

Date: \_\_\_\_\_ February 12, 2008

Committee Meeting Date: \_\_\_\_\_ February 21, 2008

Board Meeting Date: \_\_\_\_\_ N/A

**BOARD MEMORANDUM**

**ACTION ITEM**

**TO:** Congestion Management Program and Planning Committee  
Santa Clara Valley Transportation Authority  
Board of Directors

**THROUGH:** Michael T. Burns  
General Manager

**FROM:** Joseph T. Smith  
Chief Financial Officer

**SUBJECT:** Congestion Management Program Financial Audit, Fiscal Year 2007

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**Policy-Related Action: No**

**Government Code Section 84308 Applies: No**

**RECOMMENDATION:**

Review and accept the audited Financial Report for the Congestion Management Program for Fiscal Year 2007 (FY2007).

**BACKGROUND:**

The Joint Powers Agreement for administration of the Santa Clara County Congestion Management Program (CMP) requires an annual audit of the CMP accounts and records to be conducted by an independent Certified Public Accountant. Vavrinek, Trine, Day and Company LLP (VTD), a certified public accounting firm, has audited CMP's financial records for the period July 1, 2006 to June 30, 2007.

The CMP's audited financial statements were prepared in accordance with the requirements of generally accepted accounting principles (GAAP) in the United States of America as promulgated by the Government Accounting Standards Board (GASB). The CMP's audited financial statements are part of Santa Clara Valley Transportation Authority's (VTA) Comprehensive Annual Financial Report.

**DISCUSSION:**

**Audit Results**

VTD has issued a "clean" or unqualified opinion on the CMP's financial statements. The audit report states that CMP's financial statements present fairly, in all material respects, the respective

financial position of the Special Revenue Fund and the Agency Fund of the CMP as of June 30, 2007, and the changes in financial position of the Special Revenue Fund for the year then ended in conformity with principles generally accepted in the United States of America. There were no reportable conditions or material weaknesses in internal control procedures. The Independent Auditor's Report and Financial Statements are attached.

**Financial Highlights**

To assist in analyzing the FY2007 financial report, staff has shown the comparative financial data from FY2006 on pages 3 through 5.

In the Statement of Revenues, Expenses and Changes in Fund Balance (page 4), fund balance decreased \$464 thousand during FY2007 reflecting expenditures associated with previously deferred projects.

Total fund revenues, which mainly include member assessment and grants, were \$3.6 million in FY2007; \$350 thousand higher than the prior year due primarily to higher Surface Transportation Program (STP) grant receipts, member-agency assessment dues, and investment earnings compared to FY2006. Total expenses were \$4 million, an increase of \$393 thousand mainly due to higher labor costs as the CMP project activity increased during FY2007 compared to the prior fiscal year. At June 30, 2007, total fund balance (both reserved and unreserved) for CMP was \$1.5 million, which includes \$870 thousand designated for projects approved by the VTA Board but that were not completed by the end of FY2007. This results in an unreserved fund balance of \$596 thousand available for future activities.

These financial statements can be viewed online at <http://www.vta.org/inside/investor/index.html>. A hard copy may be requested by writing to Santa Clara Valley Transportation Authority, Fiscal Resources Division, 3331 North First Street, San Jose, CA 95134-1927. For more information and questions contact VTA Public Affairs and Community Outreach at (408) 321-7575, TDD only (408) 321-2330, or email [community.outreach@vta.org](mailto:community.outreach@vta.org).

Attachment

Prepared by: Tony S. Sandhu, Accounting Manager

Reviewed and verified by: \_\_\_\_\_  
Carol Lawson, Fiscal Resources Manager

**Independent Auditor's Report**

**(Smith)**

**ATTACHMENT TO THIS BOARD MEMORANDUM  
WILL BE FORWARDED UNDER SEPARATE COVER  
(Independent Auditor's Report through Joseph T. Smith)**