Wide and Fund Financial Statements

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

c. Measurement Focus, Basics of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economics measurement focus* and *accrual basis of accounting*. Revenues are recorded when earned and expenses area recorded when a liability is incurred, regardless of the timing of related cash flows. Sales tax revenues are recorded when the tax is due from the State Board of Equalization. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, ACTA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

d. Measurement Focus, Basics of Accounting, and Financial Statement Presentation (Continued)

Sales taxes, 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 so have been recognized as revenues of the current fiscal period using the modified accrual basis of accounting as described above.

ACTA reports the following major governmental fund:

The capital projects fund is the primary operating fund, which accounts for resources accumulated and payments made for the acquisition or construction of major capital improvements in accordance with the Alameda County Transportation Authority Expenditure Plan. ACTA does not retain ownership of these improvements.

e. Budgetary Data

Following a public meeting, ACTA adopts an annual budget for all governmental fund types to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the program level, the amounts stated therein as proposed expenditures become appropriations to the various programs. Once a quarter, ACTA approves all transfers between expenditure objects and overall budget modifications during the year. For the capital projects fund, ACTA approves reimbursements to the project sponsors, and reimbursements are not to exceed contract limits. Annual budgets are adopted on a basis consistent with accounting principles, generally accepted in the United States of America.

f. Deposits and Investments

ACTA's cash and investments are maintained in custodial investment accounts managed by independent investment advisors, and with the California State Treasurers. ACTA generally holds investments until maturity. All cash and investments of ACTA are restricted as to their use as specified in the State government code.

ACTA's investments are stated at fair value. Fair value has been obtained by using market quotes as of June 30, 2010 and reflects the values as if ACTA were to liquidate the securities on that date. Money market investments are valued at amortized cost, which approximates market value.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

g. Capital Assets

Capital assets, which include land, leasehold improvements, and furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by ACTA as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets of ACTA are depreciated using the straight-line method over the following estimated useful lives:

| | Years_ |
|--------------------------------|--------|
| Office Furniture and Equipment | 5 |
| Computer Equipment | 3 |
| Leasehold Improvements | 5 |

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. ACTA does not have any long-term liabilities.

i. Fund Equity

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

j. Interfund Transfers

Interfund transfers are generally recorded as transfers in (out) except for reimbursement for services performed, which are recorded as a reduction of expenditures in the performing fund and expenditures of the receiving fund.

k. Estimates

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(2) Creation of Alameda County Transportation Commission (Alameda CTC) and Termination of ACTA on July 1, 2010

On March 25, 2010, ACTIA, the Alameda County Congestion Management Agency (ACCMA), the County of Alameda, the fourteen cities within Alameda County, the Bay Area Rapid Transit District and the Alameda-Contra Costa Transit District entered into a Joint Powers Agreement (JPA). On June 24, 2010, the Boards of ACTIA and ACCMA gave the final approval which 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, ACTIA and ACTA, and has all the functions and responsibilities of such agencies along with certain additional powers as described in the JPA.

ACTA Board had determined that ACTA be terminated upon the formation of the Alameda CTC, and that all assets, functions and responsibilities, including but not limited to ACTA's existing contracts and agreements, be transferred and assigned to ACTIA, and thereafter transferred and assigned to the Alameda CTC upon the establishment by Alameda CTC of such accounts and administrative capabilities as may be required to accept such transfer and assignment.

On June 24, 2010, the ACTA Board adopted the resolution that for financial transaction and accounting purposes, the transfer of ACTA's assets, responsibilities and liabilities to ACTIA to be effective on July 1, 2010. The ACTA Board also adopted the resolution that ACTA be dissolved, terminated and extinguished effective as of the date of closing of the transfer of ACTA's assets, functions and responsibilities to ACTIA, which was July 1, 2010. All known debts, liabilities and other obligations of ACTA were assumed by ACTIA on July 1, 2010 and thereafter would be assumed by the Alameda CTC.

Effective on July 1, 2010, ACTA transferred to ACTIA all remaining net assets in the amount of \$189, 243,755.

(3) Deposits and Investments

Summary of Deposits and Investments

Deposits and Investments as of June 30, 2010, consists of the following:

Cash and cash equivalents \$53,612
Investments \$186,433,420
\$186,487,032

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(3) Deposits and Investments (Continued)

Policies and Practices

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

General Authorizations

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

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

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

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. ACTA 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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(3) Deposits and Investments (Continued)

Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of ACTA's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of ACTA's investment by maturity:

| Investment Type | 12 Months or less | 13 to 24 Months | 25 to 60 Months | Total |
|---|----------------------|--------------------|--------------------|---------------|
| U.S. Agency Securities: | | | | |
| Non-Callable | \$25,805,363 | \$30,032,314 | \$41,462,723 | \$97,300,400 |
| Callable | | 2,253,825 | | 2,253,825 |
| U.S. Treasury Bonds | 13,789,695 | 15,485,011 | 1,315,821 | 30,590,527 |
| Corporate Notes | 5,436,405 | 26,129,799 | 6,640,804 | 38,207,008 |
| Money Market Mutual Funds | 223,210 | | | 223,210 |
| California Local Agency Investment Fund | 17,858,450 | | | 17,858,450 |
| Total Investments | 63,113,123 | 73,900,949 | 49,419,348 | 186,433,420 |
| Cash in Bank | 53,612 | | | 53,612 |
| Total Cash and Investments | \$63,166,735 | \$73,900,949 | \$49,419,348 | \$186,487,032 |

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2010, these investments matured in an average of 203 days.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(3) Deposits and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, ACTA's investment policy, or debt agreements, and the actual rating, per Moody's, as of the year-end for each investment type.

| Investment Type | Aaa | Aa2 | <u>A1</u> | Not Rated | Total |
|---|---------------|-------------|-------------|--------------|---------------|
| U.S. Agency Securities: | | | | | |
| Non-Callable | \$97,300,400 | | | | \$97,300,400 |
| Callable | 2,253,825 | | | | 2,253,825 |
| U.S. Treasury Bonds | | | | \$30,590,527 | 30,590,527 |
| Corporate Notes | 31,231,310 | \$3,841,208 | \$3,134,490 | | 38,207,008 |
| Money Market Mutual Funds | 223,210 | | | | 223,210 |
| California Local Agency Investment Fund | | | | 17,858,450 | 17,858,450 |
| Totals Investments | 131,008,745 | 3,841,208 | 3,134,490 | 48,448,977 | 186,433,420 |
| Cash in Bank | 53,612 | | | | 53,612 |
| Total Cash and Investments | \$131,062,357 | \$3,841,208 | \$3,134,490 | \$48,448,977 | \$186,487,032 |

Concentration of Credit Risk

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

| Issuer | Investment Type | Reported Amount |
|---------------------------------|---------------------------|-----------------|
| Federal Home Loan Bank | Federal Agency Securities | \$23,640,197 |
| Federal Home Loan Mortgage Corp | Federal Agency Securities | 38,515,665 |
| Federal National Mortgage Assoc | Federal Agency Securities | 12,063,676 |

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(3) Deposits and Investments (Continued)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, ACTA's deposits may not be returned to it. ACTA's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2010, ACTA's bank balance with a reported balance of \$53,612 is collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the ACTA.

Custodial Credit Risk - Investments

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(4) Capital Assets

a. Capital Assets - Governmental Activities

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

| | Balance at June 30, 2009 | Additions | Balance at June 30, 2010 |
|---|-----------------------------|-----------|--------------------------|
| Capital assets not being depreciated | | | |
| Land | \$4,068,000 | | \$4,068,000 |
| Total capital assets not being depreciated | 4,068,000 | | 4,068,000 |
| Capital assets being depreciated: | | | |
| Furniture, equipment and leasehold improvements | 54,813 | \$2,192 | 57,005 |
| Total capital assets being depreciated | 54,813 | 2,192 | 57,005 |
| Accumulated depreciation: | | | |
| Furniture, equipment and leasehold improvements | (31,302) | (7,933) | (39,235) |
| Total capital assets being depreciated, net | 23,511 | (5,741) | 17,770 |
| Governmental activities capital assets, net | \$4,091,511 | (\$5,741) | \$4,085,770 |

b. Depreciation Expense

Depreciation expense of \$7,933 is reflected under the administration function of ACTA.

(5) Interfund Transfers

There were no inter-fund transfers in the current fiscal year.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(6) Commitments and Contingent Liabilities

a. Agreements with Engineering Firms

ACTA has entered into contracts with various private engineering firms and other agencies to provide scoping/planning, engineering, environmental, design, right of way engineering and acquisition, construction and constructions management services. As of June 30, 2010, the total outstanding commitments (not paid or accrued) are \$12.5 million. The terms range from June 30, 2010 to 4 years (or acceptance of the phase of work, whichever is earlier).

b Agreements with Project Sponsors

ACTA has entered into contracts with various project sponsors to provide scoping/planning, engineering, environmental, design, right of way engineering and acquisition, construction, and construction management services. As of June 30, 2010, the total outstanding commitments (not paid or accrued) are \$51.0 million. The terms range from June 30, 2010 to 3 years (or acceptance of the phase of work, whichever is earlier).

c. Insurance, Claims and Litigation

ACTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disaster. ACTA has purchased commercial insurance coverage for general liability, workers' compensation, employee and automobile liability, fidelity, and property coverage. Settlements have not exceeded insurance coverage in the past three years.

| Type of Claim | Coverage Limits | Deductible | |
|-----------------------|-----------------|------------|--|
| | | | |
| Property | \$200,000 | \$1,000 | |
| General Liability | 2,000,000 | 1,000 | |
| Automobile | 1,000,000 | | |
| Excess Liability | 4,000,000 | 10,000 | |
| Commercial Crime | 10,000,000 | 75,000 | |
| Workers' Compensation | 1,000,000 | | |

d. Federal Grants

ACTA participates in federal grant programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs have not yet been completed. Accordingly, ACTA's compliance with applicable grant requirements will be established at some future date. The amounts, if any of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. Management believes that disallowances, if any, would not have a material effect on the financial statements.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

(7) Related Party Transaction

During the year ended June 30, 2010, ACTIA paid \$1,456,893 for administrative costs on behalf of ACTA. As of June 30, 2010, \$1,285,414 is payable to ACTIA. This amount is included in the payable to other government agencies total on the statement of net assets and balance sheet.

ACTA is charged various administrative costs such as staff costs, rent, insurance, supplies and other miscellaneous costs. on a prorated basis. These costs are approved through the budget process and reimbursed from cash reserves.

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

The Governing Board of the Alameda County Transportation Authority (Authority) Oakland, California

We have audited the financial statements of Alameda County Transportation Improvement Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

As part of our audit, we prepared and issued our separate Memorandum on Internal Control dated September 15, 2010.

This report is intended solely for the information and use of management, Governing Board, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 15, 2010

FAC Meeting 11/8/10 Agenda Item 3C



ACCMA ACTIA 1333 Broadway, Suite 220 1333 Broadway, Suite 300 Oakland, CA 94612Oakland, CA 94612

PH: (510) 836-2560 PH: (510) 893-3347

www.AlamedaCTC.org

Memorandum

DATE: October 29, 2010

TO: Finance and Administration Committee

FROM: Arthur L. Dao, Executive Director

Dick Swanson, Director of Finance and Administration

SUBJECT: Approval of ACCMA Draft Audit for Fiscal Year 2009/2010

Recommendation:

It is recommended that the Commission accept the ACCMA's Draft Basic Financial Statements for fiscal year 2009/2010 as prepared by the certified public accounting firm of Kevin W. Harper CPA & Associates.

Discussion

An annual independent financial audit was conducted by Kevin W. Harper, CPA, a certified public accounting firm, for the fiscal year ending June 30, 2010.

In addition to the Basic Financial Statements, the auditor also audited the ACCMA's compliance with the federal OMB Circular A-133 Compliance Supplement (Single Audit) regarding the Agency's major federal program for the year ended June 30, 2010. No deficiencies in internal control were identified during their compliance audit of OMB Circular 133.

Fiscal Impact

None

Attachments

Draft ACCMA Financial Statements for FY 2009-10

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ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

TABLE OF CONTENTS

| | Page |
|---|-------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 8 |
| Statement of Activities | 9 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 10 |
| Statement of Revenues, Expenditures and Changes in Fund | |
| Balances - Governmental Funds | 11 |
| Reconciliations of Fund Financial Statements to Government- | |
| wide Financial Statements | 12 |
| Statement of Revenues, Expenditures and Changes in Fund | |
| Balance - Budget (GAAP Basis) and Actual - General Fund | 13 |
| Notes to Basic Financial Statements | 14 |
| Independent Auditors' 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 | 24 |
| Independent Auditors' Report on Compliance with Requirements | |
| Applicable to Each Major Program and on Internal Control Over | |
| Compliance in Accordance with OMB Circular A-133 | 26 |
| Schedule of Expenditures of Federal Awards | 28 |
| • | |
| Notes to Schedule of Expenditures of Federal Awards | 29 |
| Schedule of Auditors' Results, Findings and Questioned Costs | 30 |

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Alameda County Congestion Management Agency:

We have audited the accompanying basic financial statements of the Alameda County Congestion Management Agency (the "Agency") as of and for the year ended June 30, 2010, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2010, and the changes in its financial position and respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10 to the basic financial statements, on July 22, 2010, the Agency's Board voted to merge with the Alameda County Transportation Improvement Authority to form the new Alameda County Transportation Commission.

