December 11, 2008
Agenda Item 6.4.1

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Alameda County Congestion Management Agency:

I 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, 2008, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2008, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statements on pages 24 and 25 are presented for purposes of additional analysis and are 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with *Government Auditing Standards*, I have also issued my report dated October 28, 2008, on my consideration of the Agency's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the Agency. The accompanying schedule of expenditures of federal awards 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Kevin W. Harper, CPA

October 28, 2008

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2008

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, 2008. 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:

- A Statement of Net Assets (showing agency wide assets and liabilities)
- A Statement of Activities (showing agency wide revenues and expenses)
- A Balance Sheet (showing assets and liabilities by fund)
- Statements of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (showing revenues and expenses for the General Fund, Exchange Fund and the Non-major Governmental Funds which include the Transportation Fund for Clean Air (TFCA Fund) and the Measure B Fund.
- A Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund (showing budget versus actual revenue and expenses)

Financial Highlights

Financial highlights for the fiscal year ended June 30, 2008, include the following:

- The Agency's total net assets was $7,406,261, a decrease of $1,085,542 from the prior fiscal year (see Statement of Activities, page 9).
- The Agency's total revenues decreased by 14.4% from $42,442,783 for fiscal year 2006-07 to $36,335,880 for the past year due to decreases in project activity. Similarly, the Agency's expenditures decreased by 9.4% from $41,282,560 in fiscal year 2006-07 to $37,421,422 in fiscal year 2007-08 in response to decreased project activity (see Statement of Activities, page 9).
- The Agency's cash and investments (restricted and unrestricted) totaled $16,206,602 a decrease of $1,020,796 or 5.9% from the prior fiscal year (see Statement of Net Assets, page 8).

- The General Fund reported a net decrease in fund balance for the year of $1,033,715 due primarily to $642,212 payments to CalPERS related to the Agency's postemployment health care costs and $655,810 related to the office expansion (see Statement of Revenues, Expenditures and Changes in Fund Balance, page 11).

Financial Information

The Agency maintains four funds: General Fund, Transportation Fund for Clean Air, Exchange Fund and Measure B Fund. Following is a discussion of the results of operations of each fund during fiscal year 2007-08:

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:

Table 1 - General Fund Revenues and Expenditures

	FY 2007-08	*FY 2006-07*	*Percent Change*
Total Revenues	$ 26,893,872	$ 34,500,727	(22.0) %
Total Expenditures	27,927,587	34,786,600	(19.7)
Excess of Revenues Over (Under) Expenditures	(1,033,715)	(285,873)	(261.6)
Operating Transfer In	-	630,831	(100.0)
Net Change in Fund Balance	(1,033,715)	344,958	(199.7)
Beginning Fund Balance	683,486	338,528	101.9
Ending Fund Balance (Deficit)	$ (350,229)	$ 683,486	(151.2) %

As can be seen from Table 1, total General Fund revenues decreased during the last fiscal year by 22.0% due to decreases in project activity. General Fund expenditures fell at a slightly lower rate at 19.7% as a result of the Agency's $642,212 contribution to CalPERS to prefund its postemployment healthcare costs. As a consequence, fund balance decreased by $1,033,715, leaving an ending fund balance deficit of $350,229. This deficit will be covered by future unrestricted General Fund revenues.

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:

Table 2 - General Fund Revenue Sources

	Revenues	Percent of Total Revenue
Member Agency Fees	$ 845,802	3.1 %
Metropolitan Transportation Commission	13,183,667	49.0
CalTrans	5,424,476	20.2
Transportation Fund for Clean Air	198,328	0.7
Bay Area Air Quality Management District	134,100	0.5
AC Transit	2,031,666	7.6
Interest	39,997	0.2
ACTIA/ACTA	1,487,307	5.5
Revenue from Exchange Fund	2,818,369	10.5
Miscellaneous	730,160	2.7
Total General Fund Revenues	$ 26,893,872	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, 2008:

AC Transit	$35,310,500
BART	8,100,000
City of Fremont	4,477,900
City of Dublin	4,230,000
City of Livermore	3,600,000
City of Berkeley	275,000
City of Union City	9,314,000
Metropolitan Transportation Commission	750,000
Total Exchanged Funds	$66,057,400

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. $50.2 million of these exchanged funds have been collected and $37.8 million has been expended as of June 30, 2008.

Transportation Fund for Clean Air – This program generates about $1.7 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.

