

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014



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Prepared by the Department of Finance
Alameda-Contra Costa Transit District
Oakland, California

1600 Franklin Street Oakland, CA 94612



Alameda-Contra Costa Transit District

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

The mission of AC Transit is “Connecting our communities with safe, reliable, sustainable service...we’ll get you there.”

Serving Alameda and Contra Costa Counties – Oakland, California

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Year Ended June 30, 2014

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Alameda-Contra Costa Transit District

James D. Pachan
Interim Chief Financial Officer

December 18, 2014

The Honorable Board of Directors
Alameda-Contra Costa Transit District
Oakland, California

The Department of Finance is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Alameda-Contra Costa Transit District (the “District”) for the fiscal year ended June 30, 2014, in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

The CAFR was prepared by the Department of Finance in compliance with the principles and standards for the financial reporting set forth by the Governmental Accounting Standards Board (GASB). The District assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework established for this purpose. In accordance with GAAFR guidance, we are obligated to disclose that the cost of internal controls should not surpass their benefits, and that the objective of internal controls is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

The District’s financial records have been audited by our independent certified public accounting firm of Maze and Associates Accountancy Corporation. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended June 30, 2014, are free of material misstatements. The independent certified public accounting firm has issued an unmodified (“clean”) opinion on the District’s financial statements for the year ended June 30, 2014.

GASB 34 requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management’s Discussion and Analysis (MD&A) that should be read in conjunction with the statements. The MD&A can be found immediately following the report of the independent auditors.

The CAFR is divided into the following sections:

The **INTRODUCTORY SECTION** contains a table of contents, a transmittal letter, a Certificate of Achievement for Excellence in Financial Reporting, The District’s organizational chart, and a listing of the members of the Board of Directors (the Board) and the Executive Staff.

The **FINANCIAL SECTION** begins with the Independent Auditor’s Report, Management’s Discussion and Analysis (MD&A), and the Basic Financial Statements and accompanying notes

followed by required and supplementary statements and schedules intended to further enhance an understanding of The District's current financial status.

The **STATISTICAL SECTION** includes selected financial demographic and operational information, generally presented on a multi-year basis.

In addition to the annual audit of the District's Basic Financial Statements with accompanying Supplemental Information and the auditor's review of the CAFR, the District is also required to undergo audit tests to ensure compliance with provisions of laws, regulations, contracts and grant agreements as follows:

- Single Audit: to ascertain compliance with the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program; and to determine that Transportation Development Act Funds allocated to and received by the District were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 667 of Title 21 of the California Code of Regulations.
- Measure B Compliance Attestation: to determine compliance with the requirements described in the Measure B Sales Tax for Mass Transit Funds Agreement between the District and the Alameda County Transportation Commission (ACTC).
- Measure J Compliance Attestation: to determine compliance with the requirements described in the Measure C Cooperative Agreement between the District and the Contra Costa Transportation Authority (CCTA).
- Appropriations Limit Calculation Agreed Upon Procedures Report: between District management and the League of California Cities to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.
- AC Transit Financing Corporation Audit: a component unit of the District.
- Special Transit Service Districts No. 1 and No. 2 Agreed Upon Procedures Review: to evaluate the accuracy of the allocation between Special Transit Service Districts (STSD) No. 1 and No. 2.
- Measure VV Agreed Upon Procedures Report: to evaluate service hours and service miles and the allocation of operations and maintenance expenses by county and STSD in accordance with Measure VV voter approval.
- Evaluation of The Board' Expenses Agreed Upon Procedures Report: to evaluate compliance with District policies and guidelines.
- Federal Transit Administration National Transit Database Report Agreed Upon Procedures Report: to ensure compliance with the Federal Transportation Administration (FTA) standards with Federal Funding Allocation Statistics Form FFA-10 of the

District's annual NTD report and to ensure eligibility to receive grants under Section 9 of the Urban Mass Transportation Act of 1964.

DISTRICT PROFILE

The District is a special district organized under the Public Utilities Code of the State of California. It was created on November 6, 1956, when residents of Alameda and Contra Costa counties voted to establish the public transit district. Operations began October 1, 1960, with service to Alameda County and the Western Region of Contra Costa County.

The District is one of the largest bus-only system in the State of California and one of the largest bus-only system in the nation serving 13 cities and nine adjacent unincorporated areas in Alameda and Contra Costa counties (the "Service Area"). The Service Area extends from San Pablo Bay on the North to the Southern city limits of Fremont, and serves the Western portions of Contra Costa and Alameda counties providing trans-bay services to San Francisco, San Mateo and Santa Clara counties. For the location of the Service Area, see the map on the last page in the Statistical Section of this report. The Service Area is divided into two service divisions: "Special Transit District No. 1," which includes the cities of Alameda, Albany, Berkeley, El Cerrito, Emeryville, Hayward, Oakland, Piedmont, Richmond, San Leandro and San Pablo, and the unincorporated communities of Ashland, Castro Valley, El Sobrante, Kensington and San Lorenzo, and "Special Transit District No. 2," which joined the District in 1974, and includes the cities of Fremont and Newark in Southern Alameda County

A seven-member Board establishes policy and sets direction for the management of The District. The general population of the service area elects Board members. Five Board members represent wards and two are elected at-large. Board members serve staggered four-year terms, so that three or four are elected every two years. Three officials report directly to the Board: the General Manager (GM), the General Counsel and the District Secretary.

Responsibility for the day-to-day management of The District rests with the GM. The District's Executive Staff consists of the following: Chief Operating Officer (COO), Chief Financial Officer (CFO), Chief Performance Officer (CPO), Chief Planning & Development Officer (CPDO), Chief Human Resources Officer (CHRO) and Chief Technology Officer (CTO). An organization chart that illustrates the organizational structure of The District follows later in the introductory section.

The District follows the provision of GASB Statement No. 14, *The Financial Reporting Entity*. This Statement sets forth accountability of a government's elected officials to their constituents as the basic criteria for inclusion of an organization in a governmental reporting entity. The governmental reporting entity consists of The District and organizations for which The District is financially accountable. Financial accountability is defined as an appointment of a voting majority of the component unit's Board, and (1) either The District's ability to impose its will on the organization or (2) there is potential for the organization to provide a financial benefit to, or impose a financial burden on The District.

Although legally separated, based upon the foregoing criteria, the financial activities of the AC Transit Financing Corporation and the Alameda-Contra Costa Transit District Employees' Pension Plan are so financially intertwined with the District that they are, in substance, part of the

District. They are included in the accompanying financial statements, along with The District, because of the significance of their operational or financial relationships with The District.

The District is a participant with Bay Area Rapid Transit (BART) in a joint exercise of power agreement, the East Bay Paratransit Consortium (Consortium), to provide Americans with Disabilities Act (ADA) Paratransit service in Alameda and Western Contra Costa Counties. The Consortium is a joint exercise of power between these entities. The area served encompasses the District/BART coordinated service area. The Consortium has an executive committee comprised of the GMs from each District. The Committee, referred to as the Service Review Committee (SRC), approves policy and procedures for the Consortium after policy direction and/or approval is given by the District and BART Boards of Directors. The Boards act as the policy bodies of the Consortium. The District and BART were responsible for 69% and 31% of the expenses, respectively. In Fiscal Year 2013-14, The District incurred excess operating costs of approximately \$11.2 million related to the Consortium.

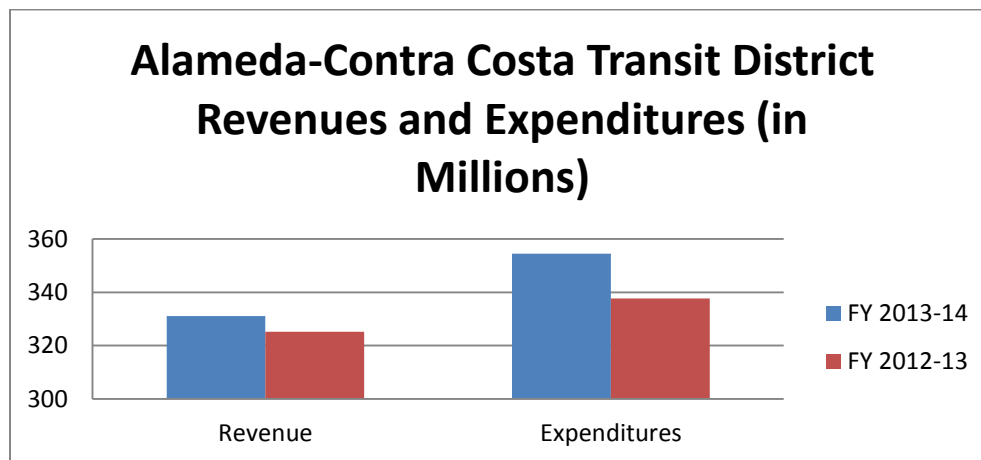
The District operates two (2) main types of service, East Bay Local Service and Transbay Service. East Bay Local Service consists of two (2) limited stop rapid bus routes, eight (8) major trunk routes, forty-nine (49) local routes in Special Transit Service District 1, fifteen (15) local routes in Special Transit Service District 2 (Southern Alameda County), and seven (7) All-Nighter/Owl routes. In addition, East Bay Local Service also includes supplemental school service, which provides direct access to junior high schools and senior high schools during the academic year. Transbay Service consists primarily of three (3) all-day routes and twenty-four (24) peak period routes originating from various areas of the East Bay, terminating at the Transbay Terminal in Downtown San Francisco. Also under Transbay are two (2) all-day routes and four peak period routes originating in the East Bay and terminating at locations within San Mateo and Santa Clara Counties. The Service Area District 1 is comprised of the Cities of Alameda, Albany, Berkeley, El Cerrito, Emeryville, Hayward, Oakland, Piedmont, Richmond, San Leandro, San Pablo, Ashland, Cherryland, Castro Valley, El Sobrante, Kensington and San Lorenzo. The Service Area District #2 includes Fremont and Newark.

The District is also a member agency of the Transbay Joint Powers Authority (TJPA), created under State law to develop a new Transbay Transit Center in downtown San Francisco. Construction of this approximately \$3 billion project began in early 2010 and is scheduled for completion sometime in 2016. The new terminal will provide capacity for up to 300 bus departures per hour in a modern, efficient downtown transit terminal. Based on recent ridership studies, the District expects that up to 7,100 passengers per hour will use the new facility by 2030. This number represents nearly double the current demand.

FINANCIAL INFORMATION

Fiscal Year Ended June 30, 2014

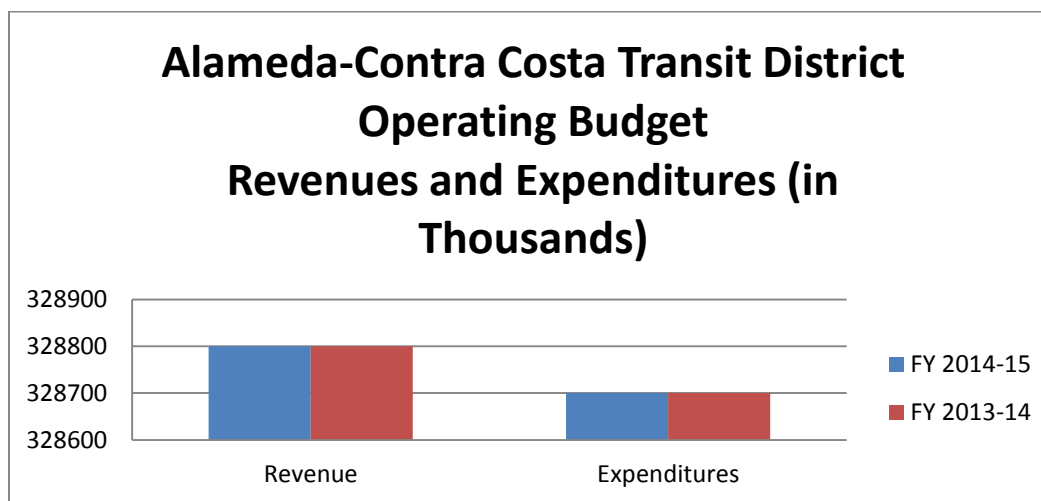
The District's performance during FY 2013-14 resulted in a positive \$28.1 million change in net position. Compared to the prior year, total revenues increased from \$325.2 million to \$331.1 million, an increase of 2%, and total expenditures increased from \$337.7 million to \$354.5 million, an increase of 5%. A more detailed analysis of revenue and expense variances can be found in the Management's Discussion and Analysis (MD&A) section of this report.



See comments on financial highlights in MANAGEMENT'S DISCUSSION AND ANALYSIS section.

Fiscal Year 2014-15 Operating and Capital Annual Budget

The FY 2014-15 Operating Budget totals \$344.4 million, including \$328.7 million of expenses offset by \$328.8 million in operating revenues resulting in a positive net transfer of \$0.1 million to unrestricted net position. The budget represents 1.7 million Revenue Service Hours and 1.8 million Platform Hours supported by 1,921 budgeted positions.



Board Policy 312 states that the Board shall approve a Budget calendar no later than November 30, 2014, which will include tentative dates for Board Workshop(s), public review, and Board approval. The policy also states that the GM shall prepare and submit to the Board a proposed District Budget for the following fiscal year(s) by May 15 of each year. The Budget Policy provides for the Board to adopt a resolution by June 30 of each fiscal year approving a balanced District Budget for the following fiscal year, and including the revision and approval of the corresponding Fiscal Year Goals, Objectives, and Performance Metric targets.

The Budget Policy mandates that the District Budget include all operating, capital, and the interest expense component of debt service requirements of the District for the following fiscal year. The District Budget is also required to include an analysis of the assumptions underlying revenue and expense projections, the number and job classifications of authorized positions by departments and the platform and revenue hours and miles upon which the District Budget is based and in accord with Board policy 310 A contributions to the AC Transit Employees Retirement Plan.

The primary budget development process activities include: Determination of the Schedule; Establishment of Strategic and Fiscal Priorities, Formulation and Development of the Budget, Public Input, and Review and Adoption of Staff Recommendations for the Annual Budget.

According to Board Policy 312, budgetary control is maintained at the departmental level for each operating department and at the project level for each capital project. Any expenditure in excess of the approved Department Budget or approved Capital Project Budget shall require prior approval by the GM. Any expenditure in excess of the authorized total District budget shall require prior approval by the Board and reported to the Board in the Quarterly/Mid-Year reports by the GM, who shall establish procedures to ensure that proper controls are implemented for all District expenditures.

Major highlights of the operating budget proposal for FY-13/14 include:

- Service Enhancements – increased service will be added to (1) improve on-time performance on major trunk lines, (2) provide more trips on Transbay routes to increase capacity and meet the current demand on Transbay service, and (3) provide new mobility solutions for low density transit environments.
- Fare Structure – Fare box revenues are anticipated to grow at 5 percent over the current fiscal year resulting from increased ridership. Additionally, ridership is expected to grow as a result of the implementation of an improved fare structure that includes a day pass and incentivizes “Clipper” (Smart Card) usage.
- Absence of Federal operating assistance for preventative maintenance to offset operating costs signals financial sustainability.
- Operating expenses include \$1.3 million for the election process of four Board members.

In preparing this budget, it was clear that significant challenges will continue in the areas listed below.

- (1) High Pension Costs: The District's contribution to the Pension Plan is still close to \$40 million for FY 2014-15. With the uncertainty associated with Public Employees' Pension Reform Act, also known as AB340, the District will need to find solutions to minimize the impact that pension contributions will have on District operations.
- (2) Health Care Costs: The District faces escalating health care costs from our insurance carriers and will need to address the requirements of the Affordable Health Care Act to collaboratively secure sustainable benefits structures that keep the workforce healthy and productive at a shared cost that is affordable for all.

- (3) New Union Contracts: The increased labor costs resulting from the recently negotiated union contract will be a challenge to absorb while trying to provide service improvements throughout the service area.
- (4) Fuel Costs: The volatility of fuel costs is a continued challenge that staff continues to monitor.
- (5) Workers Compensation: Securing a working environment that fosters and assures safety and wellness, including the safety of our passengers; The District cannot afford escalating and historically high costs of liabilities and workers compensation costs

Each of these areas will require continued work to contain the operating costs in the coming years while identifying new revenue sources and the need to reauthorize Measure VV parcel tax. Staff will address these challenges with the Board through a series of reports in the coming year. Despite these challenges, Staff will continue to implement a series of strategic initiatives that will make the agency's services more effective and efficient and improve our customers' experience.

The FY 2014-15 Adopted budget builds a nexus of the operational expenditures to the District's overall organizational goals:

- Effective Communication, Messaging & Marketing
- Provide Quality & Reliable Service
- Utilize Financial Resources Efficiently & Effectively
- Create a Safety Culture
- Attract & Retain a High Quality Workforce

The development of a performance management model that focuses on our core initiatives and objectives along with monitoring our existing key performance indicators will help to reinforce our efforts to ensure long term sustainability and financial viability. These performance indicators show welcome signs of real, sustainable and potentially long-term improvement in service quality. These trends have the added impact of generating positive financial effects on the Operating Budget.

With operating efficiencies and an improved economic landscape, the District continues to advance its mission to provide reliable and high quality service. We are confident that the District has the resiliency to focus on its strengths and work through its many challenges. Our continued success will only be achieved through collaboration, creativity and commitment.

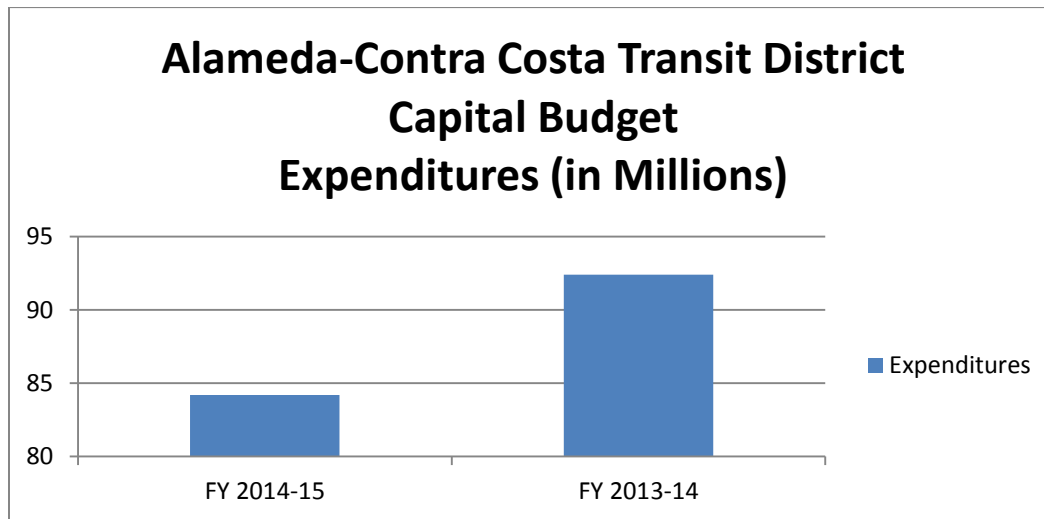
Local Economy

Please review the "Economic factors Section" our MD&A for this information.