INDEPENDENT AUDITORS' REPORT (Continued)

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2010, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 28 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

October 27, 2010

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED JUNE 30, 2010

This section of the Alameda County Congestion Management Agency (the "Agency") annual financial report presents a discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the Agency's basic financial statements and notes to those statements following this section. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Overview of the Financial Statements

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

- Statement of Net Assets (showing agency-wide assets and liabilities)
- Statement of Activities (showing agency-wide revenues and expenses)
- Balance Sheet (showing assets and liabilities for the General Fund, the Exchange Fund and the Transportation Fund for Clean Air)
- Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds (showing revenues and expenditures by fund)
- Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual for the General Fund (showing budget versus actual revenues and expenditures)

Financial Highlights

Financial highlights for the fiscal year ended June 30, 2010, include the following:

- The Agency's total net assets were \$9,268,624, an increase of \$567,812 from the prior fiscal year (see Statement of Activities, page 9).
- The Agency's total revenues increased by 38.8% from \$39,937,451 for fiscal year 2008-09 to \$55,419,518 for fiscal year 2009-10 due to increases in project activity. Similarly, the Agency's expenses increased by 41.4% from \$38,642,900 in fiscal year 2008-09 to \$54,851,706 in fiscal year 2009-10 in response to increased project activity (see Statement of Activities, page 9).
- The Agency's cash and investments (restricted and unrestricted) totaled \$23,321,775, an increase of \$3,678,717 or 18.7% from the prior fiscal year (see Statement of Net Assets, page 8).

• The General Fund reported a net increase in fund balance for the year of \$186,269 (see Statement of Revenues, Expenditures and Changes in Fund Balance, page 11).

Financial Information

The Agency maintains three funds: General Fund, Exchange Fund and Transportation Fund for Clean Air. Following is a discussion of the results of operations of each fund during fiscal year 2009-10:

General Fund – The Agency uses the General Fund as its chief operating fund. This fund is used for preparing the Congestion Management Plan and programming federal, state and local funds to implement the plan. The Agency's focus is on assisting sponsors in delivering currently funded or programmed projects. The following table shows General Fund revenues and expenditures for the two most recent fiscal years:

| | | | | | Pe | rcent | | |
|----------------------------------|----------|------------|-----------------|------------|----|--------|----|---|
| | F | ≐Y 2009-10 | F | Y 2008-09 | C | hange | | |
| Total Revenues | \$ | 53,104,612 | -\$ | 33,311,590 | | 59.4 | % |) |
| Total Expenditures | | 52,918,343 | | 33,008,350 | | 60.3 | | |
| Net Change in Fund Balance | | 186,269 | 7 | 303,240 | | 3.1 | - | |
| Beginning Fund Balance (Deficit) | <u>ک</u> | (46,989) | | (350,229) | | (86.6) | | |
| Ending Fund Balance (Deficit) | \$ | 139,280 | \$ | (46,989) | | 396.4 | _% |) |
| | | V | : \ | | | | = | |

Total General Fund revenues increased during the last fiscal year by 59.4% due to increases in project activity. General Fund expenditures increased 59.9%. Fund balance increased by \$186,269, leaving an ending fund balance of \$139,280.

The Agency receives revenue from a wide variety of sources. The table below demonstrates the diversity of revenue sources to the General Fund during the past fiscal year:

| | | Percent of |
|--|---------------|---------------|
| | Revenues | Total Revenue |
| Member Agency Fees | \$ 1,004,898 | 1.9 % |
| Metropolitan Transportation Commission | 13,190,571 | 24.8 |
| CalTrans | 15,564,832 | 29.3 |
| Transportation Fund for Clean Air | 566,352 | 1.1 |
| Bay Area Air Quality Management District | 707,766 | 1.3 |
| AC Transit | 355,584 | 0.7 |
| Contra Costa Transportation Authority | 2,197,518 | 4.1 |
| Other | 1,538,992 | 2.9 |
| Interest | 57,553 | 0.1 |
| ACTIA/ACTA | 12,674,893 | 23.9 |
| Revenue from Exchange Fund | 5,245,653 | 9.9 |
| Total General Fund Revenues | \$ 53,104,612 | 100.0 % |
| | | |

Exchange Fund – Under the Exchange Program, the Agency entered into agreements with several local agencies to exchange the Agency's state or federal funds with other governments' local funding for various transportation projects. This program is used to

expedite projects by giving project sponsors the flexibility of using local funds rather than more restrictive state or federal funds.

The Agency has entered into exchange agreements with the following agencies through June 30, 2010:

| AC Transit | \$35,060,514 |
|---|---------------------|
| BART | 8,100,000 |
| Berkeley | 259,560 |
| Dublin | 4,230,000 |
| Fremont | 6,280,050 |
| Livermore | 4,580,000 |
| Altamont Commuter Express | 432,445 |
| Santa Clara Valley Transportation Authority | 558,000 |
| MTC | 750,000 |
| Union City | 9,314,000 |
| Total Exchanged Funds | <u>\$69,564,569</u> |

These exchanges were recognized as deferred revenue in the government-wide financial statements at the time the Agency entered into exchange agreements, and are being recognized as revenue when qualifying expenses are incurred. Approximately \$60.1 million of these exchanged funds have been collected and \$50.4 million has been expended as of June 30, 2010.

<u>Transportation Fund for Clean Air</u> — This program generates about \$1-2 million annually for Alameda County transportation projects that improve air quality. In the past, the Agency has used these funds to support an array of projects such as shuttle buses, transit information, bicycle projects, regional ridesharing, the Guaranteed Ride Home Program and signal coordination.

Agency-wide - Expenses increased by 41.9% in fiscal year 2009-10 from the prior year. Program Revenues (those revenues available to the Agency through grants from agencies such as the Metropolitan Transportation Commission, CalTrans, ACTIA and others) increased by 45.6% from fiscal year 2008-09 due to increased project activity. General Revenues (which include revenues from the Exchange Fund and annual dues from member agencies) increased by 6.1% between fiscal years 2008-09 and 2009-10 primarily as a result of using more Exchange Program revenue to fund projects. Changes in both revenues and expenses since the prior year are summarized as follows:

| | | | Percent |
|------------------------|---------------|---------------|---------------|
| | FY 2009-10 | FY 2008-09 | <u>Change</u> |
| Total Expenses | \$ 54,851,706 | \$ 38,642,900 | 41.9 % |
| Total Program Revenues | 48,046,550 | 32,987,049 | 45.7 |
| Net Program Expenses | (6,805,156) | (5,655,851) | 20.3 |
| General Revenues | 7,372,968_ | 6,950,402 | 6.1 |
| Change in Net Assets | 567,812 | 1,294,551 | (56.1) |
| Beginning Net Assets | 8,700,812 | 7,406,261 | 17.5 |
| Ending Net Assets | \$ 9,268,624 | \$ 8,700,812 | 6.5 % |
| | | | |

The Agency's net assets increased by 6.5% between fiscal years 2008-09 and 2009-10. A summary of the Agency's Statement of Net Assets, as shown on page 8, is presented below:

| | | | | | Percent | |
|----------------------------|-----|------------|----------|-------------|---------------|------------|
| | 1 | FY 2009-10 | <u> </u> | FY 2008-09 | <u>Change</u> | |
| Total Assets | \$ | 52,446,221 | \$ | 48,235,410 | 8.7 | % |
| Total Liabilities | | 43,177,597 | | 39,534,598 | 9.2 | |
| Total Net Assets | \$ | 9,268,624 | \$ | 8,700,812 | 6.5 | - % |
| | | | | | | = |
| Components of Net Assets: | | | | | | |
| Restricted | \$ | 8,799,919 | \$ | 8,285,195 | • | |
| Unrestricted (Deficit) | | 139,280 | | (46,988) | | |
| Invested in Capital Assets | | 329,425 | V | 462,605 | | |
| | \$ | 9,268,624 | \$ | 8,700,812 | | |
| | 160 | | 000 | V2230000 | | |

Budget vs. Actual - General Fund - As shown on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual for the General Fund on page 13, significant variances exist between the original and final budget amounts and what was finally recorded as actual revenues or expenditures at year-end. The primary reason for the differences between the original and final budget is that the budget is developed in anticipation that funding agreements and authorizations will be forthcoming from either Caltrans or the Federal Highway Administration in a timely manner. During this last fiscal year, the state's fiscal crisis postponed many decisions that, in turn, delayed the issuance of the required funding authorizations. As a consequence, projects schedules were pushed back due to the absence of necessary funding. With regard to the variance between final budget and actual, the differences are almost entirely due to project work being either accelerated or delayed near the end of the fiscal year. While overall project budgets remained the same, the allocation or revenue and expenditures shifted between fiscal years, and in so doing, deviated from budget expectations. For these reasons, the variance between final budget and actual for revenues (2.8%) approximated the variance for expenditures (3.0%).

Summary of Known Facts, Decisions or Conditions

The Agency merged with the Alameda County Transportation Improvement Authority ("ACTIA") on July 22, 2010 to form the new Alameda County Transportation Commission ("ACTC"). On August 23, 2010, the new Commission appointed a new

Executive Director and initiated a series of actions that will culminate in the complete functional and organizational integration of the two organizations during fiscal year 2010-11. It is expected that the ACCMA will be terminated sometime in 2011. The first ACTC budget will be developed for fiscal year 2011-12. A complete description of ACTC and its activities can be found at www.alamedactc.org.

On June 24, 2010, the Agency approved a resolution to place a transportation improvement measure on the November 2, 2010 ballot. If approved by a majority of the voters of the County, a vehicle registration fee of \$10 per year would be available for local transportation improvements throughout the County. A Board adopted Expenditure Plan identified four programs, each of which would be allocated a portion of the expected annual revenue, after administrative costs have been deducted, of approximately \$1 million. They are:

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

On September 20, 2010, the 14 mile long I-680 Express Lane Project began operations for commuters in the southbound direction on I-680 between Highway 84 and Highway 237. The I-680 Express Lane gives solo drivers the choice to pay a toll electronically to use the lane while regular carpool users continue to use the lane for free. The Express Lane will be differentiated with new striping, three specific entry and exit points, overhead electronic signs and a FasTrak electronic toll collection system. The Agency entered into a joint powers agreement with ACTIA and Santa Clara Valley Transportation Authority to construct, maintain, operate and administer the tolls and equipment. The operations of the Express Lane Project is expected to have no significant financial impact on the Agency.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those interested in government finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Accounting at 1333 Broadway, Suite 220, Oakland, CA 94612.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY STATEMENT OF NET ASSETS JUNE 30, 2010

DRAFT

| ASS | ETS |
|-----|-----|
|-----|-----|

| Cash and Investments | \$ 12,095,095 |
|--|-------------------------------------|
| Restricted Cash and Investments | 11,226,680 |
| Accounts Receivable | 28,708,293 |
| Interest Receivable | 27,312 |
| Prepaid Items | 59,416 |
| Capital Assets, Net of Accumulated Depreciation | 329,425 |
| Total Assets | 52,446,221 |
| LIABILITIES | |
| Accounts Payable | 13,780,815 |
| Accrued Liabilities | 240,059 |
| Deferred Revenue | 29,156,723 |
| Total Liabilities | 43,177,597 |
| NET ASSETS | |
| Restricted for: Transportation Fund for Clean Air Exchange Program Total Restricted Net Assets | 4,181,057 4,618,862 8,799,919 |
| Invested in Capital Assets | 329,425 |
| Unrestricted | 139,280 |
| Total Net Assets | \$ 9,268,624 |

The accompanying notes are an integral part of the basic financial statements.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2010

RAFT

| EXPENSES | |
|--|-----------------|
| Salaries & Benefits | \$ 4,035,422 |
| Board Meeting Per Diem | 74,916 |
| Travel & Transportation - Special Events | 58,905 |
| Office Space | 393,486 |
| Office & Related | 273,286 |
| Legal Counsel | 52,442 |
| Annual Audit | 32,517 |
| Professional Services | 23,639 |
| Legislative Advocacy | 99,032 |
| Consultants & Contractors | 48,883,812 |
| Member Agencies for Projects - TFCA | 777,481 |
| Depreciation | 133,180 |
| Miscellaneous | 13,588 |
| Total Expenses | 54,851,706 |
| | |
| PROGRAM REVENUES - Operating Grants and Contributions: | 10.100.551 |
| Metropolitan Transportation Commission | 13,190,571 |
| ACTIA/ACTA | 12,674,893 |
| CalTrans | 15,564,832 |
| Transportation Fund for Clean Air | 566,352 |
| Bay Area Air Quality Management District | 1,957,808 |
| AC Transit | 355,584 |
| Contra Costa Transportation Authority | 2,197,518 |
| Other | 1,538,992 |
| Total Program Revenues (Expenses) | 48,046,550 |
| Net Program Revenues | (6,805,156) |
| GENERAL REVENUES | |
| Member Agency Fees | 1,004,898 |
| Revenue from Exchange Program | 6,268,248 |
| Interest | 99,822 |
| Total General Revenues | 7,372,968 |
| Change in Net Assets | 567,812 |
| Net Assets, July 1, 2009 | 8,700,812 |
| Net Assets, June 30, 2010 | \$ 9,268,624 |

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2010

DRAFT

| | Major | | | Non-major | | | | |
|---|-----------------|------------|------------------|------------|---|-----------|--------------------------------|------------|
| | General Fund | | Exchange Fund | | Transportation Fund for Clean Air | | Total Governmental Funds | |
| ASSETS Cash and Investments | \$ | 12,095,095 | - | | | | \$ | 12,095,095 |
| Restricted Cash and Investments | | | \$ | 7,419,446 | \$ | 3,807,234 | | 11,226,680 |
| Accounts Receivable | | 18,361,496 | | | | 900,000 | | 19,261,496 |
| Interest Receivable | | 13,032 | | 9,399 | | 4,881 | | 27,312 |
| Interfund Receivable | | | | 10,385,900 | | | | 10,385,900 |
| Prepaid Items | | 59,416 | | | | | | 59,416 |
| Total Assets | _\$ | 30,529,039 | \$ | 17,814,745 | \$ | 4,712,115 | \$ | 53,055,899 |
| LIABILITIES AND FUND BALANCES Liabilities: | | | | | | | | |
| Accounts Payable | \$ | 9,763,015 | \$ | 3,486,742 | \$ | 531,058 | \$ | 13,780,815 |
| Accrued Liabilities | | 240,059 | | | | | | 240,059 |
| Interfund Payable | | 10,385,900 | | | | | | 10,385,900 |
| Deferred Revenue | | 10,000,785 | | 9,709,141 | | | | 19,709,926 |
| Total Liabilities | | 30,389,759 | | 13,195,883 | | 531,058 | | 44,116,700 |
| Fund Balances | | 139,280 | | 4,618,862 | | 4,181,057 | | 8,939,199 |
| Total Liabilities and Fund Balances | \$ | 30,529,039 | | 17,814,745 | | 4,712,115 | | 53,055,899 |

