



ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

Single Audit Reports

Year ended June 30, 2002

(With Independent Auditors' Reports Thereon)

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

Single Audit Reports

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**Independent Auditors' Report on Compliance and on Internal Control
over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Governing Board
Alameda Corridor Transportation Authority
Carson, California:

We have audited the basic financial statements of Alameda Corridor Transportation Authority (the Authority) as of and for the year ended June 30, 2002 and have issued our report thereon, dated September 18, 2002. Our report references the Authority's adoption of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, effective July 1, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the Authority's board of directors, audit committee, and management as well as 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.

KPMG LLP

September 18, 2002



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355 South Grand Avenue
Los Angeles, CA 90071-1568

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

The Governing Board
Alameda Corridor Transportation Authority
Carson, California:

Compliance

We have audited the compliance of the Alameda Corridor Transportation Authority (the Authority) 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 each of its major federal programs for the year ended June 30, 2002. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Recommendations. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control over Compliance

The management of the Authority 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 Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.



Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2002 and have issued our report thereon, dated September 18, 2002. The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; effective July 1, 2001. Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the 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.

This report is intended solely for the information and use of the Authority’s board of directors, the audit committee, and management as well as 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.

KPMG LLP

September 18, 2002

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

<u>Federal agency/program title</u>	<u>Catalog of federal domestic assistance number</u>	<u>Federal expenditures/disbursements</u>
U.S. Department of Transportation:		
Surface Transportation Program (pass-through from the Los Angeles County Metropolitan Transportation Authority)	20.205	\$ 5,171,369
Transportation Equity Act for the 21st Century	20.205	1,263,575
National Highway System High Priority Corridor	20.205	292,070
Pacific Coast Highway	20.205	12,592,793
Federal Transit Capital Improvement Loan*	20.xxx	<u>51,635,244</u>
Total U.S. Department of Transportation		<u>70,955,051</u>
Total expenditures of federal awards		\$ <u><u>70,955,051</u></u>

* Denotes major program.

See accompanying notes to Schedule of Expenditures of Federal Awards and accompanying 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.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Alameda Corridor Transportation Authority (the Authority).

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in note 2 of the notes to the basic financial statements of the Authority as of, and for the year ended June 30, 2002.

(3) Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

Schedule of Findings and Recommendations

Year ended June 30, 2002

(1) Summary of Auditors' Results

Financial Statements

The type of auditor's report issued on the financial statements: **Unqualified Opinion.**

Internal control over financial reporting:

- Material weaknesses identified in internal control over financial reporting: **None noted.**
- Reportable conditions identified in internal control over financial reporting that are not considered to be material weaknesses: **None noted.**

Noncompliance which is material to the financial statements: **None noted.**

Federal Awards

Internal control over major programs:

- Material weaknesses identified in internal control over major programs: **None noted.**
- Reportable conditions in internal control over major programs that are not considered to be material weaknesses: **None noted.**

The type of auditor's report issued on compliance for major programs: **Unqualified Opinion.**

Any audit findings which are required to be reported in accordance with Section 510(a) of Circular A-133: **None noted.**

Identification of major program:

<u>CFDA numbers</u>	<u>Name of federal program</u>
20.xxx	Federal Transit Capital Improvement Loan

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000.

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 noted.

(3) Findings and Recommendations Relating to Federal Awards

None noted.