Long Term Financial Planning and Major Strategic Initiatives

In its efforts to provide a better ride and increase ridership along with introducing cost efficiencies the District has embarked upon major capital projects like East Bay Bus Rapid Transit and Line 51 improvements. Our future capital needs exceed over \$300 million for the next

five years. These future needs will be further detailed in the upcoming Short Range Transit Plan. The FY 2015 Adopted Capital Budget of \$84.2 million addresses roughly one third of the existing requests using a mix of Federal, State, local and District capital funds. Highlights of the FY 2015 Capital Budget include:



- Funding for key capital projects including rehabilitation of Division 3 (located in Richmond, CA), vehicle replacement and expansion, partial capital contribution towards Transbay Center (located in Downtown San Francisco), and relocation of Operations Control Center.
- The regional Core Capacity program allows the District to advance federal funds for capital projects with State and District funds as matching funds to fully fund our capital priorities as the District discontinued the use of FTA formula funds for preventive maintenance.
- The introduction of hybrid vehicles and procurement of additional vehicles that support service expansion in addition to the fleet replacement plan
- Implementation of small transit vehicles to support improved mobility and efficiency in low density transit environments.
- Reprogramming of State of California I-Bond funds which are more flexible and can be used as match funds for other large projects.

On May 23, 2012, the Metropolitan Transportation Commission (MTC) adopted the final recommendations of the Transportation Sustainability Project (TSP), which included a performance target and monitoring process for the seven largest transit agencies in the Bay Area. In response to these final recommendations, District's Staff created a strategic plan to reduce operating costs by 5% in FY2016-17 based on metrics established by MTC. In order to meet the target, staff set baseline metrics and developed strategies to reduce operating costs, including the development of initiatives to improve service delivery and the route network in accordance with District goals and objectives. Staff has estimated cost savings and ridership gains associated with the strategies and has developed a five-year budget projection to display how the strategies meet MTC's target.

The strategic plan would result in a reduction in cost productivity by 5% in FY2016-17 as measured by one of the following three metrics identified by MTC:

- Cost Per Service Hour
- Cost Per Passenger
- Cost Per Passenger Mile

In the first of the five year effort, the District has thus far reduced the Cost per Passenger below the Strategic Plan target of \$5.54 to \$5.47. The District is on track to achieve the required 5% reduction by FY16/17 as required by MTC. The primary factors in meeting this performance goal are: the gain in ridership due to the improved Bay Area economy, the reduction in labor and support costs, and the District's initiatives to improve service. The District is projected to maintain this level of performance with future initiatives aimed at reducing costs, improving service, and increasing ridership through projects such as the future Bus Rapid Transit (BRT) project and the Comprehensive Operations Analysis (COA).

As required by MTC, Staff has updated the 2013 TSP Strategic Plan to better reflect changing operating and financial conditions over the past year and actual performance data for FY13/14.

Staff projects ridership to increase between today and the target year of the Strategic Plan (FY16/17). This is consistent with the original plan approved by the Board in 2013. Ridership is expected to grow at different rates annually depending upon the implementation of different initiatives in the Strategic Plan. The rationale for projected growth in each year is:

- FY13/14 - Continued modest growth due to an improved economy and implementation of the South County Restructuring Plan, which resulted in a more legible network and improved frequency along Line 99.
- FY14/15- Increased growth due to the outlook of the local economy, improved service reliability and routing/frequency improvements on key trunk lines, additional Transbay trips to meet increasing demand, implementation of the Line 51 project, implementation of the new fare structure with Day Passes, continued growth from previous initiatives, and the introduction of marketing initiatives.
- FY15/16 - Continued growth from previous initiatives, introduction of more service reliability improvements, introduction of routing improvements for West County.
- FY16/17 - Continued growth from previous initiatives, routing improvements on Line 18, and speed and reliability improvements on two additional trunk corridors.
- FY17 /18- Continued growth from previous initiatives and the introduction of BRT service between the cities of Oakland and San Leandro.

Similar to the ridership growth, the annual operating budget is also expected to grow between now and the Strategic Plan target year. The projected budget growth is due to:

- Labor costs grow by 3% in FY13/14 and FY14/15, and by 3.5% in FY15/16.
- Fringe benefits grow at a net 2% higher than originally projected in the Strategic Plan due to the contractual contributions towards healthcare by the unions- while healthcare costs are now projected to grow at a rate that is two percentage points higher than originally projected.
- New operating costs associated with new initiatives: the reopening of D3 and the budgeted service enhancement plan add \$4 million in operating cost.
- The upfront investment to implement Strategic Plan initiatives that yield savings later in the time period of the plan. The budget growth identified above is mitigated by reduced operating and maintenance costs due to improved maintenance, reduced accidents and the introduction of new buses.

The increase in Cost Per Passenger in FY13/14 is due to a modest projection in ridership growth compared to a larger growth in the budget due to increasing labor costs, particularly pension and healthcare costs. The overall success is the direct result of recent ridership growth due to:

- Positive macro-economic trends in the Bay Area that have stimulated job growth and transit use.

Improvements as a result of operational initiatives that are monitored under the District's Key Performance Indicators (KPI's) including:

- Increasing the amount of service operated (making pull-out on a daily basis)
- Reducing the accident rate
- Decreasing road calls
- Increased marketing, branding and visibility from the "A Better Ride" and South County campaigns, and outreach efforts for the fare change and Title VI update.
- Service improvements such as the South County Restructuring Plan and additional Transbay trips.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a **Certificate of Achievement for Excellence in Financial Reporting** to The District for its CAFR for the fiscal years ended June 30, 1992 through 2013. GFOA also has presented a **Distinguished Budget Presentation Award** to The District for the fiscal year beginning July 1, 2006. The District has further demonstrated outstanding achievement in financial reporting by receipt of the **Certificate of Excellence for the Investment Policy** from the Association of Public Treasurers of the United States and Canada.

In order to be awarded a Certificate of Achievement, a governmental unit must establish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such

reports must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for the period of one year.

The Department of Finance believes the current report continues to conform to Certificate of Achievement Program requirements and submits the report to the GFOA with high expectations of receiving another award.

The preparation of the CAFR could not have been accomplished without the support of the Controller and the entire Finance Department staff. I want to express our appreciation to other The District departments for their assistance in this effort. Finally, I wish to thank the Board and the Finance and Audit Committee, for without their policy direction and authorization of Fiscal Policy No 308 "Accounting Policy", preparation of this report would not have been possible.

Respectfully Submitted,



James D. Pachan
Interim Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Alameda-Contra Costa Transit District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

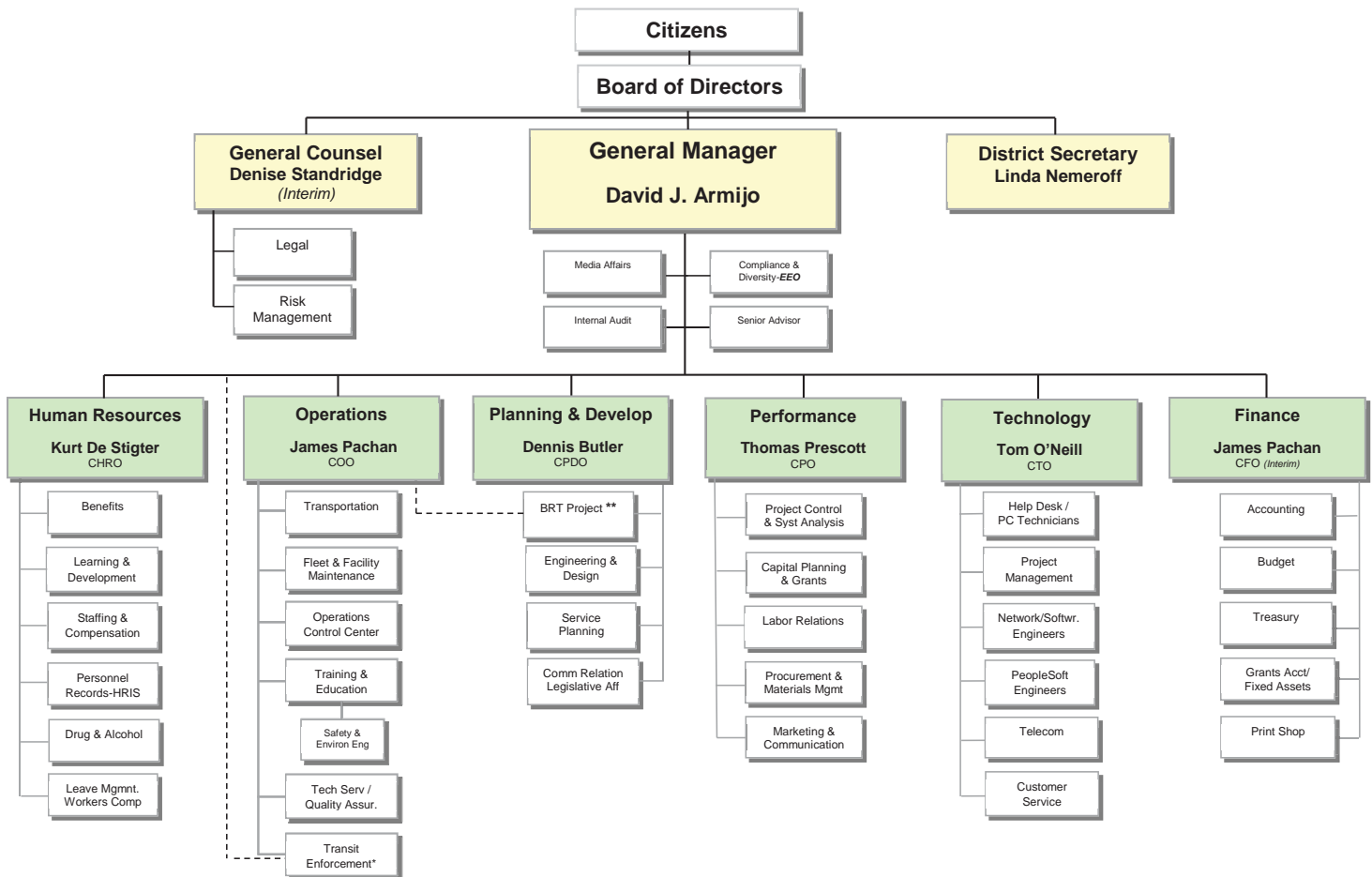


Executive Director/CEO



Alameda-Contra Costa Transit District

Alameda Contra Costa Transit District



* Transit Enforcement reports to Operations as well as the General Manager.

**Due to the significance of the BRT Program, the BRT Program Director has direct access to the Chief Operating Officer if circumstances warrant.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

PRINCIPAL OFFICIALS

JUNE 30, 2014

Board of Directors

President, Director Ward II.....Greg Harper
Vice President, Director Ward I Joe Wallace
Director Ward III.....Elsa Ortiz
Director Ward IV..... Mark Williams
Director Ward V.....Jeff Davis
Director at Large..... H.E. Christian Peoples
Director at Large.....Joel B. Young

Executive Staff

General Manager..... David J. Armijo
District Secretary..... Linda Nemeroff
General Counsel Denise Standrige
Chief Operating Officer..... James D. Pachan
Interim Chief Financial Officer..... James D. Pachan
Chief Performance Officer Thomas Prescott
Chief Planning & Development Officer Dennis Butler
Chief Human Resource Officer..... Kurt De Stigter
Chief Technology Officer..... Tom O'Neil

Financial Section

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alameda-Contra Costa Transit District
Oakland, California

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Alameda-Contra Costa Transit District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the AC Transit Pension Trust Fund. Those financial statements were audited by other auditors whose report heron has been furnished to us, and our opinion, insofar as it relates to the amounts included for the AC Transit Pension Trust Fund, is based on the report of the other auditor. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and Pension Trust Fund of the District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and Schedules of Funding Progress, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alameda-Contra Costa Transit District's financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014, on our consideration of the District'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
September 30, 2014

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Management's Discussion and Analysis

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Management's Discussion & Analysis

This discussion and analysis of the Alameda-Contra Costa Transit District's financial performance provides an overview of the District's activities for Fiscal Year 2014 with comparisons to the prior fiscal year.

Financial Highlights

- At June 30, 2014, total assets were \$497.9 million, an increase of \$33.5 million or 7 percent compared to June 30, 2013, when it was \$464.3 million. Total current assets at June 30, 2014 were \$208.5 million, a decrease of \$21.6 million or 9 percent due largely to the expenditure of designated capital funds on capital projects, offset by higher receivables at year end. Capital assets, net of accumulated depreciation increased by \$55.1 million to \$286.9 million. Other Non-Current Assets remained stable at \$2.5 million.
- At June 30, 2014, total liabilities were \$150.7 million, an increase of \$5.4 million or 4 percent compared to June 30, 2013 when they were \$145.3 million. Total current liabilities were \$62.9 million, virtually unchanged over June 30, 2013. Total other non-current liabilities increased by \$8.9 million or 16 percent from June 30, 2013 due to increases in other post employment benefits (OPEB) and workers compensation liabilities.
- For Fiscal Year 2014, operating revenues increased by \$5.2 million or 8 percent to \$68.6 million. There were increases in passenger fares revenues of \$2.2 million; contract services of \$3.6 million, offset by a slight decrease of \$0.6 million in "other" operating revenues. In the case of passenger fares, it should be noted that as fares charged to passengers did not change during the period, increased revenue is attributable to growth in ridership. At June 30, 2013 operating revenues were \$63.4 million
- In Fiscal Year 2014, total operating expenses were \$352.6 million, an increase of \$16.2 million or 5 percent compared to \$336.4 million at June 30, 2013. While 2014 operating results reflect the District's continuing efforts to control labor costs, particularly overtime, other expenses however, have increased in fringe, depreciation, and net expenses of joint venture. These increases were partially offset with decreases in other categories.
- For Fiscal Year 2014, non-operating revenues were \$262.5 million, which is an increase of \$0.7 million compared to Fiscal Year 2013 when it was \$261.8. This net increase was primarily comprised of increases in local funds of \$3.5 million and local sales tax of \$1.6 million, offset with notable decreases in property taxes of \$3.0 million and federal operating funds of \$3.3 million.
- At June 30, 2014, net position was \$347.1 million, an increase of \$28.1 million or 9 percent from June 30, 2013. The 2014 increase resulted from increased in total revenues of \$5.9 million, or 2 percent over 2013, capital contributions of \$51.5 million offset by an increase in total operating expenses of \$16.2 million. At June 30, 2013 net position was valued at \$319.0 million.

Overview of the Financial Statements

The Financial Section of this report presents the District's financial statements as two components: basic financial statements and notes to the financial statements. It also includes other supplemental information in addition to the basic financial statements.

Basic Financial Statements

The *Statement of Fund Net Position* presents information about assets and liabilities with the difference between the two reported as *net position*. The change in net position over time is an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* reports how have changed during the year and presents a comparison between operating revenues and operating expenses. Operating revenues and expenses are related to the District's principal business of providing bus transit services. Operating expenses include the cost of direct services to passengers, administrative expenses, contracted services and depreciation on capital assets. All other revenues and expenses not included in these categories are reported as non-operating.

The *Statement of Cash Flows* reports inflows and outflows of cash and is classified into four major components:

- *Cash flows from operating activities* which includes transactions and events reported as components of operating income in the statement of revenues, expenses and changes in net position.
- *Cash flows from non-capital financing activities* which include operating grant proceeds as well as operating subsidy payments from third parties and other non-operating items.
- *Cash flows from capital and related financing activities* which arise from the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets and the proceeds of capital grants and District contributions.
- *Cash flows from investing activities* which includes the proceeds from the sale of investments and receipt of interest. Outflows in this category include the purchase of investments.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements. These are found immediately following the financial statements to which they refer.

Other Information

This report also presents certain required supplementary information in accordance with the requirements of GASB. In addition, supplementary information and associated notes concerning compliance with the District's annual budget appear immediately following the required supplementary information.

Analysis of Basic Financial Statements

Assets:

- At June 30, 2014, total assets were \$497.9 million, an increase of \$33.5 million or 7 percent compared to June 30, 2013, which were \$464.3 million. Total current assets at June 30, 2014 were \$208.5 million, a decrease of \$21.6 million or 9 percent over June 30, 2013, due largely to the expenditure of designated capital funds on qualifying capital projects, partially offset by overall higher receivables of \$12.3 million, an increase in inventory of \$1.7 million, and pre-paid expense of \$0.6 due to slightly higher insurance premiums. Capital assets, net of accumulated depreciation increased by \$55.1 million to \$286.9 million (*please refer to the "Capital Program" section*). Other non-current Assets remained constant at \$2.5 million.

Alameda-Contra Costa Transit District
Net Position
(in thousands)
Fiscal Year Ended June 30, 2014

	2014	2013	Change	%
Assets				
Current Assets	\$ 208,519	\$ 230,074	\$ (21,555)	-9%
Capital Assets	286,860	231,768	55,092	24%
Other Non-Current Assets	2,488	2,488	-	0%
Total Assets	\$ <u>497,867</u>	\$ <u>464,330</u>	\$ <u>33,537</u>	<u>7%</u>
Liabilities				
Current Liabilities	\$ 62,887	\$ 62,889	\$ (2)	0%
Long Term Portion of COPS	24,338	27,777	(3,439)	-12%
Other Non-Current Liabilities	63,497	54,652	8,845	16%
Total Liabilities	\$ <u>150,722</u>	\$ <u>145,318</u>	\$ <u>5,404</u>	<u>4%</u>
Net Position				
Net investment in capital assets	\$ 260,221	\$ 202,095	\$ 58,126	29%
Restricted for Capital Purchases	44,528	74,531	(30,003)	-40%
Restricted for Debt Service	1,505	1,605	(100)	-6%
Unrestricted	40,891	40,781	110	0%
Total Net Position	\$ <u>347,145</u>	\$ <u>319,012</u>	\$ <u>28,133</u>	<u>9%</u>
Total Liabilities and Net Position	\$ <u>497,867</u>	\$ <u>464,330</u>	\$ <u>33,537</u>	<u>7%</u>

Liabilities:

- At June 30, 2014, total liabilities were \$150.7 million, an increase of \$5.4 million or 4 percent compared to June 30, 2013 when they were \$145.3 million. Total current liabilities were \$62.9 million, remaining essentially flat when compared to June 30, 2013. Several factors participated in this net result, including decreases in short term claims liabilities, short term other post employment benefits (OPEB) liability, and unearned revenue related to capital program expenditures, offset by increases in accounts payable due to late invoice submission at year end, accrued salary and wages due to timing, and increase in short term debt related to the certificates of participation (COPS).

The long term portion of the COPS is \$24.3 million, a decrease of \$3.4 million over the June 30, 2013 balance when the liability was \$27.8 million, due to normal scheduled payments.

Total other non-current liabilities are \$63.5 million, an increase of \$8.8 million or 16 percent from June 30, 2013 when it was \$54.7 million. This is primarily due to increases in workers comp liability due to a less favorable actuarial result, an increase in other post employment benefits (OPEB) due to the difference in funding for those plans and the actuarial results, and an slight increase in leave liabilities. These increases were slightly offset by a mildly favorable PLPD actuarial result.

Net Position:

- At June 30, 2014, net position was \$347.1, an increase of \$28.1 million or 9 percent from June 30, 2013 when it was \$319.0 million. The 2014 increase resulted from total revenues at June 30, 2014 of \$331.1 million, an increase of \$5.9 million or 2 percent over June 30, 2013 when it was \$325.2 million. This was offset by total expenses of \$354.5 million at June 30, 2014, an increase of \$16.8 million, or 5 percent, over June 30, 2013, when total expenses were \$337.7 million. The net of revenue and expense results in a loss before contributed capital of \$23.4 million; however, contributed capital was \$51.5 million, resulting in the increase to net position of \$28.1 million at June 30, 2014.