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2010

DRAFT

| | Major | | Non-major | |
|--|-----------------|------------------|---|--------------------------------|
| | General Fund | Exchange Fund | Transportation Fund for Clean Air | Total Governmental Funds |
| REVENUES | _ | | | |
| Grants: | | | | |
| Metropolitan Transportation Commission | \$ 13,190,571 | | | \$ 13,190,571 |
| CalTrans | 15,564,832 | | | 15,564,832 |
| Transportation Fund for Clean Air | 566,352 | | | 566,352 |
| Bay Area Air Quality Management District | 707,766 | | \$ 1,250,042 | 1,957,808 |
| AC Transit | 355,584 | | | 355,584 |
| Contra Costa Transportation Authority | 2,197,518 | | | 2,197,518 |
| Other | 1,538,992 | | | 1,538,992 |
| Revenue from Member Agencies | 1,004,898 | | | 1,004,898 |
| Revenue from Exchange Program | 5,245,653 | \$ 1,022,595 | | 6,268,248 |
| ACTIA/ACTA | 12,674,893 | | | 12,674,893 |
| Interest | 57,553 | 23,344 | 18,925 | 99,822 |
| Total Revenues | 53,104,612 | 1,045,939 | 1,268,967 | 55,419,518 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries & Benefits | 4,035,422 | | | 4,035,422 |
| Board Meeting Per Diem | 74,916 | | | 74,916 |
| Travel & Transportation - Special Events | 58,905 | | | 58,905 |
| Office Space | 393,486 | | | 393,486 |
| Office & Related | 273,286 | | | 273,286 |
| Legal Counsel | 52,442 | | | 52,442 |
| Annual Audit | 32,517 | | | 32,517 |
| Professional Services | 23,639 | | | 23,639 |
| Legislative Advocacy | 99,032 | | | 99,032 |
| Consultants & Contractors | 47,861,338 | 1,022,474 | | 48,883,812 |
| Member Agencies for Projects - TFCA | ,, | ., | 777,481 | 777,481 |
| Miscellaneous | 13,360 | 120 | 108 | 13,588 |
| Total Expenditures | 52,918,343 | 1,022,594 | 777,589 | 54,718,526 |
| Net Change in Fund Balances | 186,269 | 23,345 | 491,378 | 700,992 |
| Fund Balances (Deficit), July 1, 2009 | (46,989) | 4,595,517 | 3,689,679 | 8,238,207 |
| Fund Balances, June 30, 2010 | \$ 139,280 | \$ 4,618,862 | \$ 4,181,057 | \$ 8,939,199 |

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY RECONCILIATIONS OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS JUNE 30, 2010

DRAFT

| Reconciliation of Fund Balance of Governmental Funds to Net Assets on the Statement of Net Assets: | |
|--|-----------------|
| Fund Balances on Governmental Funds' Balance Sheet | \$ 8,939,199 |
| Capital assets, net of accumulated depreciation, are reported on the Statement of Net Assets but not in governmental funds | 329,425 |
| Net Assets on Statement of Net Assets | \$ 9,268,624 |
| Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Assets on Statement of Activities: | |
| Net Change in Fund Balances on Governmental Funds' Statement of Revenues, Expenditures and Changes in Fund Balances | \$ 700,992 |
| Depreciation expense is reported in the Statement of Activities but not in governmental funds | (133,180) |
| Change in Net Assets on Statement of Activities | \$ 567,812 |

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL GENERAL FUND YEAR ENDED JUNE 30, 2010

| DRAFT | | D | lova 4 | Variance With Final Budget - Over |
|--|---------------|-----------------|---------------|---|
| REVENUES | Actual | Buo Original | ger Final | (Under) |
| Grants: | Actual | Original | 1 11101 | (Onder) |
| Metropolitan Transportation Commission | \$ 13,190,571 | \$ 14,195,102 | \$ 10,630,900 | \$ 2,559,671 |
| CalTrans | 15,564,832 | 34,273,371 | 20,247,600 | (4,682,768) |
| Transportation Fund for Clean Air | 566,352 | 1,110,050 | 20,2 11,000 | 566,352 |
| Bay Area Air Quality Management District | 707,766 | 1, 110,000 | | 707,766 |
| AC Transit | 355,584 | 637,850 | 1,076,000 | (720,416) |
| Other | 3,736,510 | 10.014.658 | 11,812,800 | (8,076,290) |
| Revenue from Member Agencies | 1,004,898 | 1,004,898 | 1,004,898 | - |
| ACTIA/ACTA | 5,245,653 | 10,928,831 | 7,574,600 | (2,328,947) |
| Revenue from Exchange Program | 12,674,893 | 2,478,757 | 935,200 | 11,739,693 |
| Miscellaneous | | 4,087,800 | 1,333,981 | (1,333,981) |
| Interest | 57,553 | | | 57,553 |
| Total Revenues | 53,104,612 | 78,731,317 | 54,615,979 | (1,511,367) |
| EXPENDITURES - Current: | | | | |
| Salaries & Benefits | 4,035,422 | 4,090,000 | 4,183,021 | (147,599) |
| Board Meeting Per Diem | 74,916 | 50,000 | 50,000 | 24,916 |
| Travel & Transportation - Special Events | 58,905 | 75,000 | 75,000 | (16,095) |
| Office Space | 393,486 | 420,000 | 420,000 | (26,514) |
| Office & Related | 273,286 | 340,000 | 340,000 | (66,714) |
| Legal Counsel | 52,442 | 100,000 | 100,000 | (47,558) |
| Annual Audit | 32,517 | 32,000 | 32,000 | 517 |
| Professional Services | 23,639 | 125,000 | 125,000 | (101,361) |
| Legislative Advocacy | 99,032 | 105,000 | 105,000 | (5,968) |
| Consultants & Contractors | 47,861,338 | 73,224,146 | 48,986,281 | (1,124,943) |
| Miscellaneous | 13,360 | 15,000 | 15,000 | (1,640) |
| Total Expenditures | 52,918,343 | 78,576,146 | 54,431,302 | (1,512,959) |
| Net Change in Fund Balance | \$ 186,269 | \$ 155,171 | \$ 184,677 | \$ 1,592 |

NOTE 1 - REPORTING ENTITY

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

As an extension of its legislatively mandated activities, the Agency also initiates a variety of studies, programs and projects that serve to implement the CMP and CTP. Examples of special studies that have resulted in projects are:

- I-680 Smart Carpool Lane
- I-880 North County Operations and Safety Study, and
- Countywide Bicycle Plan

In addition, the Agency works closely with the California Department of Transportation, the Alameda County Transportation Improvement Authority, and other federal, state and local agencies to implement projects and programs aimed at reducing congestion and improving mobility and air quality. Examples of projects currently being sponsored by the Agency include:

- I-80 Integrated Corridor Mobility Project
- I-580 Soundwall Construction Project
- I-680 Express Lane Project, and
- Central Alameda County Freeway Study

Each of the projects and programs sponsored by the Agency is funded through one or more federal, state or local grants. The Agency is reimbursed from the grants as eligible program or project implementation costs are incurred. Administrative and staff costs associated with implementing the legislatively mandated activities, such as the CMP and CTP, as well as the programming of federal and state transportation funds through the Metropolitan Transportation Commission (MTC) and the California Transportation Commission are met through planning grants from MTC and the Member Agency annual dues.

The Agency's board is composed of one representative from each of the four transit operators, two representatives from the County of Alameda, one representative per 100,000 population from each city in the County, and one representative from the Bay Area Air Quality Management District. Each city's representation is adjusted following each national census.

NOTE 2 – <u>SIGNIFICANT ACCOUNTING POLICIES</u>

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. The effect of interfund activity has been removed from these statements.

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 Agency's primary functions. Program revenues consist of grants and contributions that are restricted to meeting the operational or capital requirements of the Agency. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the Agency's governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Agency has one non-major fund, which is presented in a separate column of the fund financial statements.

The Agency uses the following major funds:

- General Fund is the general operating fund of the Agency. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.
- Exchange Fund is a capital projects fund used to account for the proceeds and expenditures of the Agency's Exchange Program, which is described in note 5.

Measurement Focus and Basis of Accounting

The Agency's 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 collectible within the current period or soon enough thereafter to pay current liabilities. The Agency considers revenues to be 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 operating statement presents sources and uses of available resources during a given period. 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 of the current fiscal year using the modified accrual basis of accounting.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (Continued)

The government-wide financial statements focus on governmental activities. The statement of net assets and the statement of activities are prepared using the economic resources measurement focus

and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Net Assets

Net assets are reported in the following categories:

- Invested in capital assets This category includes all capital assets reduced by accumulated depreciation. The Agency has no capital-related debt.
- Restricted net assets This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.
- Unrestricted net assets This category represents net assets of the Agency that are not restricted for any project or other purpose.

Use of Estimates

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

Investments

Investments are stated at fair value. Included in investment income is the net change in the fair value of investments which consists of the realized gains or losses and the unrealized appreciation (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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

By Agency policy, employees can carry over five weeks vacation benefits from year to year. The Agency has accrued \$240,058 for this liability at June 30, 2010. Sick leave benefits do not vest.

Budget

The Agency annually adopts a budget for its General Fund using the modified accrual basis. Expenditures that exceed the total approved budget are not permitted without Board approval. The Executive Director is authorized to approve expenditures in excess of budgeted line items within the three primary expenditure categories (personnel, consultants/contractors and other operating costs) in any amount as long as the total budget within each of the three expenditure categories is not overspent. Appropriations lapse at the end of the fiscal year. The Board decreased appropriations during the year for the General Fund by approximately \$24.1 million due to changes in the timing of projects and related funding.

NOTE 3 - CASH AND INVESTMENTS

As of June 30, 2010, the Agency's cash and investments were as follows:

| Cash in banks and on hand | \$ 2,072,659 |
|---|-------------------|
| Investment in State Treasurer's investment pool | <u>21,249,116</u> |
| | \$23,321,775 |

Cash in banks is entirely insured or collateralized by the bank holding the deposit. California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for all municipal deposits. This collateral remains with the institution, but is considered to be held in the Agency's name and places the Agency ahead of general creditors of the institution.

Oversight of the State Treasurer's investment pool (Local Agency Investment Fund) is provided by the Pooled Money Investment Board consisting of the Treasurer, Controller and Director of Finance for the State of California. The Agency's position in the pool is equal to the value of the pool shares. The income from the pooled investments is allocated between the participants based on the daily cash balance maintained.

NOTE 3 - CASH AND INVESTMENTS (continued)

The Agency mitigates its risk of investment losses as follows:

- Credit risk This is the risk that an issuer or other counterparty of a security will not
 fulfill its obligations. The Agency's investment policy allows investing only in
 investments carrying minimum credit ratings from Standard & Poors and/or Moodys and
 requires diversifying the investment portfolio.
- Custodial credit risk This is the risk that in the event a financial institution or counterparty fails, the Agency would not be able to recover the value of its deposits and investments. At June 30, 2010, the Agency's deposits were insured up to \$250,000 by federal depository insurance and the remainder was collateralized by the financial institution's trust department in the Agency's name.
- Interest rate risk This is the risk of market value declines due to rises in the general level of interest rates. To the extent possible, the maturity dates of the Agency's investments are matched with its expected cash flow needs. Investment maturities at date of purchase can be no longer than 180 days for operating funds and three years for reserve funds.
- Concentration of credit risk This is the risk of loss attributable to the magnitude of investment with a single issuer. The Agency's investment policy limits investments in any one issuer to 5% of the portfolio except for government agency obligations (35%) and repurchase agreements (25% to 50% depending on the length until maturity).

Investments authorized by the Agency's investment policy are:

- United States Treasury Bills and Notes
- Alameda County Investment Pool
- Federal Agency Obligations
- California Local Agency Investment Fund
- Savings Accounts

- Certificates of Deposit
- Money Market Funds
- Medium Term Corporate Notes
- State of California and Local Agency Debt Securities
- Repurchase Agreements

NOTE 4 – CAPITAL ASSETS

Property and equipment costing \$5,000 or more is recorded in the statement of net assets at historical cost. Capital assets are depreciated using the straight line method over the following estimated useful lives: office furniture and equipment, five years; building improvements, remaining term of lease agreement; and automobile, five years.

NOTE 4 – <u>CAPITAL ASSETS</u> (continued)

Capital asset balances at June 30, 2010, and activity during the year were as follows:

| | Balance 6/30/2009 | Additions | Balance 6/30/2009 |
|-------------------------------|----------------------|--------------|----------------------|
| Office Furniture/Equipment | \$ 504,103 | | \$ 504,103 |
| Building Improvements | 322,529 | | 322,529 |
| Automobile | 35,246 | | 35,246 |
| Subtotal | 861,878 | | 861,878 |
| Less Accumulated Depreciation | (399,273) | \$ (133,180) | (532,453) |
| Net Book Value | \$ 462,605 | \$ (133,180) | \$ 329,425 |

NOTE 5 – EXCHANGE PROGRAM

In May 2000, the Board adopted a Local Funds Exchange Program for the purpose of providing local funds to the Agency for use in projects that either do not have the ability to make use of state or federal funds or would face unacceptable delays and/or cost increases if state or federal funds were used directly.

The Agency has entered into agreements with several local agencies to exchange the Agency's State STIP funds with the other governments' local funding for various transportation projects. Amounts received by the Agency as a result of the exchanges are treated in the fund financial statements as deferred revenue when received. In the statement of net assets, uncollected exchange amounts are also recognized as receivables and deferred revenue. Deferred revenues are recognized as revenues at the time qualifying expenditures are incurred.

