

**ALAMEDA COUNTY
CONGESTION MANAGEMENT
AGENCY**

**INDEPENDENT AUDITOR'S
REPORTS AND SCHEDULE OF
EXPENDITURES OF TRANSPORTATION
FUND FOR CLEAN AIR PROGRAM
MANAGER FUND PROJECTS**

PROJECT PERIOD ENDED JUNE 30, 2011

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

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Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alameda County Congestion Management Agency
Oakland, California

Board of Directors
Bay Area Air Quality Management District
San Francisco, California

We have audited the accompanying Schedule of Expenditures of Projects (Schedule) of Alameda County Congestion Management Agency's (Agency) Transportation Fund for Clean Air (TFCA) Program Manager Fund Projects for the project period ended June 30, 2011. This Schedule is the responsibility of the Agency's management. Our responsibility is to express an opinion on this Schedule 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 Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule was prepared to present expenditures of the Agency's TFCA funding as described in Note 1 and is not intended to be a complete presentation of the Agency's financial position or changes in financial position.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenditures of the projects of the Agency's TFCA Program for the project period ended June 30, 2011, 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 August 23, 2012, on our consideration of the Agency's internal control over financial reporting pertaining to the Agency's TFCA Program 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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

August 23, 2012

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

SCHEDULE OF EXPENDITURES OF PROJECTS FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

| Project Description | TFCA Project Number | Original TFCA Project Allocation | Final TFCA Project Allocation | Final Project Expenditures through 6/30/11 |
|---|---------------------------|--|-------------------------------------|--|
| Alameda County Congestion Management Agency | | | | |
| Program Administration | 08ALA00 | \$ 92,997 | \$ 92,997 | \$ 92,997 |
| Program Administration E. 14th Street/International Boulevard | 09ALA00 | 90,820 | 90,820 | 90,820 |
| Signal Timing and Arterial Management | 05ALA04 | 395,000 | 395,000 | 395,000 |
| Signal Timing: Constitution Way/Lincoln Ave | 07ALA01 | 100,000 | 100,000 | 99,985 |
| Guaranteed Ride Home Program | 07ALA07 | 270,000 | 270,000 | 270,000 |
| Bay Area Rapid Transit | | | | |
| Electronic Bike Lockers | 05ALA01 | 50,000 | 50,000 | 50,000 |
| City of Alameda | | | | |
| Park Street Business District Garage Electronic Bicycle Locker Project | 07ALA02 | 32,000 | 32,000 | 28,194 |
| City of Fremont | | | | |
| Signal Retiming: Mowry, Stevenson, Blacow | 07ALA04 | 101,000 | 101,000 | 60,354 |
| City of Hayward | | | | |
| Class II and III Bikeways | 07ALA05 | 95,400 | 95,400 | 95,400 |
| City of Oakland | | | | |
| Bay Trail Gap Closure, Fruitvale to Park Street Bridge | 08ALA04 | 125,000 | 125,000 | 125,000 |
| City of Pleasanton | | | | |
| Pleasanton Trip Reduction Program | 08ALA06 | 77,000 | 77,000 | 77,000 |
| Pleasanton Trip Reduction Program | 09ALA06 | 47,000 | 47,000 | 47,000 |
| City of San Leandro | | | | |
| San Leandro LINKS | 08ALA07 | 165,000 | 165,000 | 165,000 |
| County of Alameda Public Works | | | | |
| Class 2 Bicycle Lanes: Wentz Street | 07ALA03 | 150,000 | 150,000 | 150,000 |
| Livermore Amador Valley Transit Authority | | | | |
| ACE Shuttle Services - Route 54 | 07ALA08 | 36,883 | 36,883 | 36,883 |
| ACE Shuttle Service - Route 53 | 08ALA09 | 59,864 | 59,864 | 59,864 |
| ACE Shuttle Service - Route 54 | 08ALA10 | 84,950 | 84,950 | 84,950 |
| Route 10 BRT TSP / Queue Jumps | 08ALA11 | 444,722 | 444,722 | 444,722 |
| Route 9 Operating Assistance | 09ALA09 | 86,133 | 86,133 | 86,133 |
| Total | | <u>\$ 2,503,769</u> | <u>\$ 2,503,769</u> | <u>\$ 2,459,302</u> |

The accompanying notes are an integral part of this financial schedule.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