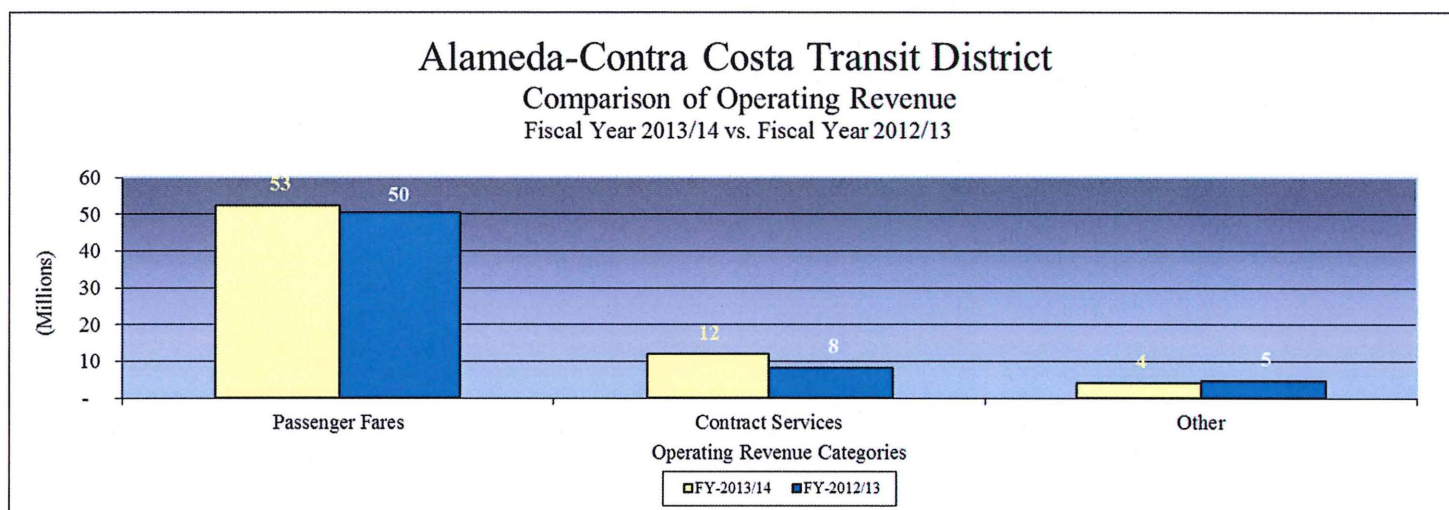
Revenue and Expense:

Alameda-Contra Costa Transit District
Statement of Revenues, Expenses and Changes in Net Position
(in thousands)
For the Years Ended June 30, 2014 and June 30, 2013

	2014	2013	Changes	%
Revenues				
Operating Revenues				
Passenger Fares	\$ 52,508	\$ 50,357	\$ 2,151	4%
Contract Services	11,929	8,330	3,599	43%
Other	4,165	4,720	(555)	-12%
Total Operating Revenues	<u>68,602</u>	<u>63,407</u>	<u>5,195</u>	<u>8%</u>
Non-Operating Revenues				
Property Taxes	105,807	108,799	(2,992)	-3%
Local Sales Taxes	60,280	58,683	1,597	3%
Local Funds	70,234	66,745	3,489	5%
Federal	8,746	12,070	(3,324)	-28%
State	16,853	15,953	900	6%
Gain (Loss) on sale of capital assets	(90)	(1,175)	1,085	-92%
Interest Income	674	764	-90	-0.1178
Total Non-Operating Revenues	<u>262,504</u>	<u>261,839</u>	<u>665</u>	<u>0.25%</u>
Total Revenues	<u>331,106</u>	<u>325,246</u>	<u>5,860</u>	<u>2%</u>
Expenses				
Operating Expenses				
Operator Wages	58,529	58,526	3	0%
Other Wages	47,106	46,363	743	2%
Fringe Benefits	128,755	116,849	11,906	10%
Depreciation	39,495	35,420	4,075	12%
Fuel & Oil	17,359	18,613	(1,254)	-7%
Other Materials & Supplies	11,345	12,393	(1,048)	-8%
Services	26,510	26,593	(83)	0%
Insurance	7,115	11,529	(4,414)	-38%
Net Expenses of Joint Venture	8,515	2,249	6,266	279%
Other	7,863	7,842	21	0%
Total Operating Expenses	<u>352,592</u>	<u>336,377</u>	<u>16,215</u>	<u>5%</u>
Non-Operating Expenses				
Interest Expense	1,898	1,338	560	42%
Total Expenses	<u>354,490</u>	<u>337,715</u>	<u>16,775</u>	<u>5%</u>
Loss before Contributed Capital	(23,384)	(12,469)	(10,915)	88%
Capital Contributions	<u>51,517</u>	<u>64,015</u>	<u>(12,498)</u>	<u>-20%</u>
Change in Net Position	<u>28,133</u>	<u>51,546</u>	<u>(23,413)</u>	<u>-45%</u>
Net Position, beginning of year*	<u>319,012</u>	<u>267,466</u>	<u>51,546</u>	<u>19%</u>
Net Position, end of year	<u>\$ 347,145</u>	<u>\$ 319,012</u>	<u>\$ 28,133</u>	<u>9%</u>

Operating Revenue:

- For Fiscal Year 2014, operating revenues increased by \$5.2 million or 8 percent. There were increases in passenger fares revenues of \$2.2 million, with a continued incremental migration of customers to electronic fare media, it should be noted that the fares charged to passengers did not change during the period, growth in ridership generated increased revenues. The increases in contract services of \$3.6 million are due to a non-recurring, inter-governmental subsidy for reduced fares. These increases were offset slightly by a decrease of \$0.6 million “other” operating revenues.



Non-Operating Revenue:

- For fiscal year 2014, non-operating revenues were \$262.5 million, which is an increase of \$0.7 million, or 0.25 percent, compared to fiscal year 2013 when it was \$261.8 million. This net increase was primarily comprised of increases in local funds and local sales taxes of \$5.1 million, state funds of \$0.9 million, a reduction in loss on sale of capital assets of \$1.1 million, offset with decreases in federal operating funds of \$3.3 million, and property tax revenues of \$3.0 million due to onetime payments associated with the state mandated dissolution of redevelopment agencies which were received in the prior fiscal year.

Local sales tax revenues increased from \$58.7 million at June 30, 2013 to \$60.3 million as of June 30, 2014, an increase of \$1.6 million. Increases in this category came from AB1107 funds, offset by decreases in voter approved Measures B, J, and VV, funds that are used for fixed route bus service as well as other programs. In the case of Measure B, it should be noted however, that there was a funding swap from Measure B funds to state transit assistance (STA); otherwise local sales taxes would have reported a slightly higher increase over fiscal year ended June 30, 2013.

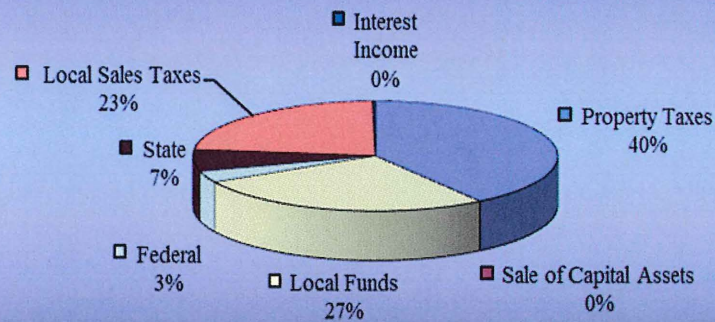
Local funds were \$70.2 million at June 30, 2014, an increase of \$3.5 million, or 5 percent over June 30, 2013 when they were \$66.7 million. Local funds include regional measure 2 (RM2), transportation development act (TDA), as well as local operating assistance funds. As of June 30, 2014 RM2 funds remained relatively stable, TDA funds and local operating assistance funds increased over June 30, 2013.

State revenues, which include state transit assistance (STA), state pass through, and AB2972 funds, increased by \$0.9 million over June 30, 2013.

Federal operating funds decreased by \$3.3 million over June 30, 2013. This was primarily due to the final federal preventive maintenance monies being earned in the prior fiscal year. It should be noted that the federal “ADA Set aside” subsidy increased over the June 30, 2013 amount, softening the impact of the wind down of the preventive maintenance program.

Finally, loss on sale of capital assets decreased at June 30, 2014 by 1.1 million which contributed to the overall increase in non-operating revenues.

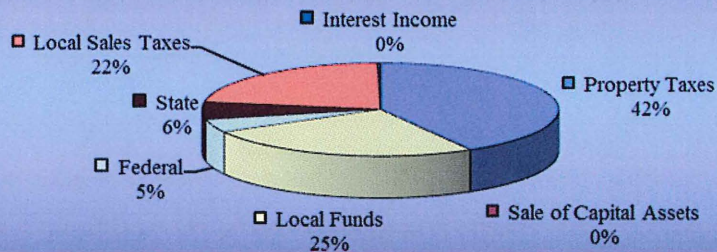
Alameda-Contra Costa Transit District Composition of Non-Operating Revenues - Fiscal Year 2013/14



■ Property Taxes ■ Sale of Capital Assets ■ Local Funds ■ Federal ■ State ■ Local Sales Taxes ■ Interest Income

When comparing the “Composition of Non-Operating Revenue” pie charts from FY-12/13 (below) to FY-13/14 (above) shifts in composition between these fiscal years included Local Funds, as a total of non-operating revenue, increased 2 percent to 27 percent of the total. Local Sales taxes also increased by 1 percent over FY-12/13, as did State revenues. Federal funds, as a total of non-operating revenue, decreased from 5 percent to 3 percent, due to a final receipt of operating funds for the Preventive Maintenance programs in FY-12/13. Property Taxes decreased by 2 percent. When comparing the graphics, it indicates that other categories did not fluctuate.

Alameda-Contra Costa Transit District Composition of Non-Operating Revenues - Fiscal Year 2012/13



■ Property Taxes ■ Sale of Capital Assets ■ Local Funds ■ Federal ■ State ■ Local Sales Taxes ■ Interest Income

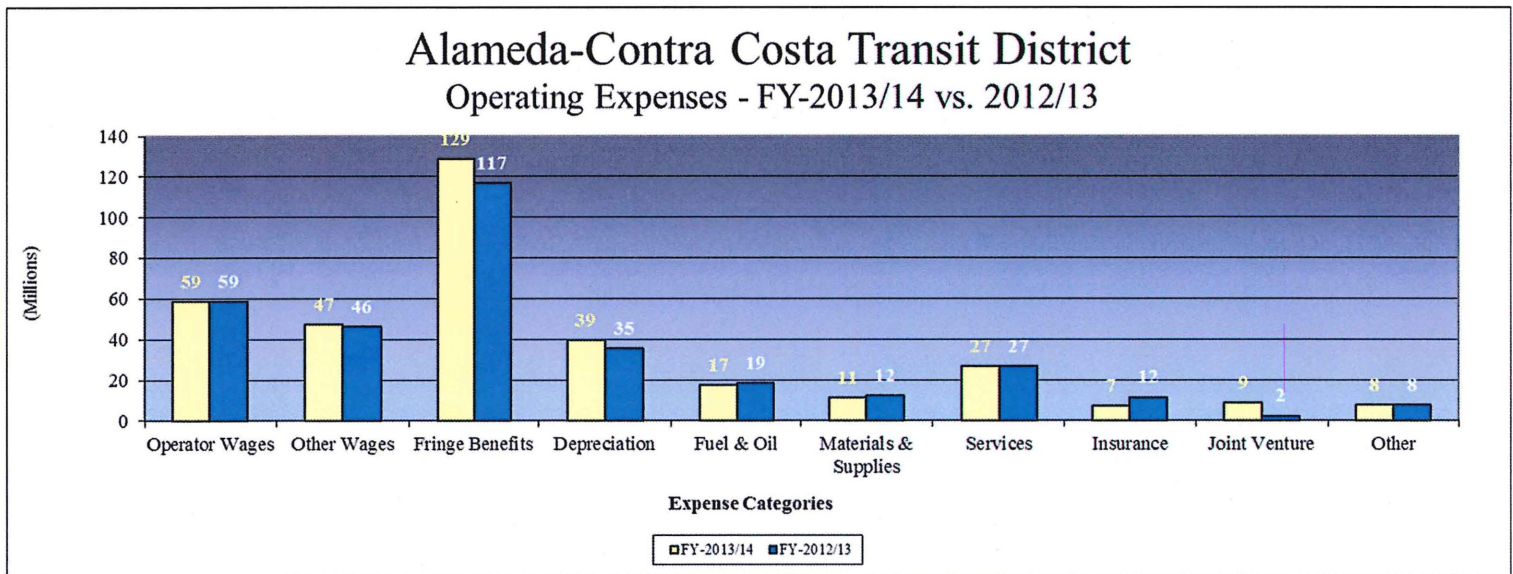
Expense Highlights

Operating Expenses:

- In Fiscal Year 2014, total operating expenses were \$352.6 million, an increase of \$16.2 million or 5 percent compared to \$336.4 million in Fiscal Year 2013. While 2014 operating results reflect the District's continuing efforts to control direct labor costs, particularly overtime, non-labor expenses have increased in several categories, partially offset with decreases in other categories.

Increases in operating expense categories include fringe benefits \$11.9 million, net expenses of joint venture \$6.3 million, depreciation \$ 4.1 million, and other wages of \$0.7 million when compared to June 30, 2013. Increases in fringe benefits were driven by a less favorable worker's compensation actuarial, increases in medical premiums, and OPEB expense. Increases in net expenses of joint venture are primarily due to a significant decrease in state transit assistance (STA) "lifeline" type funds over those received as of June 30, 2013. The increase in depreciation expense is attributable to significant property plant and equipment additions during the period. Other wages increased slightly due to restoration of pay cuts taken during the recession, modest pay increases, and a slight increase in FTE.

Decreases in operating expenses included Insurance, due to a favorable PLPD actuarial result million, and a decrease in insurance premiums due to the move to a higher deductible.



Non-Operating Expenses:

- In Fiscal Year 2013, non-operating expense was \$1.9 million, compared to \$1.3 million in Fiscal Year 2013.

Capital Program

The District received capital contributions of \$51.5 million in Fiscal Year 2014 compared to \$64.0 million in Fiscal Year 2013, a decrease of \$12.5 million over Fiscal Year 2013. This decrease is not driven by the availability of funds, but rather the funding requirements of existing projects within their normal project lifecycles. The capital contributions came from the following sources, federal \$35.0 million, state \$11.8 million and local \$4.7 million. Naturally, on-going capital investment is key to an asset intensive industry such as ours.

Some of the capital acquisitions during the period included:

- Revenue Vehicle Replacement (\$21.5 million)

- Bus Rapid Transit program (\$12.7 million)
- Maintenance Facilities, and buildings rehabilitation (\$1.0 million)
- Hydrogen Facilities (\$3.0 million)
- Photovoltaic Solar Panels (\$2.2 million)
- Information Services/Communications hardware (\$0.7 million)
- Bus Route Improvement Program (\$ 2.3 million)
- Farebox Replacement (8.0 million)

Additional information concerning the District's Capital Assets can be found in *Note #6 - Capital Assistance in the Notes to the Financial Statements*.

Debt

On February 1, 2012 the District issued Refunding Certificates of Participation Series 2012 to take advantage of lower interest rates. The proceeds from the issuance, \$9.8 million, were used to refund the 2001 COPS. At June 30, 2014, the outstanding principal component of the annual lease payment was \$8.5 million. The District plans to repay the obligation over six years, which will conclude by August 2018.

In December 2007, the District issued a \$13.5 million COPS to finance its new Finance Human Resources computer system (FHR Project). The COPS are secured by specified capital assets. At June 30, 2014, the principal component of the annual lease payment was \$6.0 million and the District plans to repay the obligation over ten years, which will conclude by August, 2017.

In February 2009 the District issued a \$15.0 million COPS to help fund the July 2008 purchase of property located at 66th avenue in East Oakland. At June 30, 2013, the principal component of the annual lease payment was \$13.5 million. The COPS are secured by specified capital assets and the District plans to repay the obligation over twenty-five years, which will conclude by August 2034.

Additional information on the District's long-term debt can be found in note (8) to the basic financial statements

Subsequent Events

- The District Implemented a New Day Pass Fare as of 7/1/2014.
- The District has adopted the Federal Transit Administration's recommended fixed asset capitalization limit.
- The AC Transit Board of Directors ratified the Collective Bargaining agreement with ASFCME Local 3916 on 7/23/2014; the term of the contract is 4/01/2014 to 3/31/2017.

Economic Factors

Beacon Economics reports, that the U.S. economy had a 4 percent growth rate in the second quarter. The U.S. economy is continuing to move forward at the modest pace it has been on for the past two years. Over the next two quarters, Beacon Economics is forecasting the U.S. economy to begin accelerating slowly, with growth coming in slightly over 3 percent. In 2015, things will improve further due to improving fundamentals this year – including expanding consumer credit, personal income growth, wealth at sustainably high levels, and a housing market that will begin a second surge. The Fed is expected to raise short-term rates late this year, and early next, but this will have only modest effects on long term rates.

The East Bay labor market has continued to gain momentum in 2014. According to the California Employment Development Department (EDD), payroll employment in the East Bay increased 2.5 percent from June 2013 to June 2014. Job growth in the East Bay has outpaced that of the state overall. Several sectors that supply a substantial number of high-wage jobs in the East Bay experienced job growth after declining in 2013. The East Bay unemployment rate has decreased 1.8 percentage points year-over-year, to 5.7 percent which is lower than that of the state overall.

The East Bay's relative housing affordability has spurred population growth in the area, as the region's population increased by 1.28 percent, considerably above the statewide growth rate of 0.94 percent. New construction permits issued in the East Bay for single-family homes increased 8.1 percent, to 2,628 year-over-year.

So like the U.S. economy in general, the East Bay continues to move forward at a modest pace, doing slightly better than the rest of the state in several important areas.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate accountability for the funds the District receives. If you have questions about this report or need additional financial information, please contact the Alameda-Contra Costa Transit District, attn: Chief Financial Officer, 1600 Franklin St. Oakland, California 94612.