Following is a list of the funds exchanged and received from other governments through June 30, 2010:

| AC Transit | \$35,060,514 |
|---|----------------------|
| BART | 8,100,000 |
| Fremont | 6,280,050 |
| Berkeley | 259,560 |
| Dublin | 4,230,000 |
| Livermore | 4,580,000 |
| MTC | 750,000 |
| Altamont Commuter Express | 432,445 |
| Santa Clara Valley Transportation Authority | 558,000 |
| Union City | <u>9,314,000</u> |
| Total Exchanged Funds Collected and Collectible | 69,564,569 |
| Total Expenditures Incurred: | |
| Year ended June 30, 2010 | (6,268,247) |
| Previous years | (44,140,293) |
| Total Deferred Revenue – Exchange Program | <u>\$ 19,156,029</u> |

NOTE 6 - EMPLOYEE RETIREMENT PLAN

Substantially all Agency employees are eligible to participate in the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Agency's employees participate in the Miscellaneous Employee Plans. Benefit provisions under the plan are established by State statute and Agency resolution. Benefits are based on years of service, age and final compensation, equal to the average of the employees' highest consecutive 12-month period.

Funding requirements for the plan are determined as of each June 30 on an actuarial basis by CalPERS and the Agency must contribute these amounts. The plan's provisions and benefits in effect at June 30, 2007 (the date of the most recent available actuarial report from CalPERS), are summarized as follows:

| Benefit payments | Monthly for life |
|--|------------------|
| Retirement age | 50 |
| Required employee contribution rate | 7% |
| Required employer contribution rate, year ended June 30, 2010 | 11.062% |
| Actuarially required contribution paid, year ended June 30, 2010 | \$314,075 |

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Agency's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the Agency must pay annually to fund an employee's projected retirement benefit. The actuarial assumptions used to compute contribution requirements are also used to compute the pension benefit obligation.

CalPERS uses the 15-year smoothed market method of valuing the plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. The Agency's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 20-year period.

The plan's actuarial value (which differs from market value) and funding progress over the past two years are set forth below at their actuarial valuation date of June 30 (dollars in thousands):

| Actuarial Valuation Date | Accrued Liability | Value of Assets | Unfunded Liability | Funded Ratio | Covered Payroll | Liability as % of Payroll |
|--------------------------------|----------------------|--------------------|-----------------------|-----------------|--------------------|---------------------------------|
| June 30, 2006 | \$ 912,989 | \$ 787,759 | \$ 125,230 | 86.3% | \$ 200,320 | 62.5% |
| June 30, 2007 | 1,315,454 | 1,149,247 | 166,207 | 87.4% | 289,090 | 57.5% |
| June 30, 2008 | 1,539,910 | 1,337,708 | 200,202 | 87.0% | 333,308 | 60.1% |

NOTE 6 - EMPLOYEE RETIREMENT PLAN (continued)

Audited annual financial statements are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating Lease

The Agency is obligated under an operating lease through September 30, 2013 for the premises located at 1333 Broadway, Oakland. Minimum rental commitments for each year ending June 30 as follows:

| 2011 | \$ 437,551 |
|------|------------|
| 2012 | 461,494 |
| 2013 | 475,198 |
| 2014 | 121,557 |

Grants

The Agency participates in a number of state and federal grant programs that are subject to financial and compliance audits by the grantors. Audits of certain grant programs for or including the year ended June 30, 2010, have not yet been conducted or completed. Accordingly, the Agency's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that any audit disallowances would have a material effect on the financial position of the Agency.

Construction

The Agency had construction commitments of approximately \$14.9 million as of June 30, 2010.

Funding Agreements

The Agency has entered into agreements with several local governments to provide funding for transportation projects. As of June 30, 2010, the remaining project costs to be paid by the Agency totaled approximately \$11.4 million.

NOTE 8 – INTERFUND ACTIVITY

As of June 30, 2010, the General Fund's interfund liability due to the Exchange Capital Projects Fund in the amount of \$10,385,900 resulted from cash advances. This amount will be repaid from future unrestricted General Fund revenue.

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Agency participates in the California Employers' Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. CERBT provides lifetime healthcare benefits to retired Agency employees and their eligible family members. The Agency has one eligible retiree as of June 30, 2010. Employees hired before January 26, 2006 are eligible for benefits if they retire from the Agency and are immediately eligible to receive a pension from CalPERS. Employees hired after January 26, 2006 are eligible for benefits if they retire from the Agency, are immediately eligible to receive a pension from CalPERS and have ten years of public service, including at least five years with the Agency.

Benefit provisions are established and may be amended through by the Agency. CERBT issues a publicly available financial report that may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 93811.

For retirees hired before January 26, 2006, the Agency contributed 80% of the amount it contributes on behalf of active employees during calendar year 2009. This percentage will increase each year until it reaches 100% in calendar year 2013. The funding policy is established and may be amended by the Agency. The Agency obtained an actuarial valuation as of July 1, 2009.

The Agency is required to contribute the actuarially determined annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to fund the cost of each employee's postemployment healthcare during the years that employee is working. The Agency joined CERBT during fiscal year 2007-08, and it contributed the full actuarially determined accrued liability of \$556,417 at that time plus the ARC of \$85,795, \$90,000 and \$125,353 for the years ended June 30, 2008, 2009 and 2010, respectively.

As of July 1, 2009 and 2007, the funded status of the Agency's portion of CERBT was as follows:

| | 2009 | <i>2007</i> |
|---|------------------|------------------|
| Actuarial accrued liability (AAL) | \$972,130 | \$ 652,181 |
| Actuarial value of plan assets | <u>556,291</u> | <u>556,417</u> |
| Unfunded actuarial accrued liability (UAAL | <u>\$415,839</u> | <u>\$ 95,764</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 57.2% | 85.3% |

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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 July 1, 2009, the entry age normal cost method was used. The actuarial assumptions included a 7.75% investment rate of return; an annual healthcare cost trend rate varying between 7.9% in calendar year 2011 to 5.5% in 2019 and thereafter; and a 3.25% annual increase in projected payroll.

NOTE 10 – SUBSEQUENT EVENT

On July 22, 2010, the Agency's Board voted to merge with the Alameda County Transportation Improvement Authority to form the new Alameda County Transportation Commission. After operations of the two entities are complete, the Agency will be dissolved.

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

The Board of Directors
Alameda County Congestion Management Agency:

We have audited the basic financial statements of Alameda County Congestion Management Agency (the "Agency") as of and for the year ended June 30, 2010, and have issued our report thereon dated October 27, 2010. Our report included an explanatory paragraph describing the Agency's merger with the Alameda County Transportation Improvement Authority. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHR MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

Compliance and Other Matters

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

This report is intended for the information of management, Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 27, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

The Board of Directors
Alameda County Congestion Management Agency:

Compliance

We have audited the compliance of Alameda County Congestion Management Agency (the "Agency") with the types of compliance requirements described in the *U.S Office of Management and Budget* (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2010. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of auditors' results, findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133* (Continued)

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended for the information of management, Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 27, 2010

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2010

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Expenditures |
|---|---------------------------|--------------|
| U.S. Department of Transportation – Passed Through California Department of Transportation – Highway Planning and Construction: | 20.205 | |
| O&M I-880 Smart Corridor | | \$ 65,327 |
| I-80 Gilman Interchange | | 9,940 |
| Grand MacArthur Corridor | | 269,851 |
| I-880 SB HOV Lane | | 2,958,320 |
| I-80 Integrated Corridor | | 750,757 |
| I-580 Soundwall | | 4,771,827 |
| I-80 Safety Improvement | | 1,351,105 |
| I-680 Smart Lane | | 317,215 |
| I-680 Sunol Grade | | 734 |
| I-680 SB Smart Lane | | 39,118 |
| N-I-580 Corridor Management | _ | 167,688_ |
| Total expenditures of federal awards | = | \$10,701,882 |

See notes to schedule of expenditures of federal awards.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2010

NOTE 1 - GENERAL

The schedule of expenditures of federal awards (the "Schedule") presents the activity of all federal award programs of the Agency. The reporting entity is defined in Note 1 of the Agency's basic financial statements. Because the Schedule presents only the federal award activity of the Agency, it is not intended to and does not present the financial position, changes in financial position or the cash flows of the Agency.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting. The Agency's revenue from federal awards is passed through the California Department of Transportation (CalTrans) and is reported in the basic financial statements as grant revenue from CalTrans. Expenditures of federal awards are reported in the Agency's statement of activities as consultants & contractors and salaries & benefits expenses for the year ended June 30, 2010.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY SCHEDULE OF AUDITORS' RESULTS, FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2010

(1) Summary of Auditors' Results

- (a) Type of report issued on the financial statements: <u>Unqualified opinion</u>
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements: <u>None Reported</u> Material Weaknesses: <u>No</u>
- (c) Noncompliance noted which is material to the financial statements: No
- (d) Significant deficiencies in internal control over major programs disclosed: <u>None Reported</u>
 Material Weaknesses: No
- (e) Type of report issued on compliance for major programs: <u>Unqualified opinion</u>
- (f) Any audit findings which are required to be reported under Section 510(a) of 0MB Circular A-133: No
- (g) Major programs: Highway Planning and Construction (CFDA# 20.205) \$10,701,882
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: Yes
- (2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards: None
- (3) Findings and Questioned Costs Relating to Federal Awards: None
- (4) Status of Prior Years Findings: No prior year findings



ACCMA 1333 Broadway, Suite 220
ACTIA 1333 Broadway, Suite 300

Oakland, CA 94612Oakland, CA 94612

PH: (510) 836-2560 PH: (510) 893-3347

www.AlamedaCTC.org

Memorandum

DATE: October 29, 2010

TO: Finance and Administration Committee

FROM: Arthur L. Dao, Executive Director

Anees Azad, Finance and Administration Manager

SUBJECT: Approval of First Quarter Budget Update for ACTIA and Investment

Report

Recommendations:

I. Approval of Quarterly Budget Update, including increase in Equipment Budget of \$20,000, as shown on Table 1.

II. Approval of the Quarterly Investment Report-Table 2.

Summary:

- The first quarter results reflect an increase in sales tax revenues and lagging expenditures. Due to a lack of current collections data, the increase in sales tax appears to be timing difference and it may dissipate as the year progresses. The lag in expenses is a timing difference and staff anticipates that some of the large projects included in the budget may be pushed into next year.
- The investments yields continue to decline with average rates for ACTIA investments at 1.70% compared to the budgeted yield of 1.00% and prior year actuals at 2.50%.
- Next February, after additional sales tax collection data is released by the Board of Equalization, staff will consider revisions to the current sales tax budget, projected at \$90 million. Staff will also calculate the administrative cost ratios with the mid-year information.
- The summary under Table 1 reflects the ACTA Board action to transfer assets, liabilities, revenues and expenditures to ACTIA and the breakout of Alameda CTC and the County-Wide Transportation Plan,

Discussion:

BUDGET SECTION

The Budget Update is an opportunity to revise the estimated revenues and expenditures in line with the most current information. This practice allows staff to continually refine revenue and expenditure streams based on changes in the economic climate and costs. This also provides recipients of program funds the benefit of the latest estimates, and incorporates the Strategic Plan into the budgeting process.

The Table 1 below summarizes the revenues and expenditures by major funds under the following column headings:

- 1. **Original Budget** for Current Year 2010-11, which was approved last June;
- 2. **First Quarter Budget** shows Current Year Budget for the quarter ending September 30, 2010;
- 3. **The First Quarter Actuals** reflects the updated information on revenues and expenditures;
- 4. **Variance Budget vs Actuals** shows the variances between columns 2 and 3;

TABLE 1

| | SUMMARY OF RE | | | | | | | - | |
|-------|---------------------------|-------|---------------|----|--------------------|----|---------------------|----|---------------------------------|
| | | | | | Fiscal Year | 20 | 10/2011 | | |
| | DESCRIPTION | | GINAL DGET | | RST QTR. BUDGET | | FIRST QTR ACTUAL | | VARIANCE SUDGET VS ACTUAL |
| REVE | NUES | | 1 | | 2 | | 3 | | 4 |
| Sales | Tax-Net | | | | | | | | |
| | Capital Projects Fund | \$ 3 | 4,465,950 | \$ | 8,616,488 | \$ | 9,566,823 | \$ | 950,335 |
| | Pass-Through | 4 | 8,413,268 | | 12,103,317 | | 13,439,120 | | 1,335,803 |
| | Special Purpose Funds | | 3,070,782 | | 767,696 | | 852,405 | | 84,709 |
| | General Fund-ACTIA | | 4,050,000 | | 1,012,500 | | 1,124,215 | | 111,71 |
| | Sub-Total | 9 | 0,000,000 | | 22,500,000 | | 24,982,563 | | 2,482,563 |
| Other | Revenues | | | | | | | | |
| | Interest Income (ACTIA) | | 1,111,000 | | 277,750 | | 303,520 | | 25,770 |
| | Other Govt. Revenue | | 728,677 | | 182,169 | | 515,676 | | 333,50 |
| | Other Income | | 112,253 | | 28,063 | | 18,024 | | (10,039 |
| | ACTC General Fund | | 159,250 | | 39,813 | \$ | 74,925 | | 35,113 |
| | CWTP Fund | | 776,834 | | 194,209 | | 11,364 | | (182,84 |
| | ACTA Project Fund (Int.) | | 1,750,000 | | 437,500 | | 933,299 | | 495,79 |
| Total | ACTIA Revenues | 9 | 4,638,014 | | 23,659,504 | | 26,839,371 | | 3,179,86 |
| | | | | | | | | | |
| EXPE | NDITURES | | | | | | | | |
| | Capital Projects Fund | 8 | 5,695,790 | | 21,423,947 | | 2,428,329 | | 18,995,61 |
| | Pass-Through | 4 | 8,413,268 | | 12,103,317 | | 13,439,120 | | (1,335,80 |
| | Special Purpose Funds | 1 | 0,641,911 | | 2,660,478 | | 136,133 | | 2,524,34 |
| | General Fund-ACTIA | | 4,124,602 | | 1,031,150 | | 895,923 | | 135,22 |
| | General Fund-ACTC | | 159,250 | | 39,813 | | 74,925 | | (35,11 |
| | CWTP Fund | | 776,834 | | 194,209 | | 11,364 | | 182,84 |
| | ACTA Project Fund | 2 | 7,708,064 | | 6,927,016 | | 529,383 | | 6,397,633 |
| Total | Expenditures | 17 | 7,519,718 | | 44,379,929 | | 17,515,177 | | 26,864,752 |
| | | | | | | | | | |
| NET (| CHANGE | (8 | 2,881,704) | | (20,720,426) | | 9,324,194 | | 30,044,620 |
| | | | | | | | | | |
| BEG. | BALANCE BY FUND (Audited) | | | | | | | | |
| | Capital Projects Fund | 8 | 7,350,878 | | 87,350,878 | | 87,350,878 | | - |
| | Pass-Through | | - | | - | | - | | - |
| | Special Purpose Funds | 1 | 1,592,946 | | 11,592,946 | | 11,592,946 | | - |
| | General Fund-ACTIA | 1 | 4,622,538 | | 14,622,538 | | 14,622,538 | | - |
| | General Fund-ACTC | | - | | | | - | | |
| | CWTP Fund | | - | | | | - | | |
| | ACTA Project Fund | 18 | 9,342,754 | | 189,342,754 | | 189,342,754 | | |
| | Total | 30 | 2,909,116 | | 302,909,116 | | 302,909,116 | | - |
| | | | | | | | | | |
| END. | BALANCE BY FUND | | | | | | | | |
| | Capital Projects Fund | 2 | 8,469,089 | | 75,003,337 | | 95,308,568 | | 20,305,23 |
| | Pass-Through | | - | | - | | - | | - |
| | Special Purpose Funds | | 3,608,635 | | 9,700,164 | | 12,309,218 | | 2,609,05 |
| | General Fund-ACTIA | 1 | 3,728,473 | | 14,631,951 | | 14,868,854 | | 236,90 |
| | General Fund-ACTC | | 569,427 | | 142,357 | | - | | (142,35 |
| | CWTP Fund | | (664,581) | | (166,145) | | - | | 166,14 |
| | ACTA Project Fund | 16 | 3,384,690 | | 182,853,238 | | 189,746,670 | | 6,893,432 |
| | Total | \$ 20 | 9,095,733 | S | 282,164,902 | \$ | 312,233,310 | S | 30,068,408 |