NOTES TO THE SCHEDULE OF EXPENDITURES OF PROJECTS FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

1. PROGRAM DESCRIPTION

Health and Safety Code Sections 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Bay Area Air Quality Management District (Air District) and local governments specifically for programs to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District. The Air District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in the Regional Fund and allocated to agencies on a competitive basis by the Air District and (2) 40% is placed in the Program Managers Fund and allocated to designated agencies. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing program
- Purchase or lease of clean fuel school and transit buses
- Feeder or shuttle bus service to rail and ferry stations and airports
- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges, and public transit
- Rail bus integration and regional transit information systems
- Low emission vehicle projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

Relationship to Alameda County Congestion Management Agency's Basic Financial Statements

The Alameda County Congestion Management Agency (Agency) is the designated Program Manager for the County of Alameda, and accounts for TFCA Program activities within a special revenue fund. The accompanying Schedule of Expenditures of Projects (Schedule) represents only the TFCA Program Manager Funds allocated to the Agency for certain projects and is not intended to present fairly the financial position and changes in financial position of the Agency in conformity with accounting principles generally accepted in the United States of America.

2. PROGRAM MANAGER PROJECTS

The Schedule reports on certain TFCA projects selected by the Air District for audit. The projects in the Schedule represent projects funded through the Program Manager Fund and completed between July 1, 2008, and June 30, 2011. Projects may have started several years earlier.

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

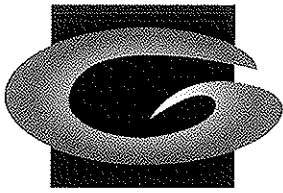
NOTES TO THE SCHEDULE OF EXPENDITURES OF PROJECTS FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

3. BASIS OF ACCOUNTING

The TFCA Program funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, expenditures are recorded in the accounting period in which the liability is incurred. Expenditures as noted in the Schedule represent only the amount funded by the Air District. Expenditures of matching and other funding sources are not included on the Schedule.

4. INVESTMENT POOL

The Agency maintains cash deposits of the TFCA Program Manager Fund with Wells Fargo Bank and voluntarily invests the excess cash in the Local Agency Investment Fund (LAIF) and treasury bills. On June 30, 2011, the Agency's position in the LAIF pool is stated at fair value. However, the value of the pool shares in LAIF that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Agency's position in the pool. Any interest earned on TFCA cash deposits in LAIF is used for TFCA Program Manager Fund projects.



Gilbert Associates, Inc.
CPAs and Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
THE SCHEDULE OF EXPENDITURES OF PROJECTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND
REQUIREMENTS OF SECTION 44241 OF THE CALIFORNIA HEALTH AND
SAFETY CODE**

**Board of Directors
Alameda County Congestion Management Agency
Oakland, California**

**Board of Directors
Bay Area Air Quality Management District
San Francisco, California**

We have audited the Schedule of Expenditures of Projects (Schedule) of Alameda County Congestion Management Agency's (Agency) Transportation Fund for Clean Air (TFCA) Program Manager Fund Projects for the project period ended June 30, 2011, and have issued our report thereon dated August 23, 2012. 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

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting of the Schedule as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting of the Schedule. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting of the TFCA Program.

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 Agency's Schedule will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 of the Schedule that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 44241 of the California Health and Safety Code, noncompliance with which could have a direct and material effect on the determination of Schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit of the Schedule, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings.

The Agency's response to the compliance finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Agency's Board of Directors and management, and the Bay Area Air Quality Management District's Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.



GILBERT ASSOCIATES, INC.
Sacramento, California

August 23, 2012

ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND

SCHEDULE OF FINDINGS FOR THE PROJECT PERIOD ENDED JUNE 30, 2011

COMPLIANCE FINDING

Project 08ALA04

Finding 2011-1:

According to the funding agreement between the Air District and the Agency, the Agency agrees to require the use of the Air District's approved logo by any recipients of TFCA funds from the Agency, and to demonstrate to the Air District through photographs or other evidence that the logos are used and displayed as required. The funding agreement also specifies that the Agency is required to make available to the auditors, for three years following completion of the projects, all records relating to project performance and expenses incurred in implementing the project.

During testing of the Agency's compliance with this requirement, we noted the Agency was not able to provide documentation showing that the Air District's logo was used on signs posted at the site of project construction. As the audit was performed within three years of the completion of the project, photographic evidence of the logo use should have been maintained by the Agency.

Management Response:

The project sponsor has indicated that a temporary construction sign crediting the project's multiple funding sources was in place for this project, though the Alameda CTC was not able to provide photographic or other documentation regarding the temporary construction sign for the subject project. The agency will modify the structure of agreement documents for the program to improve the collection of photographs or other evidence that the Air District logos are used and displayed per the program requirements.