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Basic Financial Statements

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF FUND NET POSITION
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
JUNE 30, 2014
(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 3)	\$91,210
Restricted cash and cash equivalents (Note 3)	40,138
Receivables:	
Federal and local grants:	
Capital	20,796
Planning, operating and other (Note 7)	7,910
Property tax	7,001
Local sales tax	17,748
Other, principally trade receivables	2,220
Total receivables - net	<u>55,675</u>
Due from Pension Trust Fund (Note 5)	3,920
Inventories at average cost	13,881
Prepaid expenses	3,695
Total current assets	<u>208,519</u>

NONCURRENT ASSETS:

Restricted for certificates of participation:	
Cash and cash equivalents (Note 3)	2,488
Capital assets (Note 4)	
Nondepreciable	38,668
Depreciable, net	248,192
Total capital assets, net	<u>286,860</u>
Total noncurrent assets	<u>289,348</u>
Total assets	<u>497,867</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	17,410
Accrued salaries and wages	2,047
Current portion of accrued vacation and sick leave	14,560
Due to Pension Trust Fund (Note 5)	3,181
Unearned revenue	3,312
Other accrued liabilities	5,394
Accrued interest payable	597
Current portion of claims liabilities (Note 13)	12,820
Current portion of remediation obligations (Note 12)	127
Current portion of certificates of participation (Note 8)	3,439
Total current liabilities	<u>62,887</u>

NONCURRENT LIABILITIES:

Accrued vacation and sick leave	8,022
OPEB obligation (Note 10)	10,217
Claims liabilities (Note 13)	43,574
Remediation obligations (Note 12)	1,684
Certificates of participation (Note 8)	24,338
Total noncurrent liabilities	<u>87,835</u>
Total liabilities	<u>150,722</u>

NET POSITION

Net investment in capital assets	260,221
Restricted for capital purchases (Note 11)	44,528
Restricted for debt service	1,505
Unrestricted	40,891
TOTAL NET POSITION	<u>\$347,145</u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014
(In thousands)

OPERATING REVENUES:

Passenger fares	\$52,508
Contract services	11,929
Other	4,165
	<hr/>
Total operating revenues	68,602
	<hr/>

OPERATING EXPENSES:

Operator wages	58,529
Other wages	47,106
Fringe benefits	128,755
Depreciation (Note 4)	39,495
Fuel and oil	17,359
Other material and supplies	11,345
Services	26,510
Insurance	7,115
Net expenses of joint venture	8,515
Other	7,863
	<hr/>
Total operating expenses	352,592
	<hr/>
Operating loss	(283,990)
	<hr/>

NONOPERATING REVENUES (EXPENSE):

Operating assistance:	
Property taxes	105,807
Local sales tax (Note 7)	60,280
Local funds (Note 7)	70,234
Federal (Note 7)	8,746
State (Note 7)	16,853
Loss on sale of capital assets	(90)
Interest income	674
Interest expense	(1,898)
	<hr/>
Net nonoperating revenues	260,606
	<hr/>
Loss before capital contributions	(23,384)
	<hr/>

CAPITAL CONTRIBUTIONS (Note 6)	51,517
	<hr/>

CHANGE IN NET POSITION	28,133
	<hr/>

NET POSITION, beginning of year	319,012
	<hr/>

NET POSITION, end of year	\$347,145
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014
(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$64,437
Cash payments to suppliers for goods and services	(70,676)
Cash payments to employees for services	(234,304)
Other operating receipts	<u>3,060</u>
Net cash used in operating activities	<u>(237,483)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Operating assistance received	<u>250,386</u>
Net cash provided by noncapital financing activities	<u>250,386</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(94,936)
Capital contributions received	49,667
Proceeds from sale of capital assets	259
Principal paid on certificates of participation	(3,025)
Interest paid on certificates of participation	<u>(1,876)</u>
Net cash used in capital and related financing activities	<u>(49,911)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income	<u>636</u>
Net cash provided by investing activities	<u>636</u>

CHANGE IN CASH AND CASH EQUIVALENTS	(36,372)
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CASH AND CASH EQUIVALENTS, beginning of year	<u>170,208</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$133,836</u></u>
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SUMMARY OF CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENT OF NET POSITION:

Unrestricted cash and cash equivalents	\$91,210
Restricted cash and cash equivalents	40,138
Restricted for certificates of participation	<u>2,488</u>
Total cash and cash equivalents reported on the Statement of Net Position	<u><u>\$133,836</u></u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2014
(In thousands)

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED IN OPERATING ACTIVITIES:**

Operating loss	(\$283,990)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	39,495
Effect of changes in assets and liabilities:	
Receivables	1,138
Inventories	(1,717)
Due from Pension Trust Fund	(248)
Prepaid expenses and OPEB asset	(606)
Accounts payable and accrued expenses	4,897
Accrued salaries and wages	419
Accrued vacation and sick leave	(414)
Unearned revenue	(2,243)
Due to Pension Trust Fund	(261)
Other accruals	590
Long term liabilities	5,457
Net cash used in operating activities	<u><u>(\$237,483)</u></u>

NONCASH CAPITAL FINANCING ACTIVITIES

Acquisition of capital assets on accounts payable	<u><u>\$ 2,674</u></u>
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See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF PLAN NET POSITION - PENSION TRUST FUND
DECEMBER 31, 2013
(In thousands)

ASSETS

Contributions receivable (Note 5)	\$3,253
Interest receivable on investments	80
Investments at fair value (Note 3):	
Short-term investments	5,818
Equity securities	64,481
Equity funds	207,166
Fixed income funds	199,287
Global asset allocation funds	49,023
Real estate funds	22,446
Total investments for payment of accrued pension costs	<u>548,221</u>
Total assets	<u>551,554</u>

LIABILITIES AND DEFERRED INFLOWS

Accrued expenses	161
Due to Enterprise Fund (Note 5)	3,836
Payable to brokers for unsettled transactions	<u>64</u>
Total liabilities	<u>4,061</u>

NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$547,493</u></u>
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See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF CHANGES IN PLAN NET POSITION - PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(In thousands)

ADDITIONS:

Employer contributions	\$39,151
Investment income:	
Earnings on investments	7,416
Net appreciation in fair value of investments	65,729
Investment expenses	<u>(1,127)</u>
Net investment income	<u>72,018</u>
Total additions	<u>111,169</u>

DEDUCTIONS:

Benefit payments	44,340
Administrative expenses	<u>789</u>
Total deductions	<u>45,129</u>

NET INCREASE	66,040
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NET POSITION HELD IN TRUST FOR PENSION BENEFITS:

Beginning of year	<u>481,453</u>
End of year	<u><u>\$547,493</u></u>

See accompanying notes to the basic financial statements.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

(1) THE FINANCIAL REPORTING ENTITY

Organization – The Alameda-Contra Costa Transit District (the District) is a political subdivision of the State of California established in 1956 and is subject to Transit District Law as codified in the California Public Utilities Code.

Reporting Entity – The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. This statement sets forth accountability of a government's elected officials to their constituents as the basic criteria for inclusion of an organization in a governmental reporting entity. The governmental reporting entity consists of the District (primary government) and organizations for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the District's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to, or impose a financial burden on the District.

The basic financial statements include legally separate component units, which are so financially intertwined with the District that they are, in substance, part of the District. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

For financial reporting purposes, the District's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the District's Board of Directors. As such, the basic financial statements include the financial activities of the District's Special Transit Service Districts (Special Districts) No. 1 and No. 2 and other areas in which the District has contracted to provide transit service. Because these districts are not legally separate entities, they are not considered component units under GASB Statement No. 14. Special District No. 1 was the designation used from the creation of the District for its original territory, consisting of the cities and unincorporated areas from roughly Richmond and San Pablo through Hayward. Special District No. 2 was created by annexation agreements among the cities of Fremont and Newark, the County of Alameda and the District and ratified by a subsequent special election in November 1974 in Fremont and Newark. All property within the Special Districts is subject to taxes that may be levied by the District.

In May 1988, the District created AC Transit Financing Corporation (the Corporation), a nonprofit public benefit corporation incorporated in the State of California under the guidelines of the Nonprofit Public Benefit Corporation Law. Legally separate from the District, the Corporation is blended with the primary government because its sole purpose is to provide financial assistance to the District by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, equipment, land, building improvements, and other public improvements.

The financial activities of the Alameda-Contra Costa Transit District Employees' Pension Plan (the Plan) are fiduciary in the basic financial statements because the Plan exclusively serves the employees of the District. The financial position and changes in financial position of the Plan are reported on a calendar year basis.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(1) THE FINANCIAL REPORTING ENTITY (Continued)

The Plan is administered by the five-member Retirement Board made up of two representatives of the general public selected by the District's Board, two District employees who are elected officials of the Amalgamated Transit Union, Local 192 (ATU) and one District employee selected by the District's Board of Directors from the employees who are not represented by ATU. The Retirement Board has administrative and fiduciary responsibility over the Plan. The Retirement Board utilizes a third-party banking institution as custodian over the Plan's assets.

Separate financial statements for the Corporation and the Plan may be obtained from the District Controller.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The basic financial statements provide information about the District's enterprise fund and the pension trust fund. Separate statements for each fund category – *enterprise and fiduciary* – are presented. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied; revenue from sales taxes are recognized in the fiscal year when the underlying exchange occurs; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

Enterprise Fund (proprietary fund) – The accounts of the District are organized on the basis of a proprietary fund-type, specifically an enterprise fund. The activities of this fund are accounted for with a set of self-balancing accounts that comprises the District's assets, deferred outflows, liabilities, deferred inflows and net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's cost of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) with pricing policies that establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to passengers for services provided. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets and equipment. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Pension Trust Fund – The Pension Trust Fund accounts for the accumulated resources to be used for retirement annuity payments to all members of the Plan.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Any restricted cash and investments used to service debt principal and interest payments of the District would not be considered cash equivalents.

Investments – The District applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which require governmental entities to report certain investments at fair value in the statement of net position and the statement of plan net position and recognize the corresponding change in fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the District has reported its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

Restricted for Certificates of Participation – In connection with the 2007 Certificates of Participation, the District was required to establish and maintain a reserve fund in the amount of \$1.35 million. Pursuant to a trust agreement by and between the Corporation, the District, and the trustee, the restricted assets in the fund can only be used to service lease payments on the outstanding certificates of participation.

In connection with the 2009A Certificates of Participation, the District was required to establish and maintain a reserve fund in the amount of \$1.138 million. Pursuant to a trust agreement by and between the Corporation, the District, and the trustee, the restricted assets in the fund can only be used to service lease payments on the outstanding certificates of participation.

The reserves are reported as non-current.

Pension Plan – The District's noncontributory pension plan provides retirement benefits for all qualifying union and non-union employees. The District's annual contribution to fund the Plan is actuarially determined based on a percentage of gross payroll, which includes the normal cost of the Plan plus amortization of prior service costs over a period of not more than thirty years. Cash and investments in the Plan are restricted by law to provide for the future payment of pension benefits and related expenses.

Inventories – Inventories consist primarily of bus replacement parts and fuel and are stated at average cost. Inventory usages are charged to expense, on a weighted-average basis, at the time that individual items are withdrawn from inventory.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets – Capital assets are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Building, structures and other improvements	30 years
Revenue equipment	12 years
Service vehicles and other equipment	3 to 10 years
Engines and transmissions	5 years
Revenue vehicles (Mini Vans)	7 years

The District's policy is to capitalize all property and equipment with a cost greater than \$1,000 and a useful life of more than one year.

Operating Assistance - Grants are accounted for as nonoperating revenue as soon as all eligibility requirements have been met.

Contract Services – The Metropolitan Transportation Commission (MTC) allocates a portion of the San Francisco Bay Area Rapid Transit District's (BART) State Transportation Assistance funds to the District for allowing BART passengers to ride District buses at a discounted rate when they provide a BART transfer. Allocations from MTC totaled \$6.32 million for the year ended June 30, 2014 and are recorded as contract services. See Note 14 for related party disclosures on the Consortium.

Property Taxes, Collection and Maximum Rates – The State of California (State) Constitution Article XIII A provides that the maximum basic property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold, transferred or improved. The State Legislature has determined the method of distribution of receipts of the tax levy among the counties, cities, school districts and other districts, including the District.

Alameda and Contra Costa counties assess properties, bill for, collect and distribute property taxes. Property taxes are recorded as nonoperating revenue (including secured delinquent property taxes) net of estimated uncollectible amounts, in the fiscal year of levy.

Assessed values are determined annually by the Assessor's Offices of Alameda and Contra Costa counties on January 1, and become a lien on the real properties at January 1. The levy date for secured and unsecured properties is July 1 of each year. Secured taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent after August 31.

The District accrues delinquent property taxes from Contra Costa County. The cumulative amount of delinquent taxes uncollected for the current and prior years has been recorded as a receivable. The District, through the County of Alameda (County), is under the Teeter plan whereby, delinquent taxes are received by the District from the County's own funds in the event that delinquent taxes are not received by a certain due date. In return, the District forgoes the penalties and interests that would accrue on these delinquent property taxes.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On November 30, 2004, the voters approved Measure BB, which superseded the Measure AA parcel tax. Measure BB increased the amount of annual parcel tax to \$48 per year and the term of the tax to 10 years from the date of implementation. The tax became effective on July 1, 2005 and was to terminate on June 30, 2015. However, on November 4, 2008, the voters approved Measure VV, which supersedes the Measure BB parcel tax. Measure VV became effective July 1, 2009 and increased the annual parcel tax to \$96 per parcel. Measure VV is effective through June 30, 2019. The revenue derived from this measure is to be used to sustain public transportation services provided by the District in Special District No. 1. The District received approximately \$29.2 million in Measure VV taxes during the year ended June 30, 2014.

Compensated Absences – The personnel policies of the District generally allow employees to accrue up to 240 hours of vacation and 140 days of sick leave. Unused accrued vacation is paid to the employee upon termination from District employment. Unused accrued, vested sick leave is paid, upon retirement, to those employees with ten or more years of District service.

Capital Contributions – The District receives grants from the Federal Transit Administration (FTA) and state and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recorded as revenues after net nonoperating revenues and the cost of the related assets is included in capital assets.

Net position – The financial statements utilize a net position presentation. Net position are categorized as investment in capital assets, restricted and unrestricted.

- Net investment in capital assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net position – This category represents restrictions on net position externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, the District has restricted net position in the amount of \$1.5 million related to the 2007 Certificates of Participation (COPS) and \$44.5 million for the future acquisition of buses (See Note 11). The net position restricted for debt service are maintained in a reserve fund to service lease payments on the outstanding 2007 COPS.
- Unrestricted net position – This category represents net position of the District, not restricted for any projects or other purposes.

Use of Estimates – Management has made estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the basic financial statements in conformity with Generally Accepted Accounting Principles. Actual results could differ from those estimates.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(3) CASH AND INVESTMENTS

Investment policy - The District's investment policy, which is more restrictive than required by the California Government Code, stipulates the type, maturity limit, and diversification of securities held by the District. The objectives of the policy, in order of priority, are compliance with applicable laws, preservation of capital, liquidity to meet required cash demands and maximization of income. The District's investment policy does not permit investments in medium term notes, municipal securities or reverse repurchase agreements, which are permitted by the California Government Code. In accordance with the District's investment policy, the District may invest in the following types of investments, subject to certain restrictions, such as rating quality or maximum percentages of the portfolio:

- (a) Repurchase agreements
- (b) Securities of U.S. government and its agencies
- (c) California Local Agency Investment Fund
- (d) Negotiable certificates of deposit
- (e) Commercial paper
- (f) Bankers acceptances

The Plan's investments are invested pursuant to investment policy guidelines established by the Retirement Board. The long-term asset allocation of the investment portfolio is to have 33% of the portfolio invested in domestic equities, 20% in international equities, 37% in domestic fixed income securities, and 10% in three global asset allocation funds. The portfolio is managed by investment managers hired by the Board. The Board utilizes both active and passive management in the domestic equity portfolio. The Board has chosen to manage the investment risks described by Government Accounting Standards Board Statement No. 40 by requiring investment managers to abide by certain guidelines that are tailored to the portfolio that the manager manages. These guidelines specify the amount of credit, interest, and foreign currency risk that a manager may take and the performance objective of the portfolio.

The allocation to global asset allocation Funds allow the investment managers to adjust the portfolio managed based on which asset classes (primarily stocks and bonds) they consider desirable. The specific asset allocation decisions are made by the investment managers within their investment policy limits. Global asset allocation results in the placement of the asset allocation decision on the investment manager, rather than the Retirement Board.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(3) CASH AND INVESTMENTS (Continued)

Presentation - At June 30, 2014 (December 31, 2013 for the Plan), the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	\$133,836
Investments	<u>548,221</u>
Total	<u><u>\$682,057</u></u>
Reported in the Enterprise Fund as:	
Cash and cash equivalents	\$91,210
Restricted cash and cash equivalent	42,626
Reported in the Pension Trust Fund as:	
Investments restricted for payment of accrued pension costs (at December 31, 2013)	<u>548,221</u>
Total	<u><u>\$682,057</u></u>

Fund Investments – Specific Risks

As of June 30, 2014, the District had the following investments and maturities (amounts are in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>Investment Maturities Less Than 1 Year</u>
Bank Repurchase Agreements	\$25,000	Not rated	\$25,000
Money Market Mutual Funds	88,093	AAAm	88,093
Total	<u><u>\$113,093</u></u>		<u><u>\$113,093</u></u>

Interest Rate Risk – The District has limited exposure to interest rate risk due to its liquidity needs to meet cash flow demand requirements. All of its investments have a remaining maturity at date of purchase of three months or less. None of the District's investments are highly sensitive to interest rate changes.

Credit Risk – The District's credit rating risk is governed by the California Government Code 53601 which limits investments in money market mutual funds to the highest ranking attained by the rating agency which is Aaam. The District had investments in U.S. government agencies, bank repurchase agreements (underlying of U.S. Treasury securities) and in money market mutual funds. There are no credit limits on the securities of U.S. Treasury since these investments are backed by the full faith and credit of the United States government.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(3) CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk – The District manages this risk by requiring that no more than 20% of its total investment portfolio (with the exception of securities of the U.S. Treasury or U.S. government agencies) be invested in a single security type or with a single financial institution. Disclosure requirements state that any investments in a single security type or held with a single financial institution that are greater than 5% of the District's investments must be disclosed, except for investments in external pools and mutual funds. In fiscal year 2014, the District had \$25 million of its investments invested in repurchase agreements.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The California Government Code requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Such collateral is considered to be held in the District's name.

As of June 30, 2014, the book value of the City's cash with Local Banks was \$1,757 thousand. As of June 30, 2014, \$7 thousand of the City's bank balance was exposed to custodial credit risk, because it was uncollateralized beyond the FDIC insurance of \$250 thousand.

Pension Trust Fund – Specific Risks

Interest Rate Risk – For the Plan, interest rate risk is managed through the duration of its fixed income securities. Bond prices are highly sensitive to the movement of interest rates. A decline in interest rates will tend to increase bond prices while an increase in rates will depress prices. Duration is a measure of interest rate risk with a higher duration signifying greater price volatility in response to a change in interest rates.

At December 30, 2013, the Plan did not have any direct investment in fixed income securities.

Credit Risk – For the Plan, fixed income assets are invested in two pooled investment vehicles and with an outside money manager. As of December 31, 2013, \$5.8 million was invested in a short term pooled investment fund managed by State Street Corporation. This fund is not rated.

Concentration of Credit Risk – The Plan also has investments that represent 5% or more of Plan net position as of December 31, 2013. The Plan had no investments in a single issuer that equaled or exceeded 5% of Plan net position.

Foreign Currency Risk – Foreign currency risk is the risk that the changes in foreign exchange rates will affect the fair value of an investment denominated in a foreign currency. The Plan has, or could have, exposure to foreign currencies through its investment in several commingled investments. As of December 31, 2013, investments in international funds totaled \$103.1 million.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(4) CAPITAL ASSETS

Following is a summary of capital assets at June 30, 2014 (in thousands):

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
Non-depreciable capital assets:					
Land	\$27,665	\$365			\$28,030
Work in progress	4,729	94,571		(\$88,662)	10,638
Total	<u>32,394</u>	<u>94,936</u>		<u>(88,662)</u>	<u>38,668</u>
Depreciable capital assets					
Revenue equipment	277,588		(\$16,736)	65,418	326,270
Service vehicles and other equipment	159,053		(247)	3,836	162,642
Buildings, structure and improvements	207,645			19,408	227,053
Total	<u>644,286</u>		<u>(16,983)</u>	<u>88,662</u>	<u>715,965</u>
Less accumulated depreciation					
Revenue equipment	(169,639)	(22,124)	16,387		(175,376)
Service vehicles and other equipment	(139,548)	(8,478)	247		(147,779)
Buildings, structure and improvements	(135,725)	(8,893)			(144,618)
Total	<u>(444,912)</u>	<u>(39,495)</u>	<u>16,634</u>		<u>(467,773)</u>
Depreciable capital assets, net of accumulated depreciation	<u>199,374</u>	<u>(39,495)</u>	<u>(349)</u>	<u>88,662</u>	<u>248,192</u>
Capital assets, net of accumulated depreciation	<u>\$231,768</u>	<u>\$55,441</u>	<u>(\$349)</u>		<u>\$286,860</u>

(5) INTERFUND RECEIVABLES/PAYABLES

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2014 and the Pension Trust Fund is reported as of December 31, 2013; therefore, interfund payables and receivables do not equal. Interfund receivables and payables arise due to the timing of reimbursements from the Pension Trust Fund for administration costs and retiree benefits payments made by the District and payments to the Pension Trust Fund for contributions based on covered payroll.