| | | | ACTA/ACTIA | | | | | |
|-------------------------------|--------------------|--------------------------------|--|--------------|------------------|--------------------|--------------------|-----------------|
| | | | tment Status R | | | | Table 2 | |
| | | Quarter (| End September | 30, 2010 | | | | |
| | Pre-Audit | | Interest Ea | arned | | | Audited-F | YE 2010 |
| ACTA | Investment Balance | Quarter End September 30, 2010 | | | | Investment Balance | Interest earned | |
| | | Interest earned | terest earned Avg. Rate Actual Budget (4) Difference | | FYE June 30,2010 | FYE 2010 | | |
| County Treas. Pool (2) | | - | | | | | | |
| Checking UBOC | 21,209 | 20 | | | | | 53,614 | \$193 |
| State Treas. Pool (LAIF) | 27,185,628 | 23,801 | 0.66% | | 0 | | 17,858,450 | 99,664 |
| Investment Advisors (1) | 155,504,647 | 909,477 | 2.30% | | 0 | | 165,070,857 | 5,731,340 |
| Sub-Total Before Discount | 182,711,484 | 933,298 | 2.20% | 437,5 | 00 | 495,798 | 182,982,921 | 5,831,197 |
| FMV Premium/(Discount)(4) | 3,504,112 | - | | | | | 3,504,112 | 9,421 |
| Total | \$186,215,596 | \$933,298 | | \$ 437,5 | 00 | \$ 495,798 | \$186,487,033 | \$5,840,618 |
| Overall Rate: | | | 2.20% | 1.00 |)% | | Overall Rate: | 3.00% |
| | Pre-Audit | Interest Earned | | | | | Audited-F | YE 2010 |
| ACTIA | Investment Balance | Q | uarter End Septe | mber 30, 201 | 0 | | Investment Balance | Interest earned |
| | | Interest earned | Avg. Rate Actual | Budget (4 | | Difference | FYE June 30,2010 | FYE 2010 |
| Community Bank (OPEB)(5) | 908,754 | \$0 | 0.01% | | | | 929,128 | \$5,790 |
| Checking UBOC | 6,457,368 | 654 | 0.05% | | | | 4,091,191 | 3,148 |
| State Treas. Pool (LAIF) | 48,629,010 | 61,448 | 0.50% | | | | 49,999,050 | 266,298 |
| State Treas. Pool (LAIF-ACTA) | 13,000,000 | | | | | | | |
| AC Transit Loan | 0 | 68,624 | 7.00% | | | | 7,040,371 | 759,036 |
| Investment Advisors (1) | 50,810,686 | 172,794 | 1.25% | | | | 60,189,855 | 2,467,234 |
| Sub-Total Before Discount | 118,897,064 | 303,520 | 1.05% | 277,7 | '50 | 25,770 | 121,320,467 | 3,501,506 |
| FMV Premium/(Discount)(4) | 343,942 | - | | | | | 343,942 | -1,125,826 |
| | | | | \$ 277,7 | 50 | \$ 25,770 | \$121,664,409 | \$2,375,680 |
| Total | \$119,241,006 | \$303,520 | | Ψ Ζ11,1- | | Ψ 25,110 | \$121,004,400 | Ψ2,313,000 |
| Total Overall Rate: | \$119,241,006 | \$303,520 | 1.05% | 1.00 | _ | 23,110 | Overall Rate: | 1.88% |

Notes:

⁽¹⁾ The Investment Advisor accounts were activated on July 30, 2004. Additions were made over the years.

⁽²⁾ This amount signifies the deposits on right-of-way proceedings.

⁽³⁾ The AC Transit Loan has a rate of 6% plus 1% admin fees after Jan 1, 2009.

⁽⁴⁾ The budget figures do not have an allowance for fair market valuation (FMV) premium/discount.

⁽⁵⁾ The OPEB/Health Retirement account and related interest income is an off-the-Books account.

⁽⁶⁾ Please refer to attached custodial bank statements for detail of investments

✓ UnionBank

ITC, INSTITUTIONAL CUSTODY 350 CALIFORNIA STREET, 6TH FLOOR SAN FRANCISCO CA 94104

MB 03 001606 72229 H 10 A

ALAMEDA COUNTY TRANSPORTATION AUTHORITY 1333 BROADWAY, SUITE 300 OAKLAND CA 94612-1922

unionbank.com/trustandcustody

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ACI P

Contents

Account Number Account Name

6736300870 ALAMEDA COUNTY TRANS AUTH CU 6736300871 ALAMEDA COUNTY TRANS AUTH SUB CU

Statement Period

September 1, 2010 through September 39, 2010 September 1, 2010 through September 30, 2010

Account Statement

Statement Period

ITC, INSTITUTIONAL CUSTODY 350 CALIFORNIA STREET, 6TH FLOOR SAN FRANCISCO CA 94104

■ UnionBank

September 1, 2010 through September 30, 2010

Account Number

6736300870

Account Name

ALAMEDA COUNTY TRANS AUTH CU

Relationship Manager

ALAMEDA COUNTY TRANSPORTATION

AUTHORITY

1333 BROADWAY, SUITE 300 OAKLAND CA 94612

DENISE WONG Online Access 415-705-7326

unionbank.com/trustandcustody

CHANDLER LIQUID ASSET MGMT Investment Manager

Contents

Principal Portfolio Summary Account Summary

Unrealized Gain/Loss Summary Cash Transactions Summary

Asset Detail

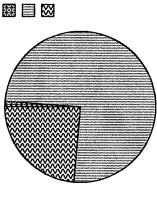
Maturity Summary Transaction Detail

Realized Gain/Loss Summary

Overview of Total Account Value

| \$94,496,216.49 | \$86,563,047.67 | \$86,686,036.36 | \$122.988.69 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------|
| Closing Value on 12/31/2009 | Opening Value on 09/01/2010 | Closing Value on 09/30/2010 | Net Change For Period |

Overview of Account by Investment Category Your Current Portfolio Mix



Page 143

Total Account Value

\$86,686,036.36

100.00%

75.14% 23.70%

Cash & Cash Equivalents Government Obligations Corporate Obligations

Description

Market Value 1,003,993.11 65,136,072.20 20,545,971.05

% of Total Account

6736300870 ALAMEDA COUNTY TRANS AUTH CU

UnionBank.

Account Number 6736300870

Account Name
ALAMEDA COUNTY TRANS AUTH CU

Principal Portfolio Summary

| Description | Market Value | Market Percentage Value of Portfolio | Current Yield |
|---------------------------|-----------------|---|------------------|
| Cash & Cash Equivalents | 1,003,993.11 | 1.16% | 0.05% |
| Government Obligations | 65,136,072.20 | 75.14% | 4.07% |
| Corporate Obligations | 20,545,971.05 | 23.70% | 2.37% |
| Total Principal Portfolio | \$86,686,036,36 | 100.00% | 3.62% |

Unrealized Gain/Loss Summary

| Description | Cost Basis | Market Value | Gain/Loss |
|-------------------------|-----------------|-----------------|--------------|
| Cash & Cash Equivalents | 1,003,993.11 | 1,003,993.11 | 0.00 |
| Government Obligations | 64,908,538.05 | 65,136,072.20 | 227,534.15 |
| Corporate Obligations | 20,240,832.83 | 20,545,971.05 | 305,138.22 |
| Total Gain/Loss | \$86,153,363.99 | \$86,686,036,36 | \$532,672.37 |

Cash Transactions Summary

| 1 | 0 | • |
|-------|---|---|
| | | |
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| | 21.21 | 215,487.50 | d 33,359.20 | 2,807,001.23 | \$3,055,869.14 |
|----------|----------|------------|---------------------------|--------------|----------------|
| Receipts | Dividend | Interest | Accrued Interest Received | Sales | Total Receipts |

| | | ents |
|---------------|-----------|---------------------|
| Disbursements | Purchases | Total Disbursements |

Page 144

(2,630,000.00) (\$2,630,000.00)

Statement Period

Account Statement

September 1, 2010 through September 30, 2010

Cash Transactions Summary (continued)

| Principal Cash | | (425,869.14) | (\$425,869.14) | \$0.00 |
|----------------|--------------------|---------------------|--------------------------|------------------------|
| | Other Transactions | Net Cash Management | Total Other Transactions | Total Net Transactions |

UnionBank Account Number 6736300870

Account Name
ALAMEDA COUNTY TRANS AUTH CU

Account Statement

Statement PeriodSeptember 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio

| Cash & Cash Equivalents | | | | | | | | |
|---|------------|-----------------------|----------------|----------------|------------------------|----------------------------|------------------|----------------------------|
| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
| HighMark Money Market Funds | | | | | | | | |
| HIGHMARK MONEY MARKET U S GOVT FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP | 431114701S | 1,003,993.110 | 1,003,993.11 | 1,003,993.11 | 1.0000 | 1.16% | 0.05% | 502.05 |
| Totai Cash & Cash Equivalents | | | \$1,003,993.11 | \$1,003,993.11 | | 1.16% | 0.05% | \$502.05 |
| Government Obligations | | | , | | | | | |
| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Markot Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
| US Treasury | | | | | | | | |
| UNITED STATES TREAS NTS 4.3750% 12/15/2010 | 912828EQ9 | 1,000,000.000 | 1,010,000.00 | 1,008,550.00 | 100.8550 09/30/2010 | 1.16% | 4.34% | 43,750.00 |
| UNITED STATES TREAS NTS 4.7500% 3/31/2011 | 912828FA3 | 2,500,000.000 | 2,635,750.56 | 2,556,150.00 | 102.2460 09/30/2010 | 2.95% | 4.65% | 118,750.00 |
| UNITED STATES TREAS NTS 4.8750% 4/30/2011 | 912828FD7 | 2,000,000.000 | 2,110,703.13 | 2,053,900.00 | 102.6950 09/30/2010 | 2.37% | 4.75% | 97,500.00 |
| UNITED STATES TREAS NTS 5.1250% 6/30/2011 | 912828FK1 | 2,000,000.000 | 2,109,414.06 | 2,072,580.00 | 103,6290 09/30/2010 | 2.39% | 4.95% | 102,500.00 |
| UNITED STATES TREAS NTS 4.6250% 8/31/2011 | 912828FS4 | 1,800,000.000 | 1,936,054.69 | 1,871,442.00 | 103.9690 09/30/2010 | 2.16% | 4.45% | 83,250.00 |
| UNITED STATES TREAS NTS 1.1250% 12/15/2011 | 912828KA7 | 1,500,000.000 | 1,506,919.09 | 1,514,475.00 | 100.9650 09/30/2010 | 1.75% | 1.11% | 16,875.00 |
| UNITED STATES TREAS NTS 4.5000% 4/30/2012 | 912828GQ7 | 1,200,000.000 | 1,215,703.13 | 1,278,936.00 | 106,5780 09/30/2010 | 1.48% | 4.22% | 54,000.00 |





UnionBank·

Account Number 6736300870

Account Name
ALAMEDA COUNTY TRANS AUTH CU

Statement Period

Account Statement

September 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio (continued)

