

**PENINSULA CORRIDOR JOINT
POWERS BOARD
PROJECTS 07R19 & 08R16**

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

PROJECT PERIOD ENDED JUNE 30, 2011

PENINSULA CORRIDOR JOINT POWERS BOARD

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
SCHEDULE OF EXPENSES OF PROJECTS	2
NOTES TO THE SCHEDULE OF EXPENSES OF PROJECTS	3
OTHER INDEPENDENT AUDITOR'S REPORT	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Expenses of Projects Performed in Accordance with <i>Government Auditing Standards</i> and Requirements of Section 44241 of the California Health and Safety Code	4



Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Peninsula Corridor Joint Powers Board
San Carlos, California

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

We have audited the accompanying Schedule of Expenses of Projects (Schedule) of the Peninsula Corridor Joint Powers Board's (PCJPB) Transportation Fund for Clean Air (TFCA) Program Regional Fund Projects for the project period ended June 30, 2011. This Schedule is the responsibility of the PCJPB'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 expenses of the PCJPB's TFCA funding as described in Note 1 and is not intended to be a complete presentation of the PCJPB's financial position or changes in financial position.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the expenses of the projects of the PCJPB'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 June 25, 2012, on our consideration of the PCJPB's internal control over financial reporting pertaining to the PCJPB'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

June 25, 2012

PENINSULA CORRIDOR JOINT POWERS BOARD

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

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

<u>Project Description</u>	<u>TFCA Project Number</u>	<u>TFCA Project Allocation</u>	<u>Final Project Expenses through 6/30/11</u>
Peninsula Corridor Joint Powers Board			
Caltrain Weekday Shuttle Bus Service	07R19	<u>\$ 1,034,355</u>	<u>\$ 1,034,355</u>
Caltrain Weekday Shuttle Service	08R16	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

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

PENINSULA CORRIDOR JOINT POWERS BOARD

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

NOTES TO THE SCHEDULE OF EXPENSES 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 Peninsula Corridor Joint Powers Board's Basic Financial Statements

The accompanying Schedule of Expenses of Projects (Schedule) represents only the TFCA Program Regional Funds allocated to the Peninsula Corridor Joint Powers Board (PCJPB) for certain projects and is not intended to present fairly the financial position and changes in financial position of the PCJPB in conformity with accounting principles generally accepted in the United States of America.

2. PROJECTS

The projects in the Schedule are two of many projects funded through the Regional Fund, and represent projects completed between July 1, 2009, and June 30, 2011. The Air District considers a project to be completed when the Air District accepts the final report from the project sponsor. Projects may have started several years earlier.

3. BASIS OF ACCOUNTING

The TFCA Program funds are accounted for on an economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, expenses are recorded in the accounting period in which the liability is incurred. Expenses as noted in the Schedule represent only the amount funded by the Air District. Expenses of matching and other funding sources are not included on the Schedule.



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 EXPENSES OF PROJECTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND
REQUIREMENTS OF SECTION 44241 OF THE CALIFORNIA HEALTH AND
SAFETY CODE**

**Board of Directors
Peninsula Corridor Joint Powers Board
San Carlos, California**

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

We have audited the Schedule of Expenses of Projects (Schedule) of the Peninsula Corridor Joint Powers Board's (PCJPB) Transportation Fund for Clean Air (TFCA) Program Regional Fund Projects for the project period ended June 30, 2011, and have issued our report thereon dated June 25, 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 PCJPB is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the PCJPB'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 PCJPB's internal control over financial reporting of the Schedule. Accordingly, we do not express an opinion on the effectiveness of the PCJPB'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 PCJPB'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 PCJPB'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the PCJPB'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.

GILBERT ASSOCIATES, INC.
Sacramento, California

June 25, 2012