Measure B Fund – This fund accounts for the Measure B monies received from ACTIA and used to pay Alameda County's share of the operating costs of the Altamont Commuter Express ("ACE"). During the year, the Agency and ACTIA agreed to terminate their agreement with ACTIA now paying ACE operating costs to the San Joaquin Regional Rail

Commission. All amounts remaining in this fund were paid to ACE during the year except for $16,720 which will be paid upon final settlement during fiscal year 2008-09.

Agency-wide - Expenses decreased by 8.9% in fiscal year 2007-08 from the prior year due to decreased project activity. Program Revenues (those revenues available to the Agency through grants from agencies such as the Metropolitan Transportation Commission, CalTrans, Alameda County's Measure B and others) decreased by 22.0% from fiscal year 2006-07 due to decreased project activity. General Revenues (which include revenues from the Exchange Fund and annual dues from member agencies) increased by 9.3% between fiscal years 2006-07 and 2007-08 primarily as a result of using more Exchange Program revenue to fund projects. Changes in both revenues and expenditures since the prior year are summarized as follows:

Table 3 - Total Revenues and Expenses

	FY 2007-08	*FY 2006-07*	*Percent Change*
Total Expenses	$ 37,421,422	$ 41,282,560	(9.4) %
Total Program Revenues	25,101,090	32,163,785	(22.0)
Net Program Expenses	(12,320,332)	(9,118,775)	35.1
General Revenues	11,234,790	10,278,998	9.3
Change in Net Assets	(1,085,542)	1,160,223	(193.6)
Beginning Net Assets	8,491,803	7,331,580	15.8
Ending Net Assets	$ 7,406,261	$ 8,491,803	(12.8) %

The Agency's net assets decreased by 12.8% between fiscal years 2006-07 and 2007-08. A summary of the Agency's Statement of Net Assets, as shown on page 8, is presented below:

Table 4 - Total Assets and Liabilities

	FY 2007-08	*FY 2006-07*	*Percent Change*
Total Assets	$ 44,314,521	$ 33,080,338	34.0 %
Total Liabilities	36,908,260	24,588,535	50.1
Total Net Assets	$ 7,406,261	$ 8,491,803	(12.8) %
Components of Net Assets:			
Restricted	$ 7,156,521	$ 7,759,076	
Unrestricted	(350,229)	683,486	
Invested in Capital Assets	599,969	49,241	
	$ 7,406,261	$ 8,491,803	

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 original budget is prepared well before the budgets of contributing agencies (such as CalTrans) are finalized. Therefore, the original budget is based on anticipated actions on the part of other agencies that often are not known until several months later, when the final budget is prepared. With

regard to the variance between final budget and actual, the differences are almost entirely due to delays in project schedules that result in both grant revenue reductions because the Agency is on a reimbursement basis as well as reductions in expenditures due to delays in implementing projects. For these reasons, the variance between final budget and actual for revenues (24.3%) approximated the variance for expenditures (20.3%).

Summary of Known Facts, Decisions or Conditions:

In November 2006, California voters approved a $20 billion transportation bond measure of which approximately $4.5 billion was earmarked for the Corridor Improvement Mobility Account (CMIA). Of the $4.5 billion available statewide, northern California received $1.8 billion. Alameda County received approximately $400 million, or 22% of this total.

The California Transportation Commission (CTC) included the following Alameda County projects in the list adopted by the CTC in February 2007:

- I-80 Integrated Corridor Mobility Project ($87.7 million cost, $55.3 million from CMIA). Work is being performed in conjunction with the Contra Costa Transportation Authority.
- I-880 Southbound HOV Lane, Hegenberger to Marina ($108 million cost, $94.6 million from CMIA).
- I-580 Eastbound HOV ($153.7 million cost, $72.2 million from CMIA).
- Route 84/ I-580 Interchange ($153 million cost, $68 million from CMIA).
- I-580 Westbound HOV Lane ($145.4 million cost, $101.7 million from CMIA).
- Caldecott Tunnel 4th Bore ($420 million cost, $175 million from CMIA). Work is being performed in conjunction with the Contra Costa Transportation Authority.

In April 2008, the CTC also approved $73.0 million of Trade Corridor funding for constructing operational and safety improvements on I-880 at the 23rd Avenue and 29th Avenue overcrossings in the City of Oakland.

In addition, legislation was enacted that would eliminate the sunset date for the Agency's high occupancy toll lane projects on the I-680 over the Sunol Grade and on the I-580 in the Livermore Valley. The new law allows sponsoring agencies, such as the Agency, to bond against the revenue derived from tolls to finance additional improvements.