- Government Obligations

| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
|---|-----------|-----------------------|--------------|--------------|------------------------|----------------------------|------------------|----------------------------|
| US Treasury | | | | | | | | |
| UNITED STATES TREAS NTS 3.8750% 10/31/2012 | 912828HG8 | 1,225,000.000 | 1,272,616.41 | 1,313,236.75 | 107.2030 09/30/2010 | 1.51% | 3.61% | 47,468.75 |
| Federal Govt Agency | | | | | | | | |
| FEDERAL FARM CR BKS CONS 3.7500% 12/6/2010 | 31331YGP9 | 1,000,000.000 | 1,011,176.00 | 1,006,250.00 | 100.6250 09/30/2010 | 1.16% | 3.73% | 37,500.00 |
| FEDERAL NATL MTG ASSN 3.3750% 5/19/2011 | 31398ARH7 | 3,150,000.000 | 3,275,574.75 | 3,212,023.50 | 101.9690 09/30/2010 | 3.71% | 3.31% | 106,312.50 |
| FEDERAL HOME LOAN BANKS 2.6250% 5/20/2011 | 3133X0008 | 825,000.000 | 842,715.22 | 837,119.25 | 101.4690 09/30/2010 | 0.97% | 2.59% | 21,656.25 |
| FEDERAL HOME LN MTG CORP 6.0000% 6/15/2011 | 3134A4FM1 | 2,500,000.000 | 2,687,222.50 | 2,601,575.00 | 104.0630 09/30/2010 | 3.00% | 5.77% | 150,000.00 |
| FEDERAL HOME LOAN BANKS 3.3750% 6/24/2011 | 3133XRCW8 | 3,225,000.000 | 3,320,927.63 | 3,292,531.50 | 102.0940 09/30/2010 | 3.80% | 3.31% | 108,843.75 |
| FEDERAL HOME LOAN BANKS 3.6250% 7/1/2011 | 3133XRRU6 | 2,500,000.000 | 2,609,580.00 | 2,563,275.00 | 102.5310 09/30/2010 | 2.96% | 3.54% | 90,625.00 |
| FEDERAL FARM CR BKS CONS 5.3750% 7/18/2011 | 31331VJ80 | 2,500,000.000 | 2,599,910.00 | 2,600,775.00 | 104.0310 09/30/2010 | 3.00% | 5.17% | 134,375.00 |
| FEDERAL HOME LN MTG CORP 5.2500% 7/18/2011 | 3137EAAF6 | 2,500,000.000 | 2,722,120.00 | 2,599,225.00 | 103.9690 09/30/2010 | 3.00% | 5.05% | 131,250.00 |
| FEDERAL HOME LN BKS 4.8750% 11/18/2011 | 3133ХНРН9 | 2,500,000.000 | 2,711,595.00 | 2,625,775.00 | 105.0310 09/30/2010 | 3.03% | 4.64% | 121,875.00 |
| FEDERAL FARM CR BKS GLOBAL 2.0000% 1/17/2012 | 31331GKY4 | 1,475,000.000 | 1,502,218.18 | 1,504,957.25 | 102.0310 09/30/2010 | 1.74% | 1.96% | 29,500.00 |

6736300870 ALAMEDA COUNTY TRANS AUTH CU

UnionBank: # Account Number 6736300870

Account Name
ALAMEDA COUNTY TRANS AUTH CU

Statement Period

Account Statement

September 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio (continued)

| Government Obligations | | | | | | | | | |
|---|------------|-----------------------|--------------|--------------|------------------------|----------------------------|------------------|----------------------------|--|
| Asset Name | disno | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income | |
| Federal Govt Agency | | | | | | | | | |
| TENNESSEE VALLEY AUTH 6.7900% 5/23/2012 | 880591DT6 | 2,125,000.000 | 2,317,763.00 | 2,340,878.75 | 110.1590 09/30/2010 | 2.70% | 6.16% | 144,287.50 | |
| FEDERAL HOME LN MTG CORP 4.6250% 10/25/2012 | 3137EAAZ2 | 2,500,000.000 | 2,562,070.00 | 2,710,150.00 | 108.4060 09/30/2010 | 3.13% | 4.27% | 115,625.00 | |
| FEDERAL HOME LOAN BANKS 3.3750% 2/27/2013 | 3133XP2W3 | 2,500,000.000 | 2,432,425.00 | 2,660,950.00 | 106.4380 09/30/2010 | 3.07% | 3.17% | 84,375.00 | |
| TENNESSEE VALLEY AUTH 6.0000% 3/15/2013 | 880591 CW0 | 4,000,000.000 | 4,407,900.00 | 4,511,440.00 | 112.7860 09/30/2010 | 5.19% | 5.32% | 240,000.00 | |
| FEDERAL NATL MTG ASSN 3.8750% 7/12/2013 | 31398ASD5 | 1,700,000.000 | 1,811,683.20 | 1,845,571.00 | 108.5630 09/30/2010 | 2.13% | 3.57% | 65,875.00 | |
| TENNESSEE VALLEY AUTH 4.7500% 8/1/2013 | 880591DW9 | 4,000,000.000 | 4,411,330.00 | 4,429,560.00 | 110.7390 09/30/2010 | 5.11% | 4.29% | 190,000.00 | |
| FEDERAL FARM CREDIT BANK BONDS DTD 09/23/2010 1.10% 09/23/2013 | 313317,38 | 880,000.000 | 880,000.00 | 881,927.20 | 100.2190 09/30/2010 | 1.02% | 1.10% | 00'089'6 | |
| FEDERAL NATL MTGE ASSN NOTES 1.200% 09/27/2013 | 31398A4A7 | 1,750,000.000 | 1,750,000.00 | 1,754,375.00 | 100.2500 09/30/2010 | 2.02% | 1.20% | 21,000.00 | |
| FEDERAL FARM CR BKS GLOBAL 3.8750% 10/7/2013 | 313316086 | 2,300,000.000 | 2,397,934.00 | 2,508,449.00 | 109.0630 09/30/2010 | 2.89% | 3.55% | 89,125.00 | |
| FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013 | 3133XSAE8 | 2,000,000.000 | 2,080,600.00 | 2,170,620.00 | 108.5310 09/30/2010 | 2.50% | 3.34% | 72,500.00 | |

UnionBank.

Account Number 6736300870

Account Name
ALAMEDA COUNTY TRANS AUTH CU

Account Statement

September 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio (continued)

| | Estimated Annual Income | | 121,875.00 | \$2,650,373.75 | | Estimated Annual Income | | 78,300.00 | 50,156.25 | 72,225.00 | 65,625.00 | 65,000.00 | 40,375.00 | 46,325.00 |
|------------------------|----------------------------|---------------------|--|------------------------------|-----------------------|----------------------------|-----------------|--|---|--|---|---|--|--|
| | Current Yield | | 4.34% | 4.07% | | Current Yield | | 2.89% | 1.85% | 2.20% | 3.00% | 3.11% | 2.07% | 2.06% |
| | Percentage of Portfolio | | 3.24% | 75.14% | | Percentage of Portfolio | | 3.13% | 3.12% | 3.80% | 2.52% | 2.41% | 2.25% | 2.59% |
| | Price/ Date Priced | | 112.3750 09/30/2010 | | | Price/ Date Priced | | 100.4300 09/30/2010 | 101.1830 09/30/2010 | 102.5010 09/30/2010 | 104.1990 09/30/2010 | 104.5480 09/30/2010 | 102.7740 09/30/2010 | 103.1840 09/30/2010 |
| | Market Value | | 2,809,375.00 | \$65,136,072.20 | | Market Value | | 2,711,610.00 | 2,706,645.25 | 3,290,282.10 | 2,188,179.00 | 2,090,960.00 | 1,952,706.00 | 2,249,411.20 |
| | Cost Basis | | 2,776,632.50 | \$64,908,538.05 | | Cast Basis | | 2,771,874.00 | 2,711,495.03 | 3,209,614.80 | 2,178,477.00 | 2,027,720.00 | 1,899,506.00 | 2,182,071.00 |
| | Shares/ Units Held | | 2,500,000.000 | | | Shares/ Units Held | | 2,700,000.000 | 2,675,000.000 | 3,210,000.000 | 2,100,000.000 | 2,000,000.000 | 1,900,000.000 | 2,180,000.000 |
| | CUSIP | | 3134A4UK8 | | | CUSIP | | 61757UAA8 | 69351CAA1 | 91160HAA5 | 06050BAA9 | 38146FAA9 | 949744AC0 | 36967HAV9 |
| Government Obligations | Asset Name | Federal Govt Agency | FEDERAL HOME LN MTG CORP 4.8750% 11/15/2013 | Total Government Obligations | Corporate Obligations | AssetName | Corporate Bonds | MORGAN STANLEY FDIC GTD TLG 2.9000% 12/1/2010 | PNC FUNDING CORP DTD 12/22/2008 1.8750% 06/22/2011 | US BANCORP DTD 03/13/2009 2.250% 03/13/2012 | BANK 0F AMERICA FDIC GTD TLG 3.1250% 6/15/2012 | GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012 | WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012 | GENL ELEC CAP CORP FDIC TLGP 2.1250% 12/21/2012 |
| | | | | L | | | | | | | | Pa | ge 1 | 48 |

UnionBank Account Number 6736300870

Account Name
ALAMEDA COUNTY TRANS AUTH CU

Account Statement Statement Period

September 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio (continued)

| Corporate Obligations | | | | | | | | |
|--|-----------|-----------------------|-----------------|-----------------|------------------------|----------------------------|------------------|----------------------------|
| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
| Corporate Bonds | | | | | | | | |
| JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012 | 481247AM6 | 3,250,000.000 | 3,260,075.00 | 3,356,177.50 | 103.2670 09/30/2010 | 3.88% | 2.06% | 69,062.50 |
| Total Corporate Obligations | | | \$20,240,832.83 | \$20,545,971.05 | | 23.70% | 2.37% | \$487,068.75 |
| Total Principal Portfolio | | | \$86,153,363.99 | \$86,686,036.36 | | 100.00% | 3.62% | \$3,137,944.55 |
| Total Account Values | | | \$86,153,363.99 | \$86,686,036.36 | | 100.00% | 3.62% | \$3,137,944.55 |

Maturity Summary

| Face Value Par Value Cost Basis Market Value Percentage of Market Value 2010 4,700,000.000 4,793,050.00 4,793,050.00 5,52% 2011 32,175,000.000 33,779,981.66 33,107,481.50 38,64% 2013 23,165,000.000 23,627,834.52 24,275,874.55 28,33% 2014 2015 22,948,504.70 23,572,267.20 27,51% 2016 2017 2018 2018 2018 |
|--|
| Value Cost Basis Market Value 4,700,000.000 4,793,050.00 4,726,410.00 32,175,000.000 33,779,981.66 33,107,481.50 23,165,000.000 23,627,834.52 24,275,874.55 21,630,000.000 22,948,504.70 23,572,267.20 |
| Cost Basis Market Value 4,793,050.00 4,726,410.00 33,779,981.66 33,107,481.50 23,627,834.52 24,275,874.55 22,948,504.70 23,572,267.20 |
| Market Value 4,726,410.00 33,107,491.50 24,275,874.55 23,572,267.20 |
| |
| Percentage of Market Valu. 5.52% 38.64% 28.33% 27.51% |
| 6 .0 .0 .0 .0 |



6736300870 ALAMEDA COUNTY TRANS AUTH CU

120,000.00

880591CW0

Interest CASH RECEIPT OF INTEREST EARNED ON TVA 6.000% 3/15/13 0.03/\$1 PV ON 4,000,000 PAR VALUE DUE 9/15/2010

09/15/10

Page 150

UnionBank

Account Number 6736300870

Account Name
ALAMEDA COUNTY TRANS AUTH CU

Statement Period

Account Statement

September 1, 2010 through September 30, 2010

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| Date | Activity | Activity Description | CUSIP | Principal Cash | Cost Basis |
|-------------------|---------------------------|--|------------|----------------|-----------------|
| Beginning Balance | | | | \$0.00 | \$85,917,841.48 |
| 09/01/10 | Dividend | CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARKUS GOVERNMENT MONEY MKT FD ONE MONTH YIELD (ANNUALIZED), 05% | 431114701S | 21.21 | |
| 09/13/10 | Sales | SOLD 1,175,000 PAR VALUE OF FHLB BDS 2.625% 5/20/11 LT CAPITAL LOSS OF (\$6,377.90) TRADE DATE 09/10/10 SOLD THROUGH SEC WARBURG INC. 1,175,000 PAR VALUE AT 101.6045 % | 3133X0008 | 1,193,852.88 | (1,200,230.78) |
| 09/13/10 | Accrued Interest Received | RECEIVED ACCRUED INTEREST ON SALE OF FHLB BDS 2.625% 5/20/11 | 3133XQQQ8 | 9,681.51 | |
| 09/13/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON US BANCORP MTN 2.250% 3/13/12 0.01125/\$1 PV ON 3,210,000 PAR VALUE DUE 9/13/201 | 91160HAA5 | 36,112.50 | |
| 09/14/10 | Sales | SOLD 850,000 PAR VALUE OF FNMA NTS 3.375% 5/19/11 LT CAPITAL LOSS OF (\$16,085.40) TRADE DATE 09/13/10 SOLD THROUGH MORGAN STANLEY 850,000 PAR VALUE AT 102.0941 % | 31398ARH7 | 867,799.85 | (883,885.25) |
| 09/14/10 | Accrued Interest Received | RECEIVED ACCRUED INTEREST ON SALE OF FINMA NTS 3.375% 5/19/11 | 31398ARH7 | 9,164.06 | |

Statement Period

Account Statement

September 1, 2010 through September 30, 2010

Account Name
ALAMEDA COUNTY TRANS AUTH CU UnionBank: Account Number 6736300870

| Ë | Transaction Detail (continued) | (penu | | | | |
|----------|--------------------------------|---------------------------|--|------------|----------------|-----------------|
| | Date | Activity | Activity Description | CUSIP | Principal Cash | Cost Basis |
| | 09/17/10 | Sales | SOLD 675,000 PARVALUE OF TENN VY AUTH SER A 6.790% 5/23/12 LT CAPITAL GAIN OF \$9,117.90 TRADE DATE 09/16/10 SOLD THROUGH MORGAN STANLEY 675,000 PARVALUE AT 110.422 % | 880591DT6 | 745,348.50 | (736,230.60) |
| | 09/17/10 | Accrued Interest Received | RECEIVED ACCRUED INTEREST ON SALE OF TENN VY AUTH SER A 6.790% 5/23/12 | 8805910T6 | 14,513.63 | |
| | 09/23/10 | Purchases | PURCHASED 880,000 PARVALUE OF FFCB BDS 1.100% 9/23/13 TRADE DATE 09/13/10 PURCHASED THROUGH JP MORGAN CLEARING CORP 880,000 PARVALUE AT 100 % | 313317J38 | (880,000,00) | 880,000.00 |
| | 01/12/60 | Purchases | PURCHASED 1,750,000 PAR VALUE OF FNMA NTS 1.200% 9/27/13 TRADE DATE 09/10/10 PURCHASED THROUGH CREDIT SUISSE 1,750,000 PAR VALUE AT 100 % | 31398A4A7 | (1,750,000.00) | 1,750,000.00 |
| | 09/30/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON U S TREAS NTS 4.750% 3/31/11 0.02375/\$1 PV ON 2,500,000 PAR VALUE DUE 9/30/201 | 912828FA3 | 59,375.00 | |
| | | Net Cash Management | TOTAL ACTIVITY FOR HIGHMARK US GOVERNMENT MONEY MKT FD FROM 09/01/10 TO 09/30/10 | 431114701S | (425,869.14) | 425,869.14 |
| D | Net Activity | | | | \$0.00 | \$235,522.51 |
| ၁ | Ending Balance | | | | \$0.00 | \$86,153,363.99 |