December 31, 2014
(in thousands)

<u>Interfund payable</u>	<u>Interfund receivable</u>	
Pension trust fund	Enterprise fund	\$3,253

December 31, 2013
(in thousands)

<u>Interfund payable</u>	<u>Interfund receivable</u>	
Pension trust fund	Enterprise fund	\$3,082

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(6) CAPITAL ASSISTANCE

The District has 18 grant contracts in process with the FTA that provide federal funds for the acquisition of buses, other equipment and improvements. Under the terms of the grants, proceeds from equipment sold or retired are refundable to the federal government in proportion to the original federal capital grant funds used in the purchase. The District has also received allocations of funds generated from net bridge toll revenues of the San Francisco-Oakland Bay Bridge and from PTMISEA grants, see Note 11 (State grants). These funds are received under provisions of the California Streets and Highways Code and are allocated based on claims approved by the MTC. These grants are summarized for the year ended June 30, 2014 as follows (in thousands):

Federal grants	\$34,992
State grants	16,525
	<u>\$51,517</u>

(7) OPERATING ASSISTANCE

State and Local Operating Assistance - The Transportation Development Act (TDA) creates in each local jurisdiction a Local Transportation Fund that is funded by a ¼ cent from the retail sales tax collected statewide. The State Board of Equalization returns these funds to the local jurisdiction according to the amount of sales taxes collected in that jurisdiction. TDA funds are allocated to the District from Alameda and Contra Costa counties to meet, in part, the District's operating requirements. The allocation is based on population within the District.

Supplementary service revenues (AB 2972) are formula allocated funds that are passed to the District through the Oakland Unified School District (OUSD) for OUSD's home to school service program. Funds are allocated for this program based on the cost of running the OUSD program as a percentage of total school districts statewide applying for these funds.

Welfare to work grant funding is provided by the State to match the federal welfare to work program that is used to fund the District's Job Access and Reverse Commute program. The welfare to work grant is funded based on the population within a local area that are below the poverty level and comprise CalWORKS recipients. The Job Access and Reverse Commute program provides transportation to key low-income neighborhoods, homeless centers and targeted work centers particularly during evening, night and weekend hours.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(7) OPERATING ASSISTANCE (Continued)

Below is a summary of state and local operating assistance for the year ended June 30, 2014 (in thousands):

Local funds:	
Transportation Development Act	\$57,959
Regional Measure 2	12,275
	<u>\$70,234</u>
State operating assistance:	
Operating Revenues	\$10,603
Supplementary Service/Welfare to Work	2,225
Pass Thru	4,025
	<u>\$16,853</u>

Local Sales Tax – The local sales tax assistance (AB1107) is derived from the one-half percent retail tax imposed on the three BART counties (Alameda, Contra Costa and San Francisco). Of the total amount collected, 75% is a direct BART subsidy with the District and the San Francisco Municipal Railway System (MUNI) sharing the remaining 25% equally.

In 1987, the District began receiving local sales tax revenue under Measure B. Approved by the voters of Alameda County, Measure B provides for the collection and distribution by the Alameda County Transportation Authority of a one-half percent transactions and use tax. The District is authorized to receive 11.617% of the annual tax collected under the condition that the money be used for service exclusively in Alameda County.

In 2009, the District began receiving local sales tax revenue under Measure J, which is an extension of existing Measure C one-half percent sales tax for financing of transportation projects in Contra Costa County. As a transit operator in Contra Costa County, the District is eligible to submit project proposals to the Contra Costa Transportation Authority (CCTA) for funding under Measure J.

Local sales tax assistance for the year ended June 30, 2014, is summarized below (in thousands):

AB1107	\$36,912
Measure B	19,428
Measure J	3,940
	<u>\$60,280</u>

Section 5307 Funding Sources – All federal funding sources are distributed by FTA after approval by the MTC. Federal funding sources for the year ended June 30, 2014 are summarized below (in thousands):

Job Access Reverse Commute	\$825
Americans with Disabilities program - ADA set aside	7,921
Americans with Disabilities Act paratransit program - lease	1,433
Less amount reported within net expenses of joint venture	(1,433)
	<u>\$8,746</u>

At June 30, 2014, Federal Section 5307 funds totaling \$7,910 thousand were recorded as a receivable.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(8) LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2014 (in thousands):

	Original Issue Amount	Balance June 30, 2013	Retirements	Balance June 30, 2014	Amount due within one year
2007 Certificates of Participation					
4%-4.75%, due 08/01/2017	\$13,500	\$7,320	(\$1,330)	\$5,990	\$1,395
Less unamortized premium		112	(27)	85	27
2009A Certificates of Participation					
3%-6.125%, due 08/01/2034	15,000	13,925	(380)	13,545	390
Less unamortized discount		(386)	18	(368)	(18)
2012 Refunding Certificates of Participation					
4%-4.75%, due 08/01/2018	9,840	9,840	(1,315)	8,525	1,645
Total Long-Term Debt		<u>30,811</u>	<u>(\$3,034)</u>	<u>27,777</u>	<u>\$3,439</u>
Less:					
Amount due within one year		<u>(3,034)</u>		<u>(3,439)</u>	
Total Long-Term Debt, net		<u>\$27,777</u>		<u>\$24,338</u>	

On December 19, 2007, proceeds from the issuance of \$13.5 million of Certificates of Participation, Series 2007 (2007 COPS) were used to acquire and install a financial and human resources/payroll software system, including wiring and implementation of support services during the first year following completion. Interest on the 2007 COPS is payable semi-annually on February 1 and August 1 of each year through the year 2017.

On February 1, 2009, proceeds from the issuance of \$15 million of Certificates of Participation Series 2009A (2009A COPS) were used to acquire the land at 66th Avenue and all existing facilities and improvements. Interest on the 2009A COPS is payable semiannually on February 1 and August 1 of each year through the year 2034.

On February 1, 2012, the District issued Refunding Certificates of Participation Series 2012 (2012 COPS). The proceeds from the issuance of the \$9.84 million were used to refund and retire the 2001 COPS. Interest on the 2012 COPS is payable semi-annually on February 1 and August 1 of each year through the year 2018.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(8) LONG-TERM LIABILITIES (Continued)

The District's debt service requirements to maturity for each of the next 5 fiscal years and thereafter are summarized as follows (in thousands):

For The Year Ending June 30	Principal	Interest	Total
2015	\$3,430	\$1,140	\$4,570
2016	3,530	1,027	4,557
2017	3,645	910	4,555
2018	3,770	786	4,556
2019	2,220	696	2,916
2020 - 2024	2,560	3,047	5,607
2025 - 2029	3,340	2,237	5,577
2030 - 2034	4,495	1,048	5,543
2035	1,070	35	1,105
Total	28,060	<u>\$10,926</u>	<u>\$38,986</u>
Unamortized premium and discount	<u>(283)</u>		
Total payment	<u>\$27,777</u>		

Debt Limit

Board policy on debt limitation (as defined by Ordinance No. 3773) states that "total annual debt service expenses shall not exceed ten percent of operating revenue (including subsidies) provided that in no event shall such indebtedness exceed twenty percent of the assessed value of all real and personal property within the District." The District's legal annual debt service limit as June 30, 2014, is approximately \$33 million.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(9) PENSION PLAN

Plan Description – The Plan is a noncontributory single-employer defined benefit pension plan, which provides retirement benefits for all qualifying union and non-union employees. Administration of the Plan is performed by the Plan's management staff and overseen by the Plan's Retirement Board.

The District makes contributions, based upon the Plan's actuarial calculation each fiscal year. The Plan's members are members of the Amalgamated Transit Union (ATU), the American Federation of State, County and Municipal Employees (AFSCME), the International Brotherhood of Electrical Workers (IBEW) and unrepresented employees. Each union vesting period is based upon its individual collective bargaining entity, which is 5 years for all employees other than ATU employees, who have an 8-year vesting requirement.

Actuarial methods and assumptions – The actuary used the following assumptions and methods in calculating the annual required contribution and the funded status:

Valuation date	January 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage open
Remaining amortization period	15 years (decreasing one year annually, 12 year minimum) 50% of 2008 investment loss is amortized over 30 years
Asset valuation method	Market value less unrecognized investment gains or losses during the prior four years, phased in at 20% per year, but required to be within 20% of market value.
Actuarial assumptions:	
Investment rate of return*	7.375%
Projected salary increases*	3.5% - 7.0% for ATU/IBEW participants 3.5% for AFSCME and non-represented participants
*Includes inflations at	3.0%
Cost of living adjustments	None

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Basis of Accounting – Contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. Investments are stated at fair value. Quoted market values are used to value investments. Investment gains and losses are based on average cost. Purchases and sales of securities are recorded on the trade date.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(9) PENSION PLAN (Continued)

Funding Policy – The District’s contributions to the Plan normally are made in accordance with actuarially determined requirements. The Plan’s funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when they are due. Significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the District’s actuarial accrued liability.

The District’s annual required contribution in the current year was \$38,408 thousand representing 100% of projected actuarial payroll.

The three-year trend information for the Plan is as follows (dollars in thousands):

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$38,624	100%	\$ -
June 30, 2013	39,013	100%	-
June 30, 2014	39,859	100%	-

Funded Status and Funding Progress – The unfunded actuarial liability is being amortized as a level percentage of expected payroll on an open basis over twenty-one years. As of January 1, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows (dollars in thousands):

Actuarial accrued liability (AAL)	\$753,239
Actuarial value of plan assets	480,242
Unfunded actuarial accrued liability (UAAL)	<u>\$272,997</u>
Funded ratio (actuarial value of plan assets/AAL)	64%
Annual covered payroll (active plan members)	\$130,592
UAAL as a percentage of annual covered payroll	209%

A schedule of funding progress that shows a trend analysis of funding progress can be found in the required supplementary information. The Plan issues stand-alone financial statements and copies of these statements can be obtained from the AC Transit Retirement Department, 1600 Franklin Street, Oakland, CA 94621.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(10) POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

ATU Local 192 Benefit Trust

Plan Description

The ATU Local 192 Benefits Trust (the Trust) administers a single-employer defined benefit post employment plan to assist eligible retirees with their medical costs. The Trust consists of three programs that provide other post employment benefits: the ATU Retiree Health & Welfare Program, the AFSCME Retiree Medical Program and the IBEW Retiree Medical Program. The Trust provides medical benefits to all vested retirees at least 55 years old by paying a portion of the medical insurance premiums or reimbursement of eligible medical expenses not to exceed the maximum negotiated rates. Rates are negotiated between the District and the respective bargaining units. The Trust's board of trustees has historically adopted rates based on the premiums offered by participating providers.

Funding Policy

The District is required to make contributions to the Trust based on the number of hours worked by active union employees. The establishment and modification of the memorandums of understanding between the District and the respective bargaining units creates the authority under which the District is obligated to make its contributions. For fiscal year 2014, the required contribution rates were as follows:

<u>Bargaining Unit</u>	<u>Contribution Rate</u>
ATU Local 192	\$1.30 per hour per employee
AFSCME	No contribution
IBEW	\$1.04 per hour per employee

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post employment benefit (OPEB) cost is equal to the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and unfunded actuarial liabilities amortized over thirty years.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(10) POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The following table shows the components of the District's annual OPEB cost for the year, the amount contributed to the plan, and changes in the District's net OPEB asset to the plan (in thousands):

Annual required contribution	\$5,165
Interest on net OPEB obligation	(184)
Adjustment to annual required contribution	<u>208</u>
OPEB cost	5,189
Contributions made	<u>(2,795)</u>
Increase in net OPEB obligation	2,394
Net OPEB obligation - beginning of year	<u>4,619</u>
Net OPEB obligation - end of year	<u><u>\$7,013</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the current year is as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$4,561	39.9%	\$1,404
June 30, 2013	5,023	36.0%	4,619
June 30, 2014	5,189	53.9%	7,013

Funded Status and Funding Progress

The unfunded actuarial accrued liability is being amortized as a level dollar of expected payroll on an open basis over thirty years, beginning July 1, 2007. As of June 30, 2014, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$88,291
Actuarial value of plan assets	<u>3,868</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$84,423</u></u>
Funded ratio (actuarial value of plan assets/AAL)	4.4%
Annual covered payroll (active plan members)	\$105,636
UAAL as a percentage of annual covered payroll	79.9%

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(10) POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of January 1, 2012, the actuarial cost method used was the projected unit credit method. This method allocates the present value of benefits for each individual attributable to service to date, using future compensation projected to retirement. The amortization method used was the level dollar open method; the remaining amortization period is 30 years. The actuary uses market value to determine the actuarial value of the plan assets.

The actuarial assumptions include an investment rate of 5%, an inflation rate of 3.5%, a healthcare cost trend rate of 10% for fiscal year grading down 1.0% each year to 5.0% for fiscal year 2018 and beyond.

The Trust issues stand-alone financial statements and copies of these statements can be obtained from the District Controller, 1600 Franklin Street, Oakland, CA 94621.

Retiree Benefits Non-Trust Plan

Plan Description

The District administers a single-employer defined benefit post employment plan called the Retiree Benefits Non-Trust Plan (the OPEB Plan) to assist eligible retirees with their medical costs. The OPEB Plan provides medical, dental, vision and life insurance benefits to all vested retirees and their spouses at least 55 years old by paying the current participating providers' insurance premiums. The medical insurance benefit is also available for a retiree's dependent, if applicable. The OPEB Plan differs from the Trust in that it provides Trust plan members supplemental healthcare benefits in addition to medical benefits, as well as providing medical benefits to District employees who are unrepresented. Insurance premium rates are negotiated between the District and the respective bargaining units. The District has historically adopted rates based on the premiums offered by participating providers. The OPEB Plan does not issue stand-alone financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(10) POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funding Policy

The District has historically funded the OPEB Plan on a pay-as-you-go basis. There is currently no requirement for either the District or the OPEB Plan members to make contributions to the OPEB Plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post employment benefit (OPEB) cost is equal to the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and unfunded actuarial liabilities amortized over thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount contributed to the plan, and changes in the District's net OPEB obligation to the plan (in thousands):

Annual required contribution	\$3,492
Interest on net OPEB obligation	102
Adjustment to annual required contribution	<u>(140)</u>
OPEB cost	3,454
Contribution made	<u>(2,008)</u>
Increase in net OPEB obligation	1,446
Net OPEB obligation - beginning of year	<u>1,758</u>
Net OPEB obligation - end of year	<u><u>\$3,204</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior years are as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$1,551	102.5%	\$1,123
June 30, 2013	2,506	74.7%	1,758
June 30, 2014	3,454	58.1%	3,204

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(10) POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

The unfunded actuarial accrued liability is being amortized as a level dollar of expected payroll on an open basis over thirty years, beginning July 1, 2007. As of June 30, 2014, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$41,193
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$41,193</u>
 Funded ratio (actuarial value of plan assets/AAL)	 0%
Annual covered payroll (active plan members)	\$108,473
UAAL as a percentage of annual covered payroll	38.0%

Actuarial Methods and Assumptions

Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of June 30, 2014, the actuarial cost method used was the projected unit credit method. This method allocates the present value of benefits for each individual attributable to service to date, using future compensation projected to retirement. The amortization method used was the level dollar open method; the remaining amortization period is 30 years. The actuarial assumptions include an investment rate of 4.5%, an inflation rate of 3.2%, a healthcare cost trend rate of 10% for fiscal year 2014 grading down 0.5% each year to 8.0% for fiscal year 2017 and beyond, and a dental and vision cost rate of 3.0%.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(11) COMMITMENTS

PTMISEA Grants

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of \$4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, \$3.6 billion in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects.

During fiscal year 2010, the District submitted a Corrective Action Plan requesting additional PTMISEA grant funding on top of its fiscal year 2009 allocation to purchase buses.

The California Department of Transportation (CalTrans) determined that the District was eligible to receive an additional allocation totaling \$8.826 million (2009 allocation). The funds were sent to the District prior to its purchase of the buses but are committed to funding future bus purchases. The funds must be encumbered within three years and expended within three years of being encumbered.

In fiscal year 2014, the District received no PTMISEA funds but expended \$29,951 thousand for the purchases of buses and Transit Access Improvement projects.

The following table shows the changes in activity related to the PTMISEA grant funds during the fiscal year as well as the remaining commitment as of June 30, 2014 (in thousands):

Total Allocations as of June 30, 2013	Total Allocations received in FY 2014	Cumulative Expenses Incurred through June 30, 2014	Interest Income	Commitment at June 30, 2014
\$87,051	\$0	\$42,567	\$44	\$44,528

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(12) CONTINGENCIES

Lease and Use Agreement for the Temporary Terminal and Transit Center

In September 2008, the District approved a Lease and Use Agreement for the Temporary Terminal and the new Transit Center with the Transbay Joint Powers Authority (the TJPA). The agreement sets forth the parties' rights and obligations up to the year 2050 with respect to (a) the District's bus operations in the Temporary Terminal and the new Transit Center; (b) the District's contribution to offset annual operating costs for the Temporary Terminal and Transit Center; and (c) the District's capital contributions to build the Transit Center in the sum of \$57 million (in 2011 dollars). The District's \$57 million contribution will be funded through a combination of payments from various grant funded sources and a proposed passenger facilities charge.

Projected contributions are scheduled as follow (in thousands):

	<u>Payments</u>
2015	\$7,758
2016	4,626
2017	987
2018	960
2019	934
2020 - 2024	5,488
2025 - 2029	6,037
2030 - 2034	5,348

Claims and Potential Litigation

There are claims and litigation pending, which are considered normal to the District's operation of the transit system. The District maintains insurance coverage for such incidents, as summarized in Note 13, and provisions have been made in the financial statements for estimated losses under the self-insurance retention limits of insurance policies.

Pollution Remediation

The District has an estimated \$1.811 million in liabilities for the monitoring and potential clean-up costs for pollution remediation obligations. The District has several locations where soil and groundwater has been contaminated.

The Alameda County Health Care Services Agency (ACHCS) and the Alameda County Water District (ACWD) issued directives to the District to perform groundwater monitoring and require conceptual models and feasibility studies to address possible mitigation measures. The estimated liabilities were measured at current value using the expected cash flow technique for each obligating event based on current and estimated costs. Changes to estimated liabilities will be made when new information, such as changes in remediation plans, technology and legal or regulatory requirements, becomes available.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(13) RISK MANAGEMENT

As of June 30, 2014 the District has the following coverages:

Type of Coverage	Deductible	Coverage Limit
General Liability	\$1,000,000	\$2,000,000 per occurrence with excess up to \$55,000,000
Workers' Compensation	1,000,000	Statutory Limit
Property, B&M, Auto Physical Damage	100,000	\$100,000,000

The District accrues a liability for claims and litigation (including a reserve for claims incurred but not reported) based on an actuarial study. The liability includes allocated and unallocated claims adjustment expenses and incremental claim expense. In addition, the District is partially self-insured for health and dental exposure. Management has evaluated the potential liability and recorded an accrual, which includes an amount for incurred but not reported claims.

During the year ended June 30, 2014, the actuarial estimates based on the 75th percentile discounted at 3% to 3.5% to estimate its liability for worker's compensation and the public liability claims were \$45.4 million and \$11.0 million, respectively.