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, 2008

ASSETS		
Cash and Investments	$	3,759,480
Restricted Cash and Investments		12,447,122
Accounts Receivable		27,340,394
Interest Receivable		126,251
Prepaid Items		41,304
Capital Assets, Net of Accumulated Depreciation of $261,909		599,969
Total Assets		44,314,520
LIABILITIES		
Accounts Payable		5,099,020
Accrued Liabilities		174,044
Deferred Revenue		31,635,195
Total Liabilities		36,908,259
NET ASSETS		
Restricted for:		
Altamont Commuter Express Operations		16,720
Transportation Fund for Clean Air		2,203,404
Exchange Program		4,936,397
Total Restricted Net Assets		7,156,521
Invested in Capital Assets		599,969
Unrestricted (Deficit)		(350,229)
Total Net Assets	$	7,406,262

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

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

EXPENSES	
Salaries & Benefits	$ 3,277,416
Other Postemployment Benefits	642,212
Board Meeting Per Diem	54,396
Travel & Transportation	50,326
Training	7,395
Office Space	427,588
Office & Related	341,453
Office Furniture & Equipment	41,136
Insurance	8,069
Legal Counsel	67,476
Annual Audit	31,311
Professional Services	82,172
Legislative Advocacy	94,377
Consultants & Contractors	30,993,765
Member Agencies for Projects - TFCA	1,221,247
Depreciation	79,925
Miscellaneous	1,158
Total Expenses	37,421,422
PROGRAM REVENUES - Operating Grants and Contributions:	
Metropolitan Transportation Commission	13,183,667
ACTIA/ACTA	1,717,640
CalTrans	5,424,476
Transportation Fund for Clean Air	198,328
Bay Area Air Quality Management District	1,815,153
AC Transit	2,031,666
Other	730,160
Total Program Revenues	25,101,090
Net Program Revenues	(12,320,332)
GENERAL REVENUES	
Member Agency Fees	845,802
Revenue from Exchange Program	9,662,921
Interest	726,067
Total General Revenues	11,234,790
Change in Net Assets	(1,085,542)
Net Assets, July 1, 2007	8,491,803
Net Assets, June 30, 2008	$ 7,406,261

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

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	*Exchange Fund*	*Non-major Governmental Funds*	*Total Governmental Funds*
ASSETS				
Cash and Investments	$ 3,759,480			$ 3,759,480
Restricted Cash and Investments		$ 11,103,324	$ 1,343,798	12,447,122
Accounts Receivable	9,049,164		900,000	9,949,164
Interest Receivable		115,984	10,267	126,251
Interfund Receivable		6,055,282		6,055,282
Prepaid Items	41,304			41,304
Total Assets	$12,849,948	$ 17,274,590	$ 2,254,065	$ 32,378,603
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 3,584,011	$ 1,481,068	$ 33,941	$ 5,099,020
Accrued Liabilities	174,044			174,044
Interfund Payable	6,055,282			6,055,282
Deferred Revenue	3,386,840	10,857,125		14,243,965
Total Liabilities	13,200,177	12,338,193	33,941	25,572,311
Fund Balances (Deficit)	(350,229)	4,936,397	2,220,124	6,806,292
Total Liabilities and Fund Balances	$12,849,947	$ 17,274,590	$ 2,254,065	$ 32,378,603

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

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General Fund	*Exchange Fund*	*Non-major Governmental Funds*	*Total*
REVENUES				
Grants:				
Metropolitan Transportation Commission	$ 13,183,667			$13,183,667
CalTrans	5,424,476			5,424,476
Transportation Fund for Clean Air	198,328			198,328
Bay Area Air Quality Management District	134,100		$ 1,681,053	1,815,153
AC Transit	2,031,666			2,031,666
Other	730,160			730,160
Revenue from Member Agencies	845,802			845,802
Revenue from Exchange Program	2,818,369	$6,844,552		9,662,921
ACTIA/ACTA	1,487,307		230,333	1,717,640
Interest	39,997	610,109	75,961	726,067
Total Revenues	26,893,872	7,454,661	1,987,347	36,335,880
EXPENDITURES				
Current:				
Salaries & Benefits	3,277,416			3,277,416
Other Postemployment Benefits	642,212			642,212
Board Meeting Per Diem	54,396			54,396
Travel & Transportation - Special Events	50,326			50,326
Training	7,395			7,395
Office Space	427,588			427,588
Office & Related	341,453			341,453
Office Furniture/Equipment	15,979			15,979
Insurance	8,069			8,069
Legal Counsel	67,476			67,476
Annual Audit	31,311			31,311
Professional Services	82,172			82,172
Legislative Advocacy	94,377			94,377
Consultants & Contractors	22,171,607	6,844,551	1,977,607	30,993,765
Member Agencies for Projects - TFCA			1,221,247	1,221,247
Miscellaneous		1,098	60	1,158
Capital Outlay	655,810			655,810
Total Expenditures	27,927,587	6,845,649	3,198,914	37,972,150
Net Change in Fund Balances	(1,033,715)	609,012	(1,211,567)	(1,636,270)
Fund Balances, July 1, 2007	683,486	4,327,385	3,431,691	8,442,562
Fund Balances, June 30, 2008	$ (350,229)	$4,936,397	$ 2,220,124	$ 6,806,292