UnionBank

Account Number 6736300870 ALAMEDA COUNTY TRANS AUTH CU

Account Name

Statement Period

Account Statement

September 1, 2010 through September 30, 2010

Realized Gain/Loss Summary

| | | | | 1 | | | | |
|-----------|----------------------------|-----------------------------------|-----------|--------------|----------------|----------------|--------------------|---------------|
| Sale Date | Asset Name | | CUSIP | Share | Cost | Proceeds | Gain / Loss Amount | nount |
| | | | | | | | Short | Long |
| 09/13/10 | FHLB BDS | 2.625% 5/20/11 | 3133X0008 | 1,175,000.00 | ,200,230.78 | 1,193,852.88 | 0.00 | (6,377.90) |
| 09/14/10 | FNMA NTS | 3.375% 5/19/11 | 31398ARH7 | 850,000.00 | 883,885.25 | 867,799.85 | 0.00 | (16,085.40) |
| 09/17/10 | TENN VY AUTH | TENN VY AUTH SER A 6.790% 5/23/12 | 880591DT6 | 675,000.00 | 736,230.60 | 745,348.50 | 0.00 | 9,117.90 |
| | TOTAL | | | \$ | \$2,820,346.63 | \$2,807,001.23 | \$0.00 | (\$13,345.40) |
| | SUMMARY | | | DISTR | NSTRIBUTIONS | REALIZED | TOTAL | |
| | Short Term Ca _l | Short Term Capital Gain / Loss | | | \$0.00 | \$0.00 | \$0.00 | |
| | Long Term Cap | Long Term Capital Gain / Loss | | | \$0.00 | (\$13,345.40) | (\$13,345.40) | |
| | | | | | | | | |

Disclaimer

The amount your account netted on a sale minus the total amount the account paid at initial purchase is your account's realized gain (if positive) or loss (if negative). Cost basis as to Union Bank at or after the time we were appointed Custodian or Trustee of the assets. The monthly or quarterly statements of your account may not have correct calculations reported on your UB statement is either a) the lot-specific purchase price minus purchase commissions and fees or b) information provided by the client or their representative of gain/loss for a particular tax lot due to incomplete information. The cost basis information in those statements is preliminary and subject to change if you provide additional data during the year or for other reasons. Therefore, please refer to the Tax Statements that we provide after year-end to determine accurate gain/loss calculations and what we report to the IRS. Please consult your tax advisor for more information. Mutual Fund Capital Gain distributions are not included in this summary.

DST 00073968

UnionBank

ITC, INSTITUTIONAL CUSTODY 350 CALIFORNIA STREET, 6TH FLOOR SAN FRANCISCO CA 94104

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Account Statements

unionbank.com/trustandcustody_1 1 2010

ACTA

MB 02 001637 72229 H 10 A

ALAMEDA COUNTY TRANSPORTATION
IMPROVEMENT AUTHORITY ATTN: MR.AZAD
1333 BROADWAY, SUITE 300
OAKLAND CA 94612-1922

Contents

Account Number Account Name

6736300881 ALAMEDA CNTY TRANS IMP AUTH SUB CU 6736300880 ALAMEDA COUNTY TRIMP AUTH CU

Statement Period

September 1, 2010 through September 30, 2010 September 1, 2010 through September 30, 2010

DST 00073968

UnionBank

ITC, INSTITUTIONAL CUSTODY 350 CALIFORNIA STREET, 6TH FLOOR SAN FRANCISCO CA 94104

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY ATTN: MR.AZAD 1333 BROADWAY, SUITE 300 OAKLAND CA 94612

Account Statement

Statement Period

September 1, 2010 through September 30, 2010

Account Number

6736300880

Account Name

ALAMEDA COUNTY TR IMP AUTH CU

Relationship Manager DENISE WONG

415-705-7326

unionbank.com/trustandcustody Online Access

CHANDLER LIQUID ASSET MGMT Investment Manager

Contents

Principal Portfolio Summary Cash Transactions Summary Maturity Summary Transaction Detail Account Summary Asset Detail

Unrealized Gain/Loss Summary Realized Gain/Loss Summary

Overview of Total Account Value

| \$30,264,475.08 | \$30,479,761.04 | \$29,251,660.80 | (\$1,228,100.24) |
|-----------------------------|-----------------------------|-----------------------------|-----------------------|
| Closing Value on 12/31/2009 | Opening Value on 09/01/2010 | Closing Value on 09/30/2010 | Net Change For Period |

Overview of Account by Investment Category

Page 155

Your Current Portfolio Mix

100.00% 0.16% 84.13% 15.71% % of Total Account 鐢

6736300880 ALAMEDA COUNTY TR IMP AUTH CU

\$29,251,660.80

4,596,787.85 24,608,622.95

Total Account Value

Cash & Cash Equivalents Government Obligations Corporate Obligations

Description

Market Value 46,250.00

Account Number 6736300880

Account Name
ALAMEDA COUNTY TR IMP AUTH CU

Account Statement

Septement PeriodSeptember 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio (continued)

| | Estimated Annual Income | | 13,750.00 | 110,100.00 | 50,625.00 | 39,375.00 | 5,000.00 | 00'000'00 | 84,600.00 | 29,250.00 | 38,750.00 | 54,375.00 | 53,750.00 |
|------------------------|----------------------------|---------------------|---|---|--|--|---|--|--|---|---|---|---|
| | Current Yield | | 1.37% | 5.80% | 3.31% | 2.59% | 0.50% | 3.07% | 5.77% | 3.80% | 3.77% | 3.54% | 5.17% |
| | Percentage of Portfolio | | 3.44% | 6.49% | 5.23% | 5.20% | 3.42% | %89.9 | 5.02% | 2.63% | 3.51% | 5.26% | 3.56% |
| | Price/ Date Priced | | 100.6250 09/30/2010 | 103.5310 09/30/2010 | 101.9690 09/30/2010 | 101.4690 09/30/2010 | 100.1250 09/30/2010 | 101.7500 09/30/2010 | 104.0630 09/30/2010 | 102.5630 09/30/2010 | 102.6560 09/30/2010 | 102.5310 09/30/2010 | 104.0310 09/30/2010 |
| | Market Value | | 1,006,250.00 | 1,899,793.85 | 1,529,535.00 | 1,522,035.00 | 1,001,250.00 | 1,953,600.00 | 1,467,288.30 | 769,222.50 | 1,026,560.00 | 1,537,965.00 | 1,040,310.00 |
| | Cost Basis | | 1,008,195.00 | 1,945,492.69 | 1,560,225.00 | 1,532,209.50 | 1,000,504.00 | 1,977,262.08 | 1,495,439.22 | 775,252.50 | 1,034,750.00 | 1,565,748.00 | 1,039,964.00 |
| | Shares/ Units Held | | 1,000,000.000 | 1,835,000.000 | 1,500,000.000 | 1,500,000.000 | 1,000,000.000 | 1,920,000.000 | 1,410,000.000 | 750,000,000 | 1,000,000.000 | 1,500,000.000 | 1,000,000.000 |
| | CUSIP | | 31398AWQ1 | 31359MJH7 | 31398ARH7 | 3133X0008 | 31331JPX5 | 3133XR4U1 | 3134A4FM1 | 31331YY46 | 3137EABN8 | 3133XRRU6 | 31331VJ80 |
| Government Obligations | Asset Name | Federal Govt Agency | FEDERAL NATL MTGE ASSN NOTES DTD 04/09/2009 1.3750% 04/28/2011 | FEDERAL NATI. MTG ASSN 6.0000% 5/15/2011 | FEDERAL NATL MTG ASSN 3.3750% 5/19/2011 | FEDERAL HOME LOAN BANKS 2.6250% 5/20/2011 | FEDERAL FARM CREDIT BONDS DTD 06/01/2010 0.5% 06/01/2011 | FEDERAL HOME LOAN BANKS 3.1250% 6/10/2011 | FEDERAL HOME LN MTG CORP 6.0000% 6/15/2011 | FEDERAL FARM CR BKS BONDS DTD 06/20/2008 3.900% 06/20/2011 | FEDERAL HOME LN MTG CORP 3.8750% 6/29/2011 | FEDERAL HOME LOAN BANKS 3.6250% 7/1/2011 | FEDERAL FARM CR BKS CONS 5.3750% 7/18/2011 |
| | | u. | | | | | | | | | Pa | ge 1 | 56 |

27,562.50

2.20%

4.29%

102.5010 09/30/2010

1,255,637.25

1,224,853.00

1,225,000.000

91160HAA5

US BANCORP DTD 03/13/2009 2.250% 03/13/2012

16,875.00

1.85%

3.11%

101.1830 09/30/2010

910,647.00

912,278.70

900,000,000

69351CAA1

PNC FUNDING CORP DTD 12/22/2008 1.8750% 06/22/2011

Corporate Bonds

25,000.00

3.00%

2.85%

104.1990 09/30/2010

833,592.00

829,896.00

800,000,000

06050BAA9

BANK OF AMERICA FDIC GTD TLG 3.1250% 6/15/2012

26,000.00

3.11%

2.86%

104.5480 09/30/2010

836,384.00

811,088.00

800,000.000

38146FAA9

GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012

UnionBank

Account Number 6736300880

Account Name
ALAMEDA COUNTY TR IMP AUTH CU

Account Statement

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Statement Period

September 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio (continued)

| Government Obligations | | | | | | | | | |
|---|-----------|-----------------------|-----------------|-----------------|------------------------|----------------------------|------------------|----------------------------|--|
| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income | |
| Federal Govt Agency | | | | | | | | | |
| FEDERAL HOME LN MTG CORP 5.2500% 7/18/2011 | 3137EAAF6 | 1,400,000.000 | 1,524,387.20 | 1,455,566.00 | 103.9690 09/30/2010 | 4.98% | 5.05% | 73,500.00 | |
| FEDERAL HOME LN BKS 4.8750% 11/18/2011 | 3133ХНРН9 | 1,000,000.000 | 1,031,172.00 | 1,050,310.00 | 105.0310 09/30/2010 | 3.59% | 4.64% | 48,750.00 | |
| Total Government Obligations | | | \$24,967,310.86 | \$24,608,622.95 | | 84.13% | 3.73% | \$918,587.50 | |
| Corporate Obligations | | | | | | | | | |
| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income | |

Account Number 6736300880

Account Name
ALAMEDA COUNTY TRIMP AUTH CU

Account Statement

Statement Period

September 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio (continued)

| Corporate Unitgations | - | | | | | | | |
|--|-----------|-----------------------|-----------------|-----------------|------------------------|----------------------------|------------------|----------------------------|
| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
| Corporate Bonds | | | | | | | | |
| WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012 | 949744AC0 | 740,000.000 | 739,807.60 | 760,527.60 | 102.7740 09/30/2010 | 2.60% | 2.07% | 15,725.00 |
| Total Corporate Obligations | | | \$4,517,923.30 | \$4,596,787.85 | | 15.71% | 2.42% | \$111,162.50 |
| Total Principal Portfolio | | | \$29,531,484.16 | \$29,251,660.80 | | 100.00% | 3.52% | \$1,029,773.13 |
| Total Account Values | | | \$29,531,484.16 | \$29,251,660.80 | | 100.00% | 3.52% | \$1,029,773.13 |

Maturity Summary

| Percentage of Market Value | 6.89% | 80.49% | 12.62% | | | | | | | | | | | 100,00% |
|----------------------------|---------------|----------------|---------------|------|------|------|------|------|------|------|-----------------------|---------------------------|-----------------------|-----------------|
| Market Value | 2,012,500.00 | 23,506,769.95 | 3,686,140.85 | | | | | | | | | | | \$29,205,410.80 |
| Cost Basis | 2,070,764.00 | 23,808,825.56 | 3,605,644.60 | | | | | | | | | | | \$29,485,234.16 |
| Par Value | 2,000,000.000 | 22,925,000.000 | 3,565,000.000 | | | | | | | | | - | | 28,490,000,000 |
| Face Value | | | | | | | | | | | | | | \$0.00 |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Ten-to-Fourteen Years | Fifteen-to-Nineteen Years | Twenty Years and Over | Total |

Account Name
ALAMEDA COUNTY TRIMP AUTH CU

Account Statement

Extatement PeriodSeptember 1, 2010 through September 30, 2010

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| Date | Activity | Description | CUSIP | Principal Cash | Cost Basis |
|----------------------|----------------------------|--|------------|----------------|-----------------|
| Beginning Balance | | | | \$0.00 | \$30,713,265.15 |
| 09/01/10 | Dividend | CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK US GOVERNMENT MONEY MKT FD ONE MONTH YIELD (ANNUALIZED).05% | 431114701S | 6.23 | |
| 09/10/10 | Maturites/Redemptions | MATURED 1,030,000 PAR VALUE OF FHLB BDS 5.125% 9/10/10 ST CAPITAL LOSS OF (\$29,015.10) TRADE DATE 09/10/10 1,030,000 PAR VALUE AT 100 % | 3133XGLE2 | 1,030,000.00 | (1,059,015.10) |
| 09/10/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 5.125% 9/10/10 0.025625/\$1 PV ON 1,030,000 PAR VALUE DUE 9/10/20 | 3133XGLE2 | 26,393.75 | |
| 09/13/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON US BANCORP MTN 2.250% 3/13/12 0.01125/\$1 PV ON 1,225,000 PAR VALUE DUE 9/13/201 | 91160HAA5 | 13,781.25 | |
| 03/27/10 | Checking / Savings Deposit | CASH DISBURSEMENT PAID TO ACTIA TRANSFER TO UB CHKING/SAVING 7020024512 | | (1,239,197.12) | |
| 03/30/10 | interest | CASH RECEIPT OF INTEREST EARNED ON U S TREAS NTS 4.750% 3/31/11 0.02375/\$1 PV ON 1,000,000 PAR VALUE DUE 9/30/201 | 912828FA3 | 23,750.00 | |
| 01/05/60 Page 159 | Interest | CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 4.500% 9/30/11 0.0225/\$1 PV ON 1,000,000 PAR VALUE DUE 9/30/2010 | 912828FU9 | 22,500.00 | |