Changes in the reported liability resulted from the following (in thousands):

	Workers' Compensation Liability	Public Liability	Health and Dental Liability	Total
Balance at June 30, 2012	\$44,475	\$9,748	\$117	\$54,340
Claims and changes in estimates	11,571	8,998	4,110	24,679
Claim Payments	(12,377)	(7,051)	(4,110)	(23,538)
Balance at June 30, 2013	43,669	11,695	117	55,481
Claims and changes in estimates	12,888	3,691	4,347	20,926
Claim Payments	(11,159)	(4,390)	(4,464)	(20,013)
Balance at June 30, 2014	<u>\$45,398</u>	<u>\$10,996</u>		<u>\$56,394</u>

The classification of the current and long-term portion of the self-insurance liabilities for the year ended June 30, 2014 are summarized as follows (in thousands):

	Current	Long-term	Total
Workers' compensation liability	\$7,251	\$38,147	\$45,398
Public liability	5,569	5,427	10,996
	<u>\$12,820</u>	<u>\$43,574</u>	<u>\$56,394</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

(14) JOINT VENTURE

In 1994, the District and BART executed an agreement establishing the East Bay Paratransit Consortium. The District supports the project primarily through its own operating funds, with some financial assistance from Alameda County Measure B funds. The purpose of the Consortium is to provide Americans with Disabilities complementary paratransit services in Alameda and western Contra Costa counties. The area served encompasses the AC Transit/BART coordinated service area. Revenues and expenses for the Consortium are split evenly between the District and BART, respectively, and the District's financial statements reflect its portion of revenues and expenses as operating activities. The District has no equity interest in the Consortium.

Effective October 1, 2003, the Consortium discontinued the practice of rotating lead agency responsibilities on an annual basis. Key administrative support functions are now permanently assigned to each participating agency. Also effective October 1, 2003, a Service Review Advisory Committee (SRAC) was established to serve in an advisory capacity to the Service Review Committee. The primary mission of the SRAC will be to advise on planning, policy and other matters related to the Consortium; advocate for high quality, safe, reliable and courteous paratransit services; and to provide a forum for public input and participation in the review, assessment and evaluation of the ADA paratransit service.

In fiscal year 2014, the District incurred expenses of \$26.081 million related to the Consortium.

Required Supplementary Information

(Other than MD&A)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SCHEDULE OF FUNDING PROGRESS
ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' PENSION PLAN (UNAUDITED)
YEAR ENDED DECEMBER 31, 2013
(In Thousands)

Pension Actuarial Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
January 1, 2011	\$428,644	\$692,487	\$263,843	63%	\$126,536	223%
January 1, 2012	453,422	721,195	267,773	63%	126,239	212%
January 1, 2013	480,242	753,239	272,997	64%	130,592	209%

SCHEDULE OF FUNDING PROGRESS
ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' POST EMPLOYMENT BENEFITS OTHER
THAN PENSION (UNAUDITED)
YEAR ENDED JUNE 30, 2014
(In Thousands)

A. ATU Local 192 Benefits Trust

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
June 30, 2012	\$8,542	\$80,381	\$71,839	11%	\$103,858	69%
June 30, 2013	6,237	81,355	75,118	8%	110,995	68%
July 1, 2013	3,868	88,291	84,423	4%	105,636	80%

B. Retiree Benefits Non-Trust Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
June 30, 2012	\$ -	\$28,498	\$28,498	0%	\$111,792	26%
June 30, 2013	-	31,930	31,930	0%	117,641	27%
July 1, 2013	-	41,193	41,193	0%	108,473	38%

Other Supplementary Information

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE SCHEDULES OF FUND NET POSITION
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
JUNE 30, 2014 AND 2013
(In thousands)

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$91,210	\$95,891
Restricted cash and cash equivalents	40,138	71,829
Receivables:		
Federal and local grants:		
Capital	20,796	18,946
Planning, operating and other	7,910	2,250
Property tax	7,001	10,799
Local sales tax	17,748	8,076
Other, principally trade receivables	2,220	3,358
Total receivables - net	<u>55,675</u>	<u>43,429</u>
Due from Pension Trust Fund	3,920	3,672
Inventories at average cost	13,881	12,164
Prepaid expenses	3,695	3,089
Total current assets	<u>208,519</u>	<u>230,074</u>
NONCURRENT ASSETS:		
Restricted for certificates of participation:		
Cash and cash equivalents (Note 3)	2,488	2,488
Capital assets (Note 4):		
Nondepreciable	38,668	32,394
Depreciable, net	248,192	199,374
Total capital assets, net	<u>286,860</u>	<u>231,768</u>
Total noncurrent assets	<u>289,348</u>	<u>234,256</u>
Total assets	<u>497,867</u>	<u>464,330</u>
LIABILITIES AND DEFERRED INFLOWS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	17,410	12,513
Accrued salaries and wages	2,047	1,628
Current portion of accrued vacation and sick leave	14,560	14,974
Due to Pension Trust Fund	3,181	3,442
Other accrued liabilities	5,394	4,804
Accrued interest payable	597	604
Unearned revenue	3,312	5,555
Current portion of OPEB obligation	-	1,276
Current portion of claims liabilities	12,820	14,873
Current portion of remediation obligations	127	186
Current portion of certificates of participation	3,439	3,034
Total current liabilities	<u>62,887</u>	<u>62,889</u>
NONCURRENT LIABILITIES:		
Accrued vacation and sick leave	8,022	7,476
OPEB obligation	10,217	5,101
Claims liabilities	43,574	40,608
Remediation obligations	1,684	1,467
Certificates of participation	24,338	27,777
Total noncurrent liabilities	<u>87,835</u>	<u>82,429</u>
Total liabilities	<u>150,722</u>	<u>145,318</u>
NET POSITION		
Net investment in capital assets	260,221	202,095
Restricted for capital purchases	44,528	74,531
Restricted for debt service	1,505	1,605
Unrestricted	40,891	40,781
TOTAL NET POSITION	<u>\$347,145</u>	<u>\$319,012</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
(In thousands)

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Passenger fares	\$52,508	\$50,357
Contract services	11,929	8,330
Other	4,165	4,720
Total operating revenues	<u>68,602</u>	<u>63,407</u>
OPERATING EXPENSES:		
Operator wages	58,529	58,526
Other wages	47,106	46,363
Fringe benefits	128,755	116,849
Depreciation	39,495	35,420
Fuel and oil	17,359	18,613
Other material and supplies	11,345	12,393
Services	26,510	26,593
Insurance	7,115	11,529
Net expenses of joint venture	8,515	2,249
Other	7,863	7,842
Total operating expenses	<u>352,592</u>	<u>336,377</u>
Operating loss	<u>(283,990)</u>	<u>(272,970)</u>
NONOPERATING REVENUES (EXPENSE):		
Operating assistance:		
Property taxes	105,807	108,799
Local sales tax	60,280	58,683
Local funds	70,234	66,745
Federal	8,746	12,070
State	16,853	15,953
Gain (loss) on sale of capital assets	(90)	(1,175)
Interest income	674	764
Interest expense	(1,898)	(1,338)
Net nonoperating revenues	<u>260,606</u>	<u>260,501</u>
Loss before capital contributions	<u>(23,384)</u>	<u>(12,469)</u>
CAPITAL CONTRIBUTIONS	<u>51,517</u>	<u>64,015</u>
CHANGE IN NET POSITION	<u>28,133</u>	<u>51,546</u>
NET POSITION beginning of year	<u>319,012</u>	<u>267,466</u>
NET POSITION end of year	<u><u>\$347,145</u></u>	<u><u>\$319,012</u></u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE SCHEDULES OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
(In thousands)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$64,437	\$58,687
Cash payments to suppliers for goods and services	(70,676)	(79,128)
Cash payments to employees for services	(234,304)	(222,276)
Other operating receipts	3,060	3,155
Net cash used in operating activities	<u>(237,483)</u>	<u>(239,562)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating assistance received	250,386	278,430
Interest paid on notes payable	-	(205)
Net cash provided by noncapital financing activities	<u>250,386</u>	<u>278,225</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(94,936)	(49,161)
Capital contributions from grants	49,667	51,133
Proceeds from sale of capital assets	259	130
Principal paid on certificates of participation	(3,025)	(1,650)
Interest paid on certificates of participation	(1,876)	(1,221)
Net cash provided by (used in) capital and related financing activities	<u>(49,911)</u>	<u>(769)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	636	361
Net cash provided by investing activities	<u>636</u>	<u>361</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(36,372)</u>	<u>38,255</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>170,208</u>	<u>131,953</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$133,836</u></u>	<u><u>\$170,208</u></u>
SUMMARY OF CASH AND CASH EQUIVALENTS AND INVESTMENTS REPORTED ON THE STATEMENT OF NET ASSETS:		
Cash and cash equivalents (unrestricted)	\$91,210	\$95,891
Restricted cash and cash equivalents	42,626	74,317
Total cash and cash equivalents reported on the statement of net assets	<u><u>\$133,836</u></u>	<u><u>\$170,208</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (283,990)	\$ (272,970)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	39,495	35,420
Effect of changes in assets and liabilities:		
Receivables	1,138	402
Inventories	(1,717)	(1,201)
Due from Pension Trust Fund	(248)	(324)
Prepaid expenses and OPEB asset	(606)	424
Accounts payable and accrued expenses	4,897	(4,635)
Accrued salaries and wages	419	267
Accrued vacation and sick leave	(414)	(119)
Unearned revenue	(2,243)	(1,967)
Due to Pension Trust Fund	(261)	149
Other accruals	590	(511)
Long term liabilities	5,457	5,503
Net cash used in operating activities	<u><u>\$ (237,483)</u></u>	<u><u>\$ (239,562)</u></u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGETARY BASIS - BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND - TRANSIT ONLY
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
(In thousands)

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Passenger fares	\$54,945	\$52,976
Bart transfers	6,322	2,460
Contract services	5,608	5,875
Advertising	1,822	1,819
Interest income	64	72
Other	1,880	3,952
Total operating revenues	<u>70,641</u>	<u>67,154</u>
SUBSIDIES		
Property taxes	76,564	79,360
Property taxes - Measure VV	29,244	29,439
Local sales tax - Measure B	24,327	24,656
Local sales tax - Measure J	3,940	3,978
Local operating assistance	14,741	15,329
State - AB11107	36,912	34,812
State - AB2972 Home to School	2,225	2,000
State - TDA	61,262	57,282
State - STA	13,628	20,235
State operating assistance other	4,025	3,882
Federal operating assistance	10,178	13,157
Total subsidies	<u>277,046</u>	<u>284,130</u>
Total revenue & subsidies	<u>347,687</u>	<u>351,284</u>
EXPENSES:		
Operator wages	58,530	58,525
Other wages	47,107	46,362
Fringe benefits	88,897	77,837
Pension expense	39,859	39,013
Services	26,509	26,592
Fuel and lubricants	17,359	18,613
Office/printing supplies	529	461
Other materials and supplies	13,695	12,817
Utilities	2,898	2,413
Insurance	7,115	11,528
Expenses of joint venture	26,081	26,754
Other expenses	2,176	5,719
Interest expense	1,240	653
Total expenses	<u>331,995</u>	<u>327,287</u>
Net revenues	15,692	23,997
Capital contributions	51,517	64,015
Depreciation	<u>(39,495)</u>	<u>(35,420)</u>
Excess of revenues over expenses	<u>\$27,714</u>	<u>\$52,592</u>

See accompanying notes to other supplementary information.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SCHEDULE OF REVENUES, SUBSIDIES AND EXPENSES, BUDGET VERSUS ACTUAL
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND - TRANSIT ONLY
FOR THE YEAR ENDED JUNE 30, 2014
(In thousands)

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
OPERATING REVENUES:			
Passenger fares	\$ 54,945	\$53,000	\$1,945
Bart Transfers	6,322	3,600	2,722
Contract services	5,608	5,600	8
Advertising	1,822	1,919	(97)
Interest income	64	50	14
Other	1,880	2,431	(551)
Total operating revenues	<u>70,641</u>	<u>66,600</u>	<u>4,041</u>
SUBSIDIES			
Property taxes	76,564	76,500	64
Property taxes - Measure VV	29,244	29,241	3
Local sales tax - Measure B	24,327	24,000	327
Local sales tax - Measure J	3,940	4,347	(407)
Local operating assistance	14,741	11,379	3,362
State - AB1107	36,912	35,850	1,062
State - AB2972 Home to School	2,225	2,225	-
State - TDA	61,262	57,543	3,719
State - STA	13,628	12,660	968
State operating assistance other	4,025	5,532	(1,507)
Federal operating assistance	10,178	11,343	(1,165)
Total subsidies	<u>277,046</u>	<u>270,620</u>	<u>6,426</u>
Total revenue & subsidies	<u>347,687</u>	<u>337,220</u>	<u>10,467</u>
EXPENSES:			
Operator wages	58,530	60,529	1,999
Other wages	47,107	49,848	2,741
Fringe benefits	88,897	80,642	(8,255)
Pension expense	39,859	41,749	1,890
Services	26,509	22,475	(4,034)
Fuel and lubricants	17,359	19,148	1,789
Office/printing supplies	529	620	91
Other materials and supplies	13,695	15,146	1,451
Utilities	2,898	2,551	(347)
Insurance	7,115	10,090	2,975
Purchased transportation	26,081	27,012	931
Other expenses	2,176	4,406	2,230
Interest expense	1,240	1,235	(5)
Total operating expenses	<u>331,995</u>	<u>335,451</u>	<u>3,456</u>
Excess of revenues over expenses	<u>15,692</u>	<u>\$1,769</u>	<u>\$13,923</u>
Depreciation and amortization	(39,495)		
Capital contributions	<u>51,517</u>		
Change in net position	<u>\$27,714</u>		

See accompanying notes to other supplementary information.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND - TRANSIT ONLY
FOR THE YEAR ENDED JUNE 30, 2014
(In thousands)

	Special Transit District 1	Special Transit District 2	Total
REVENUES:			
Passenger fares	\$52,374	\$2,571	\$54,945
BART transfers	6,026	296	6,322
Contract services	5,608		5,608
Advertising	1,605	217	1,822
Interest income	57	7	64
Other	1,658	222	1,880
Total operating revenues	<u>67,328</u>	<u>3,313</u>	<u>70,641</u>
SUBSIDIES			
Property taxes	61,257	15,307	76,564
Property taxes - Measure VV	29,244		29,244
Local sales tax - Measure B	22,422	1,905	24,327
Local sales tax - Measure J	3,940		3,940
Local operating assistance	10,991	3,750	14,741
State - AB1107	36,912		36,912
State - AB2972 Home to School	2,225		2,225
State - TDA	50,155	11,107	61,262
State - STA	11,834	1,794	13,628
State operating assistance	4,025		4,025
Federal operating assistance	9,114	1,064	10,178
Total subsidies	<u>242,119</u>	<u>34,927</u>	<u>277,046</u>
Total revenues and subsidies	<u>309,447</u>	<u>38,240</u>	<u>347,687</u>
EXPENSES:			
Operator wages	52,419	6,111	58,530
Other wages	41,493	5,614	47,107
Fringe benefits	79,029	9,868	88,897
Pension	35,435	4,424	39,859
Services	23,830	2,679	26,509
Fuel and lubricants	15,290	2,069	17,359
Office/printing supplies	466	63	529
Bus parts/maintenance supplies	12,063	1,632	13,695
Utilities	2,553	345	2,898
Insurance	6,267	848	7,115
Purchased transportation	23,387	2,694	26,081
Other expenses	1,917	259	2,176
Interest Expense	1,102	138	1,240
Depreciation	34,789	4,706	39,495
Total expenses	<u>330,040</u>	<u>41,450</u>	<u>371,490</u>
Income (loss) before capital contributions	(20,593)	(3,210)	(23,803)
Capital contributions	<u>47,823</u>	<u>3,694</u>	<u>51,517</u>
Change in net position	<u>\$27,230</u>	<u>\$484</u>	<u>\$27,714</u>

See accompanying notes to other supplementary information.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Budgetary Basis of Accounting

The District's fiscal policies establish the framework for the management and control of the District's resources to ensure that the District remains fiscally sound. The District's goals and policies, which are approved by the Board of Directors, determine where and how District resources should be dedicated. For this reason, District goals, objectives, short and long-range planning and performance analyses are incorporated into the budget development process.

It is the policy of the District that the Board of Directors approves an annual budget prior to the beginning of each fiscal year. The budget is developed generally using the accrual basis of accounting. See the following section for a reconciliation of budget versus generally accepted accounting principles.

Budgetary Basis Differences

As discussed in Note 2, the accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the differences between GAAP and budgetary basis:

- Perspective differences resulting from the Corporation and the Paratransit operations not budgeted.
- Capital outlay presented represents capital outlay funded by the District's operations and this is reported as an outflow of budgetary resources but is not considered an expense for financial reporting purposes.
- Depreciation on capital assets funded by District operations is not budgeted, as it is not an outflow of budgetary resources.

The effect of these differences between budgetary and GAAP accounting on the June 30, 2014 basic financial statements of the District's budgeted fund is as follows (in thousands):

Increase in net position on GAAP basis	\$30,292
Perspective differences	<u>(2,169)</u>
Increase in net position on the budgetary basis	\$28,123

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Revenues and Expense by Service Area

As discussed in note 1 to the financial statements, the District's basic financial statements include the financial activities of the District's Special Transit Service Districts No. 1 and No. 2. The amounts recorded in this schedule do not reflect paratransit activity and activity of the AC Transit Financing Corporation. The District's revenues between these Special Transit Service Districts are allocated based predominantly either on estimated actual revenues, farebox revenue allocations or on a ratio that uses service hours and service miles in Special Transit Service Districts No. 1 and No. 2. The District's expenses between these Special Transit Districts are allocated based predominantly either on operator wages or on a ratio that uses service hours and service miles in both Special Transit Service Districts No. 1 and No. 2.

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Statistical Section

Statistical Section

The information in this section is not covered by the independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

CONTENTS	PAGE
FINANCIAL TRENDS	61

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

REVENUE CAPACITY	62
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These schedules contain trend information to help the reader assess the District's most significant local revenue source, the property tax.

DEBT CAPACITY	70
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These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

ECONOMIC AND DEMOGRAPHIC INFORMATION	71
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These schedules offer economic and demographic indicators to help the reader understand how the environment within which the District's financial activities take place.

OPERATING INFORMATION	76
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These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports from the relevant year.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NET POSITION
LAST TEN FISCAL YEARS
(in thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net Position:										
Net invested in capital assets,	\$222,238	\$222,482	\$229,109	\$212,754	\$231,130	\$209,056	\$207,548	\$187,570	\$202,095	\$260,221
Restricted for capital purchases ²	n/a	n/a	n/a	15,668	18,342	14,567	14,897	46,893	74,531	44,528
Restricted for debt service ¹	1,975	1,975	-	1,350	1,350	1,350	1,350	1,174	1,605	1,505
Unrestricted	4,658	18,833	35,704	19,184	14,362	16,922	26,730	33,124	40,781	40,891
Total net position	<u>\$228,871</u>	<u>\$243,290</u>	<u>\$264,813</u>	<u>\$248,956</u>	<u>\$265,184</u>	<u>\$241,895</u>	<u>\$250,525</u>	<u>\$268,761</u>	<u>\$319,012</u>	<u>\$347,145</u>

Notes:

¹ Restricted amounts relate to payments on the Certificates of Participation.

² Restricted for capital purchases was required starting FY 2011.