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

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
RECONCILIATIONS OF
FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS
JUNE 30, 2008

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

Fund Balances on Governmental Funds' Balance Sheet	$	6,806,292
Capital assets, net of accumulated depreciation, are reported on the Statement of Net Assets but not in governmental funds		599,969
Net Assets on Statement of Net Assets	$	7,406,261

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	$	(1,636,270)
The portion of capital outlays that relate to assets with individual cost greater than $5,000 are reported in the governmental funds but not in the Statement of Activities		630,653
Depreciation expense is reported in the Statement of Activities but not in governmental funds		(79,925)
Change in Net Assets on Statement of Activities	$	(1,085,542)

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

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, 2008

		Budget		Variance With Final Budget - Over
REVENUES	*Actual*	*Original*	*Final*	*(Under)*
Grants:				
Metropolitan Transportation Commission	$13,183,667	$20,490,000	$ 14,930,170	$ (1,746,503)
CalTrans	5,424,476	31,978,374	11,867,020	(6,442,544)
Transportation Fund for Clean Air	198,328	165,000	168,000	30,328
AC Transit	2,031,666	2,145,047	3,290,047	(1,258,381)
Other	864,260	1,388,892	271,000	593,260
Revenue from Member Agencies	845,802	845,802	845,802	-
ACTIA/ACTA	1,487,307	11,701,000	2,004,383	(517,076)
Revenue from Exchange Program	2,818,369	3,620,184	2,165,957	652,412
Interest	39,997	250,000		39,997
Total Revenues	26,893,872	72,584,299	35,542,379	(8,648,507)
EXPENDITURES				
Current:				
Salaries & Benefits	3,919,628	4,074,950	4,074,950	(155,322)
Board Meeting Per Diem	54,396	50,000	50,000	4,396
Travel & Transportation - Special Events	50,326	77,625	77,625	(27,299)
Training	7,395	20,000	20,000	(12,605)
Office Space	427,588	427,500	427,500	88
Office & Related	341,453	387,000	387,000	(45,547)
Office Furniture/Equipment	15,979	75,000	125,000	(109,021)
Insurance	8,069	15,000	10,000	(1,931)
Legal Counsel	67,476	102,820	60,000	7,476
Annual Audit	31,311	45,000	35,000	(3,689)
Membership		5,000	5,000	(5,000)
Interest		250,000		-
Professional Services	82,172	145,000	145,000	(62,828)
Legislative Advocacy	94,377	103,000	103,000	(8,623)
Consultants & Contractors	22,171,607	66,218,497	29,499,866	(7,328,259)
Capital Outlay	655,810			655,810
Total Expenditures	27,927,587	71,996,392	35,019,941	(7,092,354)
Net Change in Fund Balance	$ (1,033,715)	$ 587,907	$ 522,438	$ (1,556,153)

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

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 new 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 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.

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 – SIGNIFICANT ACCOUNTING POLICIES

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 of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues consist of grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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. Non-major funds are summarized and presented in one 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- *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 60 days after the 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 as described above.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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. The Agency's agreement with the Alameda County Transportation Improvement Authority requires that any excess of measure B revenues over expenditures for the Altamont Commuter Express ("ACE") operations be used to cover Alameda County's future ACE operating expenses.

- Unrestricted net assets – This category represents net assets of the Agency that are not restricted for any project or other purpose. The deficit at June 30, 2008, will be covered by future general revenues.

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.