6736300880 ALAMEDA COUNTY TRIMP AUTH CU

Account Number 6736300880 **Union**Bank

Account Statement

Statement Period

ALAMEDA COUNTY TR IMP AUTH CU

Account Name

September 1, 2010 through September 30, 2010

Transaction Detail (continued)

| Date | Activity | Description | CUSIP | Principal Cash | Cost Basis |
|----------------|---------------------|--|------------|----------------|-------------------------|
| | Net Cash Management | TOTAL ACTIVITY FOR HIGHMARK US GOVERNMENT MONEY MKT FD FROM 09/01/10 TO 09/30/10 | 431114701S | 122,765.89 | (122,765.89) |
| Net Activity | | | | \$0.00 | \$0.00 (\$1,181,780.99) |
| Ending Balance | | | | \$0.00 | \$0.00 \$29,531,484.16 |

Realized Gain/Loss Summary

| Amount | Tong | 0.00 | \$0.00 | | | |
|--------------------|-------|----------------|----------------|---------------|--------------------------------|-------------------------------|
| Gain / Loss Amount | Short | (29,015.10) | (\$29,015.10) | TOTAL | (\$29,015.10) | \$0.00 |
| Proceeds | | 1,030,000.00 | \$1,030,000.00 | REALIZED | (\$29,015.10) | \$0.00 |
| Cast | | 1,059,015.10 | \$1,059,015.10 | DISTRIBUTIONS | \$0.00 | \$0.00 |
| Share | | 1,030,000.00 | | | | |
| CUSIP | | 3133XGLE2 | | | | |
| | | 5.125% 9/10/10 | | | Short Term Capital Gain / Loss | Long Term Capital Gain / Loss |
| Asset Name | | FHLB BDS | TOTAL | SUMMARY | Short Term C | Long Term Ca |
| Sale Date | | 09/10/10 | | | | |

Disclaimer

The amount your account netted on a sale minus the total amount the account paid at initial purchase is your account's realized gain (if positive) or loss (if negative). Cost basis as Union Bank at or after the time we were appointed Custodian or Trustee of the assets. The monthly or quarterly statements of your account may not have correct calculations of gain/loss for a particular tax lot due to incomplete information. The cost basis information in those statements is preliminary and subject to change if you provide additional order and or other reasons. Therefore, please refer to the Tax Statements that we provide after year-end to determine accurate gain/loss calculations and the hand to the IRS. Please consult your tax advisor for more information. Mutual Fund Capital Gain distributions are not included in this summary. reported on your UB statement is either a) the lot-specific purchase price minus purchase commissions and fees or b) information provided by the client or their representative

UnionBank

ITC, INSTITUTIONAL CUSTODY 350 CALIFORNIA STREET, 6TH FLOOR SAN FRANCISCO CA 94104

ALAMEDA COUNTY TRANSPORTATION IMPROVEMENT AUTHORITY ATTN: MR.AZAD 1333 BROADWAY, SUITE 300 OAKLAND CA 94612

Account Statement

Statement Period

September 1, 2010 through September 30, 2010

Account Number

6736300881

Account Name

ALAMEDA CNTY TRANS IMP AUTH SUB CU

Refationship Manager

DENISE WONG 415-705-7326

PUBLIC FINANCIAL MANAGEMENT

Investment Manager

Online Access

unionbank.com/trustandcustody

Contents

Account Summary Maturity Summary Transaction Detail Asset Detail

Unrealized Gain/Loss Summary Principal Portfolio Summary Cash Transactions Summary Realized Gain/Loss Summary

> \$29,636,102.16 \$21,477,639.25 (\$8,158,462.91)

Opening Value on 09/01/2010 Closing Value on 12/31/2009

Closing Value on 09/30/2010 Net Change For Period

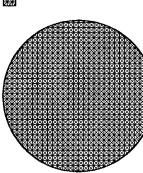
\$38,644,726.98

Overview of Total Account Value

Overview of Account by Investment Category

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| Describing | 21,477,639.25 Government Obligations | \$21,477,639.25 Total Account Value | • |
|--------------------------|--------------------------------------|-------------------------------------|---|
| market value Description | 21,477,639.25 | \$21,477,639.25 | |
| 70 UI FOISH ACCOUNT | 100.00% | 100.00% | |
| | | l | |



Account Number 6736300881

Account Name
ALAMEDA CNTY TRANS IMP AUTH SUB CU

Principal Portfolio Summary

| Description | Market Value | Market Percentage Value of Portfolio | Current Yield |
|---------------------------|-----------------|---|------------------|
| Government Obligations | 21,477,639.25 | 100.00% | 2.75% |
| Total Principal Portfolio | \$21,477,639.25 | 100.00% | 2.75% |

Unrealized Gain/Loss Summary

| Description | Cost Basis | Market Value | Gain/Loss |
|------------------------|-----------------|-----------------|----------------|
| Government Obligations | 21,601,686.56 | 21,477,639.25 | (124,047.31) |
| Total Gain/Loss | \$21,601,686.56 | \$21,477,639.25 | (\$124,047.31) |

Cash Transactions Summary

| Principal | |
|-----------|----------|
| | |
| | Receipts |

Cash

204,083.75 7,982,000.00 \$8,186,089.09 Maturites/Redemptions Interest Dividend **Total Receipts**

5.34

Disbursements

(8,311,767.68) (\$8,311,767.68) Checking / Savings Deposit **Total Disbursements**

Other Transactions

125,678.59 \$125,678.59 Net Cash Management **Fotal Other Transactions**

Total Net Transactions

Page 162

\$0.00

Account Statement

Statement Period

September 1, 2010 through September 30, 2010

Account Name
ALAMEDA CNTY TRANS IMP AUTH SUB CU

Statement Period

Account Statement

September 1, 2010 through September 30, 2010

Asset Detail - Principal Portfolio

| Government Obligations | | | | | | | | |
|---|-----------|-----------------------|-----------------|-----------------|------------------------|----------------------------|------------------|----------------------------|
| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
| Federal Govt Agency | | | | | | | | |
| FEDERAL NATL MTG ASSN NOTES DTD 03/23/2009 1.750% 03/23/2011 | 31398AVQ2 | 515,000.000 | 523,322.40 | 518,702.85 | 100.7190 09/30/2010 | 2.42% | 1.74% | 9,012.50 |
| FEDERAL HOME LN MTG CORP 3.8750% 6/29/2011 | 3137EABN8 | 14,435,000.000 | 14,954,057.65 | 14,818,393.60 | 102.6560 09/30/2010 | %68.99% | 3.77% | 559,356.25 |
| US Govt Agency - Discount | | | | | | | | |
| FEDERAL NATL MTG ASSN DISC N 0.0000% 1/4/2011 | 313588AD7 | 6,143,000.000 | 6,124,306.51 | 6,140,542.80 | 99.9600 09/30/2010 | 28.59% | 0.35% | 21,729.69 |
| Total Government Obligations | | | \$21,601,686.56 | \$21,477,639.25 | | 100.00% | 2.75% | \$590,098.44 |
| Total Principal Portfolio | | | \$21,601,686.56 | \$21,477,639.25 | | 100.00% | 2.75% | \$590,098.44 |
| Total Account Values | | | \$21,601,686.56 | \$21,477,639.25 | | 100.00% | 2.75% | \$590,098.44 |



UnionBank

Account Number 6736300881

Account Name
ALAMEDA CNTY TRANS IMP AUTH SUB CU

Maturity Summary

September 1, 2010 through September 30, 2010 Statement Period

Account Statement

| rket Value | 100.00% | | | 100.00% | | Cost Basis | \$30,110,805.34 | | (5,257,750.00) | |
|----------------------------|----------------------|--|---|-----------------|--------------------|----------------------|-------------------|---|---|---|
| Percentage of Market Value | · | | | | | Principal Cash | \$0.00 | 5.34 | 5,000,000.00 | 128,125.00 |
| Market Value | 21,477,639.25 | | | \$21,477,639.25 | | CUSIP | | 431114701S | 3133XGLE2 | 3133XGLE2 |
| Cost Basis | 21,601,686.56 | | | \$21,601,686.56 | I | | | ON FMKT FD % | | ON JE DUE 9/10/20 |
| Par Value | 21,093,000.000 | | | 21,093,000.000 | , | escription | | CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK US GOVERNMENT MONEY MKT FD ONE MONTH YIELD (ANNUALIZED),05% | MATURED 5,000,000 PAR VALUE OF FHLB BDS 5,125% 9/10/10 LT CAPITAL LOSS OF (\$257,750.00) TRADE DATE 09/10/10 5,000,000 PAR VALUE AT 100 % | CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 5.125% 9/10/10 0.025625/\$1 PV ON 5,000,000 PAR VALUE DUE 9/10/20 |
| Face Value | | | | \$0.00 | | Activity Description | | Dividend C. H | Maturites/Redemptions M FI L1 T1 5,5 | Interest C. FI 0.0 |
| | 2010 2011 2012 | 2013 2014 2015 2016 2017 2018 | Ten-to-Fourteen Years Fifteen-to-Nineteen Years Twenty Years and Over | | Transaction Detail | | Beginning Balance | 110 | 01, | 110 |
| | | | | Total | Transa | Date | Begir | 09/01/10 | Page | 01/01/60 164 |

Account Name
ALAMEDA CNTY TRANS IMP AUTH SUB CU

Account Statement

Statement Period

September 1, 2010 through September 30, 2010

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| - Date | Activity | Activity Description | CUSIP | Principal Cash | Cost Basis |
|----------|----------------------------|---|-----------|----------------|----------------|
| 09/13/10 | Maturites/Redemptions | MATURED 2,562,000 PAR VALUE OF FFCB BDS 5.250% 9/13/10 LT CAPITAL LOSS OF (\$136,733.94) TRADE DATE 09/13/10 2,562,000 PAR VALUE AT 100 % | 31331XE40 | 2,562,000.00 | (2,698,733.94) |
| 09/13/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 5.250% 9/13/10 0.02625/\$1 PV ON 2,562,000 PAR VALUE DUE 9/13/201 | 31331XE40 | 67,252.50 | |
| 09/23/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 1.750% 3/23/11 0.00875/\$1 PV ON 515,000 PAR VALUE DUE 9/23/2010 | 31398AV02 | 4,506.25 | |
| 09/29/10 | Checking / Savings Deposit | CASH DISBURSEMENT PAID TO ACTIA TRANSFER TO UB CHKING/SAVING 7020024512 | | (7,887,567.68) | |
| 09/30/10 | Checking / Savings Deposit | CASH DISBURSEMENT PAID TO ACTIA TRANSFER TO UB CHKING/SAVING 7020024512 | | (424,200.00) | |
| 09/30/10 | Maturites/Redemptions | MATURED 420,000 PAR VALUE OF US TREAS NTS 2.000% 9/30/10 LT CAPITAL LOSS OF (\$6,956.25) TRADE DATE 09/30/10 420,000 PAR VALUE AT 100 % | 912828JL5 | 420,000.00 | (426,956.25) |
| 09/30/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 2.000% 9/30/10 0.01/\$1 PV ON 420,000 PAR VALUE DUE 9/30/2010 | 912828JL5 | 4,200.00 | |

UnionBank.

Account Number 6736300881

Account Name

ALAMEDA CNTY TRANS IMP AUTH SUB CU

Account Statement

- Statement Period

September 1, 2010 through September 30, 2010

Transaction Detail (continued)

| Date | Activity | Description | CUSIP | Principal Cash | Cost Basis |
|----------------|---------------------|---|------------|----------------|------------------------|
| | Net Cash Management | TOTAL ACTIVITY FOR HIGHMARKUS GOVERNMENT MONEY MKT FD FROM 09/01/10 TO 09/30/10 | 431114701S | 125,678.59 | (125,678.59) |
| Net Activity | | | | \$0.00 | (\$8,509,118.78) |
| Ending Balance | | | | \$6.00 | \$0.00 \$21,601,686.56 |

Realized Gain/Loss Summary

| CUSIP Share Cost Proceeds Gain/Loss Amount | Shor | % 9/10/10 5,000,000.00 5,257,750.00 5,000,000.00 0.00 (257,750.00) | 31331XE40 2,562,000.00 2,698,733.94 2,562,000.00 0.00 | 912828JL5 | \$8,383,440,19 \$7,982,000.00 \$0.00 (\$401,440.19) | DISTRIBUTIONS REALIZED TOTAL | in / Loss \$0.00 \$0.00 \$0.00 | |
|--|------|--|---|-----------------------------|---|------------------------------|--------------------------------|--|
| Asset Name | | FHLB BDS 5.125% 9/10/10 | FFCB BDS 5.250% 9/13/10 | US TREAS NTS 2.000% 9/30/10 | TOTAL. | SUMMARY | Short Term Capital Gain / Loss | |
| Sale Date | | 09/10/10 | 09/13/10 | 09/30/10 | | | | |

Disclaimer

The amount your account netted on a sale minus the total amount the account paid at initial purchase is your account's realized gain (if positive) or loss (if negative). Cost basis as the positive of the client or their representative of reported on your UB statement is either a) the lot-specific purchase price minus purchase commissions and fees or b) information provided by the client or their representative to Union Bank at or after the time we were appointed Custodian or Trustee of the assets. The monthly or quarterly statements of your account may not have correct calculations Lof gain/loss for a particular tax lot due to incomplete information. The cost basis information in those statements is preliminary and subject to change if you provide additional advantage of the reasons. Therefore, please refer to the Tax Statements that we provide after year-end to determine accurate gain/loss calculations and what we report to the IRS. Please consult your tax advisor for more information. Mutual Fund Capital Gain distributions are not included in this summary.