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(in thousands)**

OPERATING REVENUES

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Farebox	\$43,266	\$47,536	\$48,550	\$49,889	\$52,173	\$53,229	\$50,648	\$49,363	\$50,357	\$54,945
Other Transit Fares	589	623	827	1,001	120	110	120	55	207	
Bart Transfers	4,164	4,624	4,596	5,104	5,301	4,026	2,460	2,855	2,460	6,322
Contract Service	4,250	4,129	4,493	5,279	5,226	5,553	4,849	4,873	5,826	5,607
Service Funding-Alameda	-	-	-	-	-	-	-	-	-	-
Advertising	2,188	2,290	2,394	2,536	2,604	1,250	1,212	1,174	1,819	1,821
Other Income	4,144	3,861	4,476	2,962	3,922	3,234	2,043	2,234	3,953	1,880
TOTAL	58,601	63,063	65,336	66,771	69,346	67,402	61,332	60,554	64,622	70,575

NONOPERATING REVENUES

Property Taxes	60,520	73,078	77,655	83,138	87,365	96,610	94,539	100,151	108,798	105,807
State Funding	3,808	11,386	14,678	13,600	14,079	2,225	13,800	14,985	26,117	19,878
Sales Tax (AB1107)	29,729	31,990	33,180	33,833	30,767	27,767	30,145	32,501	34,812	36,912
Sales Tax TDA ⁴	48,259	52,533	53,299	53,017	46,310	54,458	54,883	52,840	57,282	61,264
Capital Contribution - Fed & State	17,482	22,592	36,267	31,402	42,627	8,238	26,664	47,878	64,014	51,517
Operating Assistance										
Federal Sec. 8 & 9	35,083	32,263	25,690	12,088	48,162	55,175	44,421	45,212	28,486	24,920
Measure "B" ¹	20,818	22,722	23,288	23,868	20,733	19,723	17,400	23,038	24,657	24,328
Measure "J" ²	1,273	1,377	1,609	1,489	1,472	3,528	3,585	3,522	3,978	3,940
Prop. 111-STA	4,036	5,238	6,991	3,968	9,103	-	-	-	-	-
Interest Income	1,171	2,123	3,104	2,741	1,690	130	187	585	764	64
ADA Paratransit Service ³	5,646	6,289	5,627	7,860	9,370	-	-	-	-	-
TOTAL	227,825	261,591	281,388	267,004	311,678	267,854	285,624	320,712	348,908	328,630

**REVENUES &
SUBSIDIES**

\$286,426	\$324,654	\$346,724	\$333,775	\$381,024	\$335,256	\$346,956	\$381,266	\$413,530	\$399,205
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Notes:

¹ Sales Tax-Measure "B" is administered by Alameda County Transportation Authority

² Sales Tax-Measure "J" is administered by Contra Costa County Transportation Authority

³ There were no ADA Paratransit Service Revenues during FY 2010-2011

⁴ RM2 revenues were reclassified from State Funding to Sales Tax TDA starting in FY 2010

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
REVENUES AND OPERATING ASSISTANCE - COMPARISON TO INDUSTRY TREND DATA
LAST TEN FISCAL YEARS**

TRANSPORTATION INDUSTRY

<u>YEAR</u>	<u>OPERATING AND OTHER MISCELLANEOUS REVENUE</u>			<u>OPERATING ASSISTANCE</u>				<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2005	0.324	0.157	0.481	0.210	0.236	0.073	0.519	1.000
2006	0.332	0.070	0.402	0.293	0.228	0.077	0.598	1.000
2007	0.314	0.065	0.379	0.310	0.236	0.075	0.621	1.000
2008	0.313	0.064	0.377	0.295	0.258	0.070	0.623	1.000
2009	0.315	0.058	0.373	0.065	0.225	0.253	0.543	1.000
2010	0.321	0.054	0.375	0.065	0.216	0.25	0.531	1.000
2011	0.328	0.049	0.377	0.065	0.221	0.243	0.529	1.000
2012	0.325	0.046	0.371	0.284	0.256	0.089	0.629	1.000
2013	*	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*	*

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

<u>YEAR</u>	<u>OPERATING AND OTHER MISCELLANEOUS REVENUE</u>			<u>OPERATING ASSISTANCE</u>				<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u> ¹	<u>TOTAL</u>	<u>LOCAL</u> ²	<u>STATE</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2005	0.167	0.059	0.226	0.611	0.030	0.133	0.774	1.000
2006	0.163	0.052	0.215	0.617	0.056	0.112	0.785	1.000
2007	0.159	0.061	0.220	0.609	0.070	0.101	0.780	1.000
2008	0.168	0.062	0.230	0.646	0.058	0.066	0.770	1.000
2009	0.173	0.057	0.230	0.617	0.076	0.077	0.770	1.000
2010	0.164	0.044	0.208	0.621	0.007	0.164	0.792	1.000
2011	0.158	0.033	0.191	0.627	0.043	0.139	0.809	1.000
2012	0.153	0.036	0.188	0.670	0.041	0.101	0.812	1.000
2013	0.152	0.033	0.185	0.651	0.082	0.082	0.815	1.000
2014	0.158	0.045	0.203	0.644	0.081	0.072	0.797	1.000

Notes:

* - Not Available

¹ Other miscellaneous revenue includes interest income, advertising income and other non-operating income.

² Includes sales and use tax revenue.

Source: The American Public Transportation Association, "APTA 2014 Transportation Fact Book"

**ALAMEDA -CONTRA COSTA TRANSIT DISTRICT
SALES TAX REVENUE-OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

SALES TAX (AB 1107) RECEIPTS ¹

2004-05	237,790,088
2005-06	255,922,812
2006-07	265,437,528
2007-08	270,100,824
2008-09	245,780,556
2009-10	222,061,988
2010-11	270,405,651
2011-12	344,169,564
2012-13	339,957,670
2013-14	367,991,334

LOCAL TRANSPORTATION FUNDS ²

	<u>ALAMEDA COUNTY</u>	<u>CONTRA COSTA COUNTY</u>	<u>TOTAL</u>
2004-05	58,105,164	32,921,222	91,026,386
2005-06	62,869,170	35,040,997	97,910,167
2006-07	63,918,498	35,180,377	99,098,875
2007-08	63,873,885	35,017,978	98,891,863
2008-09	55,643,496	35,080,119	90,723,615
2009-10	50,359,342	28,866,624	79,225,966
2010-11	52,185,762	32,700,534	84,886,296
2011-12	65,188,207	38,486,598	103,674,805
2012-13	66,773,139	42,343,841	109,116,980
2013-14	70,647,277	50,300,617	120,947,894

Notes:

¹ AB1107 Sales Tax receipts are shared by AC Transit, San Francisco Municipal Railways and Bay Area Rapid Transit. AC Transit received \$36.9 million in the fiscal year 2014

² The distribution of Local Transportation Funds derived from a one-quarter percent (1/4%) Retail Sales Tax is based on population. For fiscal year 2014, AC Transit received \$52.1 million from Alameda County and \$5.8 million from Contra Costa County.

Source: Metropolitan Transportation Commission State Board of Equalization

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands)**

ALAMEDA COUNTY										
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Utility and Unsecured Property ¹	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	
2005	103,803,391	20,091,593	15,998,280	1,093,305	1,773,362	12,468,944	3,834,506	151,394,369	1.00	
2006	115,620,542	20,968,026	16,482,414	1,181,328	1,884,812	13,061,858	4,206,190	164,992,790	1.00	
2007	129,127,345	22,467,714	17,022,667	1,225,484	2,023,259	13,001,842	4,312,765	180,555,546	1.00	
2008	140,379,422	24,458,944	17,854,260	1,360,579	2,203,804	13,629,455	4,880,956	195,005,508	1.00	
2009	146,399,031	25,895,769	19,172,805	1,466,409	2,263,501	14,086,040	5,115,665	204,167,890	1.00	
2010	139,524,668	27,086,816	19,319,349	1,499,707	2,437,587	14,398,367	5,476,280	198,790,214	1.00	
2011	137,082,662	26,746,547	19,385,756	1,435,643	2,450,098	14,454,882	5,793,021	195,762,567	1.00	
2012	138,442,842	27,114,991	18,540,107	1,412,736	2,506,623	14,447,692	6,560,413	195,904,578	1.00	
2013	140,479,280	27,958,514	19,450,625	1,412,563	2,599,792	15,321,277	6,549,698	200,672,353	1.00	
2014	149,092,989	29,348,915	20,120,895	1,456,520	2,689,140	15,633,013	7,566,667	210,774,805	1.00	
CONTRA COSTA COUNTY										
				Fiscal Year	Real Property ²	Personal Property ²	Total	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate
				2005	117,931,015	3,167,502	121,098,517	2,322,240	118,776,277	1.00
				2006	130,458,278	3,235,764	133,694,042	2,568,829	131,125,213	1.00
				2007	145,844,300	3,408,666	149,252,966	2,729,501	146,523,465	1.00
				2008	158,953,496	3,592,778	162,546,274	3,101,166	159,445,108	1.00
				2009	158,825,416	3,714,884	162,540,300	3,721,464	158,818,836	1.00
				2010	149,232,578	3,518,009	152,750,587	4,106,372	148,644,215	1.00
				2011	145,251,206	3,388,408	148,639,614	4,495,004	144,144,610	1.00
				2012	144,914,804	3,464,048	148,378,852	4,756,022	143,622,830	1.00
				2013	146,175,023	3,550,351	149,725,374	4,916,847	144,808,527	1.00
				2014	152,094,496	3,117,109	155,211,605	5,081,776	150,129,829	1.00

Notes:

¹ The utility and unsecured rolls are not available by property type.

² Assessed values are those defined under California Revenue and Taxation Code Sections: 601 and 721 et. seq.

Source: Auditor-Controller, County of Alameda and County Assessor - County of Contra Costa

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

ALAMEDA COUNTY

Fiscal Year	County Direct Rate	Overlapping Rates					Total ¹
	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	
2005	1.0000	0.0023	0.0009	0.0083	0.0873	0.0507	1.1495
2006	1.0000	0.0027	0.0012	0.0127	0.0871	0.0517	1.1554
2007	1.0000	0.0031	0.0013	0.0166	0.0834	0.0546	1.1590
2008	1.0000	0.0031	0.0015	0.0216	0.0862	0.0524	1.1648
2009	1.0000	0.0035	0.0018	0.0249	0.0987	0.0520	1.1809
2010	1.0000	0.0042	0.0015	0.0195	0.1164	0.0582	1.1998
2011	1.0000	0.0052	0.0017	0.0179	0.1163	0.0582	1.1993
2012	1.0000	0.0063	0.0018	0.0176	0.1273	0.0584	1.2114
2013	1.0000	0.0048	0.0016	0.0159	0.1289	0.0560	1.2072
2014	1.0000	0.0054	0.0015	0.0240	0.1346	0.0529	1.2184

CONTRA COSTA COUNTY

Fiscal Year	County Direct Rate	Overlapping Rates					Total
	Countywide Rate ²	County Special Districts	Local ³ Special Districts	Agency Districts	Schools	Cities	
2005	1.0000	0.0004	-0.0002	0.0059	0.0572	0.0128	1.0761
2006	1.0000	0.0000	0.0017	0.0107	0.0564	0.0127	1.0815
2007	1.0000	0.0000	0.0014	0.0137	0.0649	0.0126	1.0926
2008	1.0000	0.0000	0.0013	0.0158	0.0684	0.0130	1.0985
2009	1.0000	0.0000	0.0013	0.0192	0.0691	0.0131	1.1027
2010	1.0000	0.0000	0.0015	0.0167	0.0911	0.0126	1.1219
2011	1.0000	0.0000	0.0026	0.0114	0.1070	0.0127	1.1337
2012	1.0000	0.0000	0.0024	0.0114	0.1070	0.0127	1.1335
2013	1.0000	0.0000	0.0024	0.0096	0.1070	0.0144	1.1334
2014	1.0000	0.0000	0.0024	0.0155	0.1168	0.0122	1.1469

Notes:

¹ Rates reflect voter approved Proposition 13 provisions limiting property tax levy to 1 percent of full cash value plus levies to pay for indebtedness approved by voters. The rates shown under special districts, schools and cities represent the levies for indebtedness.

² In June 1978, California voters approved Proposition 13 which restricted the taxing power of local government agencies. Individual agencies do not establish in their own property tax rates, except for voter approved indebtedness. Instead, a countywide rate is levied with the proceeds distributed to all agencies according to formulas specified by the state legislature. The countywide rate is 1 percent of assessed value (\$1 per \$100 of taxable assessed valuation). The rates shown above are allocations of the 1% tax on assessed valuation.

³ The 2005 rate for Local Special Districts includes a negative rate computed for the Los Medanos Community Healthcare District to affect a refund to the taxpayers of \$850k. The District's taxpayers had paid a special property tax for many years to fund the bond payments for healthcare facilities. Because of positive District financing, the District's Board determined the best use of any remaining bond funds (after covering all of the District's bond-related expenses) was to return the balance to taxpayers.

Source: Auditor-Controller, County of Alameda and County Assessor - County of Contra Costa

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2014
(in thousands)**

ALAMEDA COUNTY

Taxpayer	2014			2005		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Pacific Gas & Electric Co.	\$ 1,600,636	1	0.80 %	\$ 1,017,480	1	0.72 %
Kaiser Foundation Hospitals	971,305	2	0.49			
Russell City Energy Company, LLC	668,100	3	0.34			
AT&T California	424,644	4	0.21	535,214	3	0.38
BRE Properties Inc	413,615	5	0.21			
Apple Computer Inc	411,562	6	0.21			
Sutter Medical Center	386,462	7	0.19	197,943	10	0.13
OCC Venture LLC	362,294	8	0.18			
Kaiser Foundation Health Plan Inc	361,789	9	0.18			
Tesla Motors Inc.	315,896	10	0.16			
New United Motor Manufacturing, Inc.				960,917	2	0.68
Sun Microsystems Inc.				490,160	4	0.35
Calwest Industrial Properties, LLC				269,908	5	0.19
SCI Limited Partnership 1				241,777	6	0.17
Chiron Corp				234,403	7	0.16
Stoneridge Properties				203,811	8	0.14
Alameda Real Estate Investments				198,474	9	0.13
	<u>\$ 5,916,303</u>		<u>2.97 %</u>	<u>\$ 4,350,087</u>		<u>3.05 %</u>

CONTRA COSTA COUNTY

Taxpayer	2014			2005		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Chevron USA	\$ 3,217,924	1	2.25 %	\$ 4,961,278	1	4.21 %
Pacific Gas & Electric	1,881,914	2	1.32	918,598	5	0.78
Equilon Enterprises LLC	1,353,518	3	0.95	3,236,707	2	2.74
Tesoro Refining & Marketing	1,279,318	4	0.89	1,748,482	3	1.48
Tosco Corporation	694,544	5	0.49	1,435,543	4	1.22
Pacific Bell Telephone Co,	544,800	6	0.38			
SDC 7	425,073	7	0.30			
Genon Marsh Landing, LLC	418,787	8	0.29			
First Walnut Creek Mutual	360,313	9	0.25	441,835	9	0.37
Sierra Pacific Properties Inc.	326,900	10	0.23			
SBC Communications, Inc.				544,980	6	0.46
Sunset Land Company				535,012	7	0.45
USS Posco				482,332	8	0.41
EQR Watson				355,413	10	0.30
	<u>\$ 10,503,091</u>		<u>7.35 %</u>	<u>\$ 14,660,180</u>		<u>12.42 %</u>

Source: Auditor-Controller, County of Alameda and County of Contra Costa

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
PRINCIPAL EMPLOYERS
JUNE 30, 2014
(in thousands)**

ALAMEDA COUNTY

Employer	Type of Business	Number of Employees 2014 ¹	Rank	Percentage of Total County Employment	Number of Employees 2005 ¹	Rank	Percentage of Total County Employment ²
University of California Berkeley (including Berkeley National Labs) ⁷	Education	19,779	1	2.53	22,753	2	3.10
County of Alameda ⁸	Local Government	9,042	2	1.16	6,925	5	0.94
Kaiser Permanente Medical Group Inc. ⁷	Health Care	8,618	3	1.10	25,070	1	3.42
Lawrence Livermore National Laboratory ⁷	Small Arms Ammunition Manufacturing	8,007	4	1.02	7,984	7	1.09
Safeway Inc. ⁷	Supermarkets & Other Grocery	7,570	5	0.97	10,000	4	1.36
Alta Bates Summit Medical Center ⁷	Hospitals	7,443	6	0.95	5,000	12	0.68
Oakland Unified School Dist ⁷	Elementary and Secondary Schools	5,660	7	0.72	-	20+	-
City of Oakland ⁷	Local Government	4,604	8	0.60	4,157	13	0.57
Tesla Motors ⁷	General Automotive Repair	4,500	9	0.58	-	20+	-
Waste Management ⁷	Wholesale Trade	3,753	10	0.48	-	-	-
Total		78,976		10.12%	81,889		11.16%

CONTRA COSTA COUNTY

Taxpayer	2014 ³			2005 ⁵		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
Chevron Corporation	1,500	1	0.30%	5,000	1	1.0%
Doctors Medical Center	1,500	2	0.30%	900	8	0.2%
John Muir Health	1,223	3	0.24%			
Texaco Inc.	1,000	4	0.20%			
Cks Employee Benefit Systems, Inc.	984	5	0.19%			
Contra Costa Newspapers, Inc.	960	6	0.19%			
DMC Foundation	930	7	0.18%			
St. Mary's College of California (private)	917	8	0.18%			
Walmart Stores, Inc.	759	9	0.15%			
Target Corporation				3,400	2	0.70%
Shell/Martinez Refinery				1,000	6	0.21%
Kaiser Foundation Hospital				2,300	3	0.48%
John Muir Medical Center				1,900	4	0.39%
John Muir/Mt. Diablo Medical Center				1,500	5	0.31%
USS Posco Industries				975	7	0.20%
Bank of the West				800	9	0.17%
All Others	496,327			466,425		
	506,100 ⁴		1.93%	484,200 ⁶		3.68%

Notes:

¹ The number of employees, except for County of Alameda, City of Oakland, and City of Berkeley, include all employees in the East Bay area. Total employment within County of Alameda is unavailable.

² Percentage calculated based on Alameda County's Employment of 781,400 for 2014 and 734,100 for 2005 (Source: Employment Development Department)

³ East Bay - EDA

⁴ State of California Employment Development Department, 2014 annual, not adjusted

⁵ Rich's Everyday Sales Prospecting Directory (2005) - Contra Costa County

⁶ State of California Employment Development Department, 2005 annual, not adjusted

⁷ Information from InfoGroup USA as of January 1, 2014. Information as of June 30, 2014 is not available, except for County of Alameda employer.

⁸ Information from County of Alameda's database as of June 30, 2014.

Source: InfoGroup USA for 2014 employment data and San Francisco Business Times Book of Lists 2007 for 2005 employment data

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands)**

ALAMEDA COUNTY

Fiscal Year ¹	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount ²	Percentage of Levy ²
2006	\$ 1,891,314	\$ 1,847,316	97.67 %	-	-	-
2007	2,082,187	2,005,869	96.33	-	-	-
2008	2,259,012	2,155,685	95.43	-	-	-
2009	2,393,333	2,284,204	95.44	-	-	-
2010	2,360,181	2,283,101	96.73	-	-	-
2011	2,327,545	2,264,442	97.29	-	-	-
2012	2,358,081	2,300,192	97.55	2.45	-	-
2013	2,402,703	2,359,713	98.21	-	-	-
2014	2,539,344	2,503,557	98.59	-	-	-

CONTRA COSTA COUNTY

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ³		Collections in Subsequent Years ³	Total Collections to Date	
		Amount	Percentage of Levy		Amount ³	Percentage of Levy ³
2005	1,584,132	1,557,533	98.32	26,029	1,583,562	99.96
2006	1,720,978	1,685,279	97.93	35,096	1,720,375	99.96
2007	1,967,771	1,886,919	95.89	79,229	1,966,148	99.92
2008	2,077,283	1,971,251	94.90	101,904	2,073,155	99.80
2009	2,061,930	1,975,895	95.83	76,796	2,052,691	99.55
2010	1,964,724	1,909,306	97.18	44,102	1,953,408	99.42
2011	1,932,504	1,896,819	98.15	21,497	1,918,316	99.27
2012	1,973,646	1,918,653	97.21	43,875	1,962,528	99.44
2013	1,974,838	1,953,215	98.91	12,725	1,965,940	99.55
2014	2,083,810	2,063,199	99.01	-	2,063,199	99.01

Notes:

¹ Data not available for fiscal years prior to 2006.