Employee Benefits

By Agency policy, employees can carry over five weeks vacation benefits from year to year. The Agency has accrued $174,044 for this liability at June 30, 2008. Sick leave benefits do not vest.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of approximately $37.0 million due to changes in the timing of projects and related funding.

NOTE 3 - CASH AND INVESTMENTS

As of June 30, 2008, the Agency's cash and investments were as follows:

Cash in banks and on hand	$ 1,026,801
Money market mutual funds	16,692
Investment in State Treasurer's investment pool	15,163,109
	$16,206,602

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.

The mutual funds are with Union Bank and are available to the Agency at any time.

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.

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.

NOTE 3 – CASH AND INVESTMENTS (continued)

- 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, 2008, the Agency's deposits were insured up to $100,000 by federal depository insurance and the remainder was collateralized by the financial institution's trust department in the Agency's name. The Agency's investments are held by Union Bank, which is not a counterparty to any of the Agency's investments.

- 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 activities 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 – CAPITAL ASSETS (continued)

Capital asset balances at June 30, 2008, and activity during the year were as follows:

	Balance 6/30/2007	*Additions*	*Dispositions*	*Balance 6/30/2008*
Office Furniture/Equipment	$ 169,977	$ 345,165	$ 11,039	$ 504,103
Building Improvements	37,041	285,488		322,529
Automobile	35,246			35,246
Subtotal	242,264	630,653	11,039	861,878
Less Accumulated Depreciation	(193,023)	(79,925)	(11,039)	(261,909)
Net Book Value	$ 49,241	$ 550,728	$ -	$ 599,969

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. The revenues received by the Agency as a result of the exchange are treated for financial reporting purposes as deferred revenue. These deferred revenues are recognized as revenues at the time qualifying expenditures are incurred.

NOTE 5 – EXCHANGE PROGRAM (continued)

Following is a list of the funds exchanged and received from other governments through June 30, 2008:

AC Transit	$35,310,500
BART	8,100,000
Berkeley	275,000
Dublin	4,230,000
Fremont	4,477,900
Livermore	3,600,000
MTC	750,000
Union City	9,314,000
Total Exchanged Funds	66,057,400
Total Expenditures Incurred:	
Year ended June 30, 2008	(9,662,920)
Previous years	(28,146,125)
Total Deferred Revenue – Exchange Program	$ 28,248,355

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, 2006 (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, 2008	11.485%
Actuarially required contribution paid, year ended June 30, 2008	$130,898

NOTE 6 - EMPLOYEE RETIREMENT PLAN (continued)

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	*Entry Age Accrued Liability*	*Actuarial Value of Assets*	*Unfunded Liability*	*Funded Ratio*	*Annual Covered Payroll*	*Unfunded Liability as % of Payroll*
2004	$ 434,267	$ 379,808	$ 54,460	87.5%	$ 97,227	56.0%
2005	579,276	500,389	78,888	86.4%	129,379	61.0%
2006	912,989	787,759	125,230	86.3%	200,320	62.5%

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 November 30, 2013 for the premises located at 1333 Broadway, Oakland. Minimum rental commitments for each year ending June 30 as follows:

2009	$ 432,550
2010	397,044
2011	437,551
2012	461,494
2013	475,198
2014	121,557

NOTE 7 – COMMITMENTS AND CONTINGENCIES (continued)

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, 2008, 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 $18.6 million as of June 30, 2008.

Funding Agreements

The Agency has entered into agreements with several local governments to provide funding for transportation projects. As of June 30, 2008, the remaining project costs to be paid by the Agency totaled approximately $6.0 million.

NOTE 8 – INTERFUND ACTIVITY

As of June 30, 2007, the General Fund's interfund liability due to the Exchange Capital Projects Fund in the amount of $6,055,282 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 beneficiaries. The Agency has no eligible retirees as of June 30, 2008. Employees are eligible for benefits if they retire at age 50 or older with five years of eligible CalPERS service.

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.

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

The Agency contributesd 75% of the Kaiser self-plus-two-dependents premium rate during fiscal year 2007-08. This percentage will increase each year until it reaches 100% in fiscal year 2013-14. The funding policy is established and may be amended by the Agency. The Agency obtained an actuarial valuation as of July 1, 2007.

The Agency is required to contribute the actuarially determined annual required contribution of the employer (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 plus the 2007-08 ARC of $85,795. Members receiving benefits contribute $75 per month for retiree-only coverage and $150 per month for retiree and spouse coverage to age 65, and $40 and $80 per month, respectively, thereafter.

