

**ALAMEDA COUNTY  
TRANSPORTATION AUTHORITY**

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**Basic Financial Statements with Supplementary Information**

**June 30, 2006**

**(With Independent Auditors' Report)**

ALAMEDA COUNTY TRANSPORTATION AUTHORITY

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JUNE 30, 2006

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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, 2006, which collectively comprise the ACTA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ACTA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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 opinions.

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, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 4, 2006 on our consideration of the Authority'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 Accounting Standards* and should be considered in conjunction with this report in considering the results of our audit.

The required supplementary information such as Management's Discussions and Analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements of ACTA, 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 supplementary information. However, we did not audit this information and express no opinion on it.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California  
October 4, 2006

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**A**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, 2006 (FYE 2006). 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 2006 as it continued its transition to the post-collection period where the primary activity is the delivery of remaining expenditure plan capital projects. In FYE 2006, the Authority leveraged \$48.1 million in project expenditures with minimal \$18.3 million of its own resources (as measured by net assets). This leaves the Authority with \$227 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 will 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 2006, the Authority posted revenues of \$19.5 million, including residual sales tax revenues of \$1.3 million. ACTA's total expenditures for FYE 2006 were \$20.6 million. A total of \$29.5 million and \$27.8 were expended in FYE 2005 and FYE 2004, respectively.

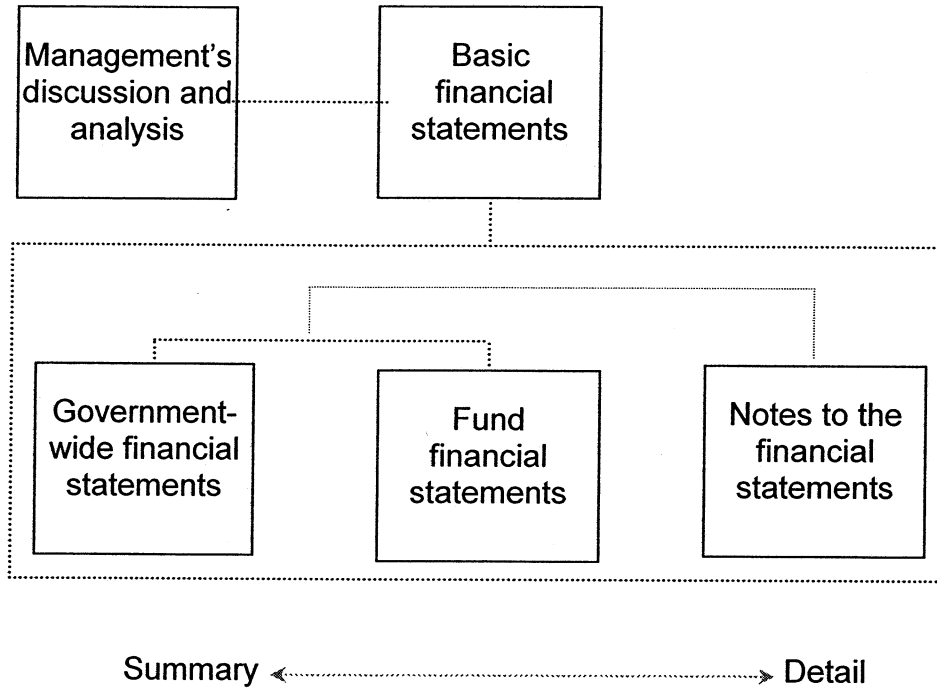
Of note is the remaining net assets of \$226.3 million at the close FYE 2006 (compared to \$228 million at the end of last fiscal year). These funds are restricted assets that will be used for the completion of the remaining projects in the 1986 Expenditure Plan approved by voters, or as amended.

### 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 include two kinds of statements that present different views of the Authority:

- 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:
  - 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
  - Budgetary comparison statements for the general and special revenue funds.

**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.