² Unable to determine subsequent collections by fiscal year.

³ General taxes collected are the same as the amounts levied, because the county follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to the county and other taxing agencies regardless of whether they are collected in the current year or not. A Tax Losses Reserve Agency fund insures losses resulting when a property is sold for taxes and the proceeds are insufficient to pay the outstanding amounts due.

Source: Auditor-Controller, County of Alameda and County of Contra Costa

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(in thousands)**

Fiscal Year	Certificates of Participation	ACTC	Premiums and Discounts	Total Primary Government	Percentage of Taxable Assessed Value ¹	Per Capita ²
2005	20,385	20,000	(494)	39,891	0.007%	0.787%
2006	19,245	-	(456)	18,789	0.006%	0.739%
2007	18,070	25,000	(418)	42,652	0.005%	0.690%
2008	30,360	25,000	(122)	55,238	0.008%	1.156%
2009	42,765	15,000	(581)	57,184	0.012%	1.612%
2010	40,335	7,000	(552)	46,783	0.013%	1.811%
2011	37,465	-	(523)	36,942	0.011%	1.435%
2012	32,735	-	(265)	32,470	0.010%	1.251%
2013	31,085	-	(274)	30,811	0.009%	1.174%
2014	28,060	-	(283)	27,777	0.008%	1.044%

Notes:

¹ See Schedule of Assessed Value of Taxable Property for taxable assessed value.

² See Schedule of Demographic and Economic Statistics for population data

Details regarding the District's outstanding debt can be found in the notes to the financial statements

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

ALAMEDA COUNTY

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2005	1,462,736	\$ 63,757,262	\$ 44,228	5.3
2006	1,462,371	68,719,715	47,574	4.6
2007	1,470,622	71,893,560	49,387	4.8
2008	1,484,085	74,305,916	50,302	6.1
2009	1,497,799	69,974,222	46,695	11.1
2010	1,510,271	72,757,457	48,087	11.3
2011	1,517,756	75,908,145	49,617	10.8
2012	1,530,176	85,017,099	54,683	9.5
2013	1,548,681	- ¹	- ¹	7.4
2014	1,573,254	- ¹	- ¹	5.8

CONTRA COSTA COUNTY

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2005	1,016,372	51,528,384	51,566	5.1
2006	1,025,436	55,318,933	55,241	4.5
2007	1,035,097	58,043,926	57,881	4.7
2008	1,048,185	59,914,142	57,874	6.3
2009	1,061,325	55,781,843	56,703	10.8
2010	1,073,055	57,700,398	55,455	11.3
2011	1,056,064	60,778,678	59,053	11.0
2012	1,065,117	66,544,007	61,638	9.4
2013	1,074,702	N/A ¹	57,264	7.3
2014	1,087,008	N/A ¹	N/A ¹	6.0

Notes:

¹ Data not yet published.

Source: State of California Employment Development Department Labor Market Information

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
APPROPRIATIONS LIMITATION CALCULATION
For the Fiscal Year Ending June 30, 2014**

2012 -13 Appropriations Limit, Budgetary Purposes	\$381,827,511
Change in Consumer Price Index	5.12
Weighted Average Change in Population	1.0083
Total Adjustment Factor (rounded)	1.0640
Annual adjustment in dollars (rounded)	24,444,290
2013-14 Appropriations Limit	\$406,271,801

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
FARE HISTORY
LAST TEN FISCAL YEARS**

FARE CATEGORY ¹	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>LOCAL CASH</u>										
Adult	\$1.50	\$1.75	\$1.75	\$1.75	\$2.00	\$2.00	\$2.00	\$2.10	\$2.10	\$2.10
Youth (13-17)	0.75	0.85	0.85	0.85	1.00	1.00	1.00	1.05	1.05	1.05
Child (5-12)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	0.75	0.85	0.85	0.85	1.00	1.00	1.00	1.05	1.05	1.05
<u>LOCAL PASSES</u>										
Adult	60	70	70	70	80	80	80	80	80	80
Youth/Child (5-17)	15	15	15	15	15	15	15	20	20	20
Sr/Disabled	20	20	20	20	20	20	20	20	20	20
10-ride pass										
Adult	15	17.5	17.5	17.5	20	20	20	n/a	n/a	n/a
Sr/Dis/Youth	7.5	8.5	8.5	8.5	10	10	10	n/a	n/a	n/a
BART-to-Bus Transfer										
Adult	1.25	1.5	1.5	1.5	1.75	1.75	1.75	1.85	1.85	1.85
Sr/Dis/Youth ³	0.55	0.65	0.65	0.65	0.75	0.75	0.75	0.8	0.8	0.8
Sports Special	2.5	2.5	2.5	2.5	2.5	2.5	2.5	n/a	n/a	n/a
<u>TRANSBAY BASIC CASH</u>										
Adult	3	3.5	3.5	3.5	4.00	4.00	4.00	4.20	4.20	4.20
Youth (13-17)	1.5	1.7	1.7	1.7	2.00	2.00	2.00	2.10	2.10	2.10
Child (5-12)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.5	1.7	1.7	1.7	2.00	2.00	2.00	2.10	2.10	2.10
<u>TRANSBAY BASIC PASS</u>										
Adult	100	116	116	116	132.5	132.5	132.5	151.2	151.2	151.2
10-ride pass										
Adult	30	35	35	35	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Dis/Youth	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sports Special	3.5	3.5	3.5	3.5	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSBAY LONG DISTANCE CASH</u>										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Youth (13-17)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Child (5-12)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
10-ride pass										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Dis/Youth	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSBAY LONG DISTANCE PASS</u>										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSFER FEE See Note ²</u>	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

Notes:

¹ Effective Sept. 2003, Child Fare was eliminated and became part of Youth Fare.

² Valid for 2 hours and a 1-use only.

³ Bart-to-Bus transfer is a \$0.25 credit toward all fares

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
MISCELLANEOUS STATISTICS
June 30, 2014**

EMPLOYEES: 2,013 (1,728 in Vehicle Operations, which includes 1,360 drivers;
368 in Maintenance; and 241 in General Administration)

SERVICE AREA: Approximately 364 Sq. Miles, with a population of 1.4 million ⁵
District 1 - 279 Sq. Miles
District 2 (Fremont and Newark) - 85 Sq. Miles

Cities Served:	Alameda	Milpitas	Richmond ¹
	Albany	(Milpitas Blvd. and	San Francisco
	Berkeley	Dixon Landing Rd.	(Transbay Transit
	El Cerrito ¹	only)	Terminal only)
	Emeryville	Newark	San Mateo ²
	Foster City ²	Oakland	San Leandro
	Fremont	Palo Alto ³	San Pablo ¹
	Hayward	Piedmont	Union City
	Menlo Park ³		

Major Unincorporated Areas Served:	Ashland	El Sobrante ¹	Kensington ¹
	Castro Valley	North Richmond ¹	San Lorenzo
	Cherryland		

BASIC FARES	EAST BAY	TRANSBAY
Adults	\$2.10	\$4.20
Youth (5-17)	1.05	\$2.10
Sr/Disabled	1.05	\$2.10
Discounts available for all fare categories with tickets and passes		

PASSENGER TRIPS - 174,022 average weekday (56 million annually) ⁴

Youth . . . (13-17). 21 percent of riders ⁴

Adults . . . (18-64) 74 percent of riders

Seniors. . (65 and older). 5 percent of riders

ROUTES - 109, most of which connect with BART, and six connecting with ferry boats

Transbay - 31 routes	East Bay District 1 - 63 routes
District 2 (Fremont & Newark) - 11 routes	Special Service - 4

FLEET - Total Buses: 576. Weekday Peak Hour Requirement: 451. Basic Service: 288
ADA Accessible Buses: 576

MILEAGE - Annual Total Vehicle Miles - 21,735,287 miles

Notes:

¹ Contra Costa County

² San Mateo County Express Bus Service.

³ Contract Service with a consortium led by AC Transit.

⁴ Based on survey data. Riders under the age of 13 are not surveyed due to 'Human Subject Privacy' issues.

⁵ NTD Report 2013-14

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
EMPLOYEE HISTORY
LAST TEN FISCAL YEARS**

	Vehicle Operations	Vehicle Maintenance	Non Vehicle Maintenance	Capital Labor	General & Administration	Total Permanent Employees	Total Part-Time Employees	Total Employees
2005	1,500	401	59	1	243	2,204	11	2,215
2006	1,462	403	50	1	286	2,202	10	2,212
2007	1,409	396	63	1	287	2,156	7	2,163
2008	1,464	415	48	1	296	2,224	11	2,235
2009	1,429	405	46	1	266	2,147	11	2,158
2010	1,361	377	44	1	249	2,032	6	2,038
2011	1,332	325	45	0	234	1,936	6	1,942
2012	1,276	349	45	0	223	1,893	9	1,902
2013	1,333	341	48	0	243	1,965	9	1,974
2014	1,352	368	52	1	240	2,013	9	2,022

Source: National Transit Database Report

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
FINANCIAL TRENDS
LAST TEN FISCAL YEARS
(in thousands)

Operating Revenues

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Passenger fares	\$43,855	\$48,159	\$49,377	\$50,890	\$52,173	\$53,229	\$50,648	\$51,323	\$52,976	\$52,508
Contract service	8,414	8,753	9,089	10,383	10,646	9,689	7,520	7,728	8,335	11,929
Other	6,332	6,151	6,870	5,498	6,527	4,484	3,164	3,408	5,772	4,165
Total operating revenues	\$ 58,601	\$ 63,063	\$ 65,336	\$ 66,771	\$ 69,346	\$ 67,402	\$ 61,332	\$ 62,459	\$ 67,083	\$ 68,602

Non-operating revenues

Property taxes	\$ 60,520	\$ 73,078	\$ 77,655	\$ 83,138	\$ 87,365	\$ 96,610	\$ 94,539	\$ 100,151	\$108,799	\$105,807
Local sales tax	51,820	56,090	58,077	59,191	52,972	51,018	51,130	26,560	28,634	60,280
Local funds ¹	48,259	52,533	53,299	53,017	58,164	54,458	54,883	12,101	15,329	70,234
Federal	35,083	32,996	31,317	19,948	57,532	53,502	44,421	33,111	13,157	8,746
State	7,844	16,624	21,670	17,567	11,328	2,225	13,800	100,326	118,211	16,853
Gain on sale of capital assets						1,441	204			(90)
Interest income	1,171	2,290	3,104	2,741	1,690	130	187	34	72	674
Total non- operating revenues	\$204,697	\$233,611	\$245,122	\$235,602	\$269,051	\$259,384	\$259,164	\$272,283	\$284,202	\$262,504

Total Revenues

	\$263,298	\$296,674	\$310,458	\$302,373	\$338,397	\$326,786	\$320,496	\$334,742	\$351,285	\$331,106
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Expenses

Operator wages	57,762	60,141	63,044	66,108	67,436	67,206	61,115	58,384	58,525	58,529
Other wages	46,158	48,807	52,526	55,221	59,252	56,751	50,267	48,328	46,361	47,106
Fringe benefits	83,539	95,775	96,971	103,646	112,939	122,016	116,399	117,593	116,850	128,755
Depreciation and amortization	34,451	30,938	36,994	34,465	37,805	38,990	35,531	37,899	35,420	39,495
Fuel and oil	10,344	14,126	14,928	19,400	17,721	13,581	16,209	18,593	18,613	17,359
Other material and supplies	9,728	9,925	11,858	12,585	15,752	13,895	11,775	13,913	13,277	11,345
Services	15,397	16,560	18,733	22,516	22,125	20,064	20,261	20,547	26,592	26,510
Insurance	4,291	7,073	7,029	8,807	5,150	6,983	4,267	9,262	11,529	7,115
Net expenses of joint venture	11,132	12,567	11,282	13,233	13,564	9,263	10,292	24,238	26,754	8,515
Interest expense	1,708	1,928	1,726	2,403	3,077	2,425	1,996	1,847	654	1,898
Other	6,603	7,007	10,111	11,248	9,975	7,139	10,417	14,164	8,132	7,863
Total expenses	\$281,113	\$304,847	\$325,202	\$349,632	\$364,796	\$358,313	\$338,529	\$364,768	\$362,707	\$354,490

Income (Loss) before capital contributions	\$ (17,815)	\$ (8,173)	\$ (14,744)	\$ (47,259)	\$ (26,399)	\$ (31,527)	\$ (18,033)	\$ (30,026)	\$ (11,422)	\$ (23,384)
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CAPITAL CONTRIBUTIONS	17,482	22,592	36,267	31,402	42,627	8,238	26,663	47,878	64,014	51,517
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CHANGE IN NET POSITION	\$ (333)	\$ 14,419	\$ 21,523	\$ (15,857)	\$ 16,228	\$ (23,289)	\$ 8,630	\$ 17,852	\$ 52,592	\$ 28,133
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Notes:

¹ RM2 revenues were reclassified from State Funding to Sales Tax TDA starting in FY 2010

Source: Office of Controller, AC Transit

ALAMEDA CONTRA-COSTA TRANSIT DISTRICT
FARE BOX RATIO
LAST TEN FISCAL YEARS
(in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
NTD - MB/DO ¹										
Fare Revenue	\$43,406	\$47,659	\$49,622	\$50,328	\$51,786	\$53,236	\$50,670	\$57,121	\$60,925	\$64,437
Operating Cost	228,935	253,303	268,964	283,791	295,511	299,691	284,879	294,246	292,493	305,924
Fair Box Recovery	18.96%	18.82%	18.45%	17.73%	17.52%	17.76%	17.79%	19.41%	20.83%	21.06%
NTD - MB/PT ²										
Fare Revenue	129	0	0	0	0	0	0	0	575	477
Operating Cost	1,202	0	0	0	0	0	0	0	2,725	2,972
Fair Box Recovery	10.73%								21.10%	16.05%
NTD - DR/PT ³										
Fare Revenue	\$43,535	\$47,659	\$49,622	\$50,328	\$51,786	\$53,236	\$50,670	\$57,121	\$61,500	\$64,914
Operating Cost	230,137	253,303	268,964	283,791	295,511	299,691	284,879	294,246	295,218	308,896
Fair Box Recovery	18.92%	18.82%	18.45%	17.73%	17.52%	17.76%	17.79%	19.41%	20.83%	21.01%

¹ Revenue pertains to Motorbus - Directly Operated

² Revenue pertains to Motorbus - Purchased Transportation (Dumbarton Service)

³ Revenue pertains to Motorbus - Directly Operated

Source: National Transit Database Report

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
EXPENSES BY TYPE
LAST TEN FISCAL YEARS
(in thousands)

OPERATING EXPENSES (excluding depreciation & amortization)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Operator Wages	\$57,762	\$59,146	\$63,044	66,108	67,436	67,206	61,115	58,384	58,526	58,529
Other Wages	46,158	48,808	52,526	55,221	59,252	56,751	50,265	48,328	46,363	47,106
Fringe Benefits	83,539	95,775	96,971	103,646	112,939	122,016	120,217	117,593	116,849	128,755
Fuel and Oil	10,344	14,126	14,928	19,400	17,721	13,581	16,209	18,593	18,613	17,359
Other Materials/Supplies	9,728	9,926	11,858	12,585	15,752	13,895	11,777	13,913	12,393	11,345
Services	15,397	16,560	18,733	22,516	22,125	20,064	20,063	20,547	26,593	26,510
Insurance	4,291	7,073	7,029	8,807	5,150	6,983	4,266	9,262	11,529	7,115
Leases & Rentals	564	456	342	385	403	336	567	559	475	
Purchased Transportation - ADA	16,778	18,122	11,282	13,233	13,564	9,263	14,579	11,396	2,249	8,515
Other	6,124	6,550	11,369	10,863	9,511	6,803	9,850	13,605	7,367	7,863
TOTAL	250,685	276,542	288,082	312,764	323,853	316,898	308,908	312,180	300,957	313,097

NONOPERATING ITEMS

Loss/(Gain) on Disposal of Personal Property and Equipment	(85)	(7)	(1,600)	(2,110)	61	(1,441)	(204)	293	1,175	(90)
Interest	1,708	1,752	1,726	2,403	3,077	2,425	1,983	1,720	1,338	1,898
TOTAL	1,623	1,745	126	293	3,138	984	1,779	2,013	2,513	1,808
GRAND TOTAL	\$252,308	\$278,287	\$288,208	\$313,057	\$326,991	\$317,882	\$310,687	\$314,193	\$303,470	\$314,905

Source: Office of Controller, AC Transit.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPERATING EXPENSES - COMPARISON TO INDUSTRY TREND DATA
LAST TEN FISCAL YEARS**

TRANSPORTATION INDUSTRY:

<u>YEAR</u>	<u>SALARIES & WAGES</u>	<u>FRINGE BENEFITS</u>	<u>SERVICES</u>	<u>MATERIALS & SUPPLIES</u>	<u>UTILITIES</u>	<u>CASUALTY & LIABILITY COSTS</u>	<u>PURCHASED TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES</u>
2005	40.2%	26.7%	5.8%	10.1%	3.2%	2.5%	13.8%	-2.3%	100.0%
2006	39.8%	26.3%	5.9%	11.3%	3.2%	2.5%	13.4%	-2.4%	100.0%
2007	39.0%	26.8%	6.1%	11.6%	3.4%	2.4%	13.0%	-2.3%	100.0%
2008	38.2%	25.7%	6.3%	12.8%	3.4%	2.2%	13.7%	-2.3%	100.0%
2009	38.2%	26.7%	6.6%	11.3%	3.5%	2.3%	14.0%	-2.5%	100.0%
2010	37.8%	27.4%	6.6%	10.7%	3.4%	2.6%	13.8%	-2.3%	100.0%
2011	37.4%	27.6%	6.6%	11.4%	3.3%	2.6%	13.3%	-2.2%	100.0%
2012	36.2%	27.8%	6.9%	11.7%	3.2%	2.2%	13.8%	-1.8%	100.0%
2013	*	*	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*	*	*

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

<u>YEAR</u>	<u>SALARIES & WAGES</u>	<u>FRINGE BENEFITS</u>	<u>SERVICES</u>	<u>MATERIALS & SUPPLIES</u>	<u>UTILITIES</u>	<u>CASUALTY & LIABILITY COSTS</u>	<u>PURCHASED TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES</u>
2005	41.2%	33.3%	6.2%	8.0%	1.1%	1.8%	6.8%	1.6%	100.0%
2006	40.1%	35.2%	6.1%	8.9%	1.0%	2.6%	4.6%	1.5%	100.0%
2007	40.3%	33.8%	7.5%	4.1%	5.2%	2.5%	3.1%	3.4%	100.0%
2008	38.7%	33.3%	7.2%	4.0%	6.2%	2.8%	4.2%	3.6%	100.0%
2009	39.1%	34.9%	6.8%	4.9%	5.5%	1.6%	4.2%	3.0%	100.0%
2010	39.1%	38.5%	6.3%	4.4%	4.3%	2.2%	2.9%	2.3%	100.0%
2011	36.1%	38.9%	6.5%	9.1%	0.9%	1.4%	4.7%	2.4%	100.0%
2012	34.2%	37.7%	6.6%	10.4%	0.8%	3.0%	3.7%	3.7%	100.0%
2013	30.0%	36.7%	8.4%	10.0%	0.9%	3.6%	6.1%	4.3%	100.0%
2014	33.7%	41.1%	7.6%	9.2%	0.9%	2.3%	2.7%	2.5%	100.0%

Notes:

* - Not Available