As of July 1, 2007, the most recent actuarial valuation date, the funded status of the Agency's portion of CERBT was as follows:

Actuarial accrued liability (AAL)	$ 652,181
Actuarial value of plan assets	556,417
Unfunded actuarial accrued liability (UAAL)	$ 95,764
Funded ratio (actuarial value of plan assets/AAL)	85.3%

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, 2007, 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 of 8.5% in fiscal year 2008-09, reduced by .5% each year to an ultimate rate of 5% in the fiscal year 2015-16 and beyond; and a 3.25% annual increase in projected payroll.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Transportation Fund For Clean Air	*Measure B Fund*	*Total Non-major Governmental Funds*
ASSETS			
Restricted Cash and Investments	$ 1,327,078	$ 16,720	$ 1,343,798
Accounts Receivable	900,000		900,000
Interest Receivable	10,267		10,267
Total Assets	$ 2,237,345	$ 16,720	$ 2,254,065
LIABILITIES AND FUND BALANCES			
Liabilities - Accounts Payable	$ 33,941	$ -	$ 33,941
Fund Balances - Unreserved	2,203,404	16,720	2,220,124
Total Liabilities and Fund Balances	$ 2,237,345	$ 16,720	$ 2,254,065

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Transportation Fund For Clean Air	*Measure B Fund*	*Total Non-major Government Funds*
REVENUES			
Grants - Bay Area Air Quality Management District	$ 1,681,053		$ 1,681,053
ACTIA/ACTA		$ 230,333	230,333
Interest	32,663	43,298	75,961
Total Revenues	1,713,716	273,631	1,987,347
EXPENDITURES - Current:			
Consultants/Contractors		1,977,607	1,977,607
Member Agencies for Projects - TFCA	1,221,247		1,221,247
Miscellaneous	60		60
Total Expenditures	1,221,307	1,977,607	3,198,914
Net Change in Fund Balances	492,409	(1,703,976)	(1,211,567)
Fund Balances, July 1, 2007	1,710,995	1,720,696	3,431,691
Fund Balances, June 30, 2008	$ 2,203,404	$ 16,720	$ 2,220,124

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

The Board of Directors
Alameda County Congestion Management Agency:

I have audited the basic financial statements of Alameda County Congestion Management Agency (the "Agency") as of and for the year ended June 30, 2008, and have issued my report thereon dated October 28, 2008. I conducted my 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 my audit, I considered the Agency's internal control over financial reporting for designing my audit procedures for expressing my opinion on the financial statements, but not to opine on the effectiveness of the Agency's internal control over financial reporting. Accordingly I have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the Agency's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Agency's internal control will not prevent or detect a material financial statement misstatement.

My 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 internal control deficiencies that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider material weaknesses, as defined above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING 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, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my 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. However, this report is a matter of public record and its distribution is not limited.

Kevin W. Harper, CPA

October 28, 2008

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH 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

I 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, 2008. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of auditor's results, findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Agency's management. My responsibility is to express an opinion on the Agency's compliance based on my audit.

I conducted my 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 I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Agency's compliance with those requirements.

In my 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, 2008.

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 my audit, I 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 my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the

INDEPENDENT AUDITOR'S REPORT ON COMLIANCE 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, I do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement 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 a more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Agency's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

My 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. I did not identify any deficiencies in internal control over compliance that I 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. However, this report is a matter of public record and its distribution is not limited.

Kevin W. Harper, CPA

October 28, 2008

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	*Federal CFDA Number*	*Expenditures*
U.S. Department of Transportation -		
Highway Planning and Construction:		
I-680 Southbound SMART Carpool PS& E	20.205	$ 97,875
I-680 Southbound SMART Carpool PE/Env	20.205	124,282
I-680 Southbound SMART Carpool PSR	20.205	298,097
I-680 North & Southbound Design	20.205	604,984
Total expenditures of federal awards		$1,125,238

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

NOTE 1 - GENERAL

The schedule of expenditures of federal awards (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 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, 2008.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY
SCHEDULE OF AUDITOR'S RESULTS, FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

(1) Summary of Auditor's Results

(a) The type of report issued on the financial statements: Unqualified opinion

(b) Reportable conditions in internal control were disclosed by the audit of the financial statements: None Reported Material Weaknesses: No

(c) Noncompliance which is material to the financial statements: No

(d) Reportable conditions in internal control over major programs: None Reported

(e) The type of report issued on compliance for major programs: Unqualified opinion

(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) $ 1,125,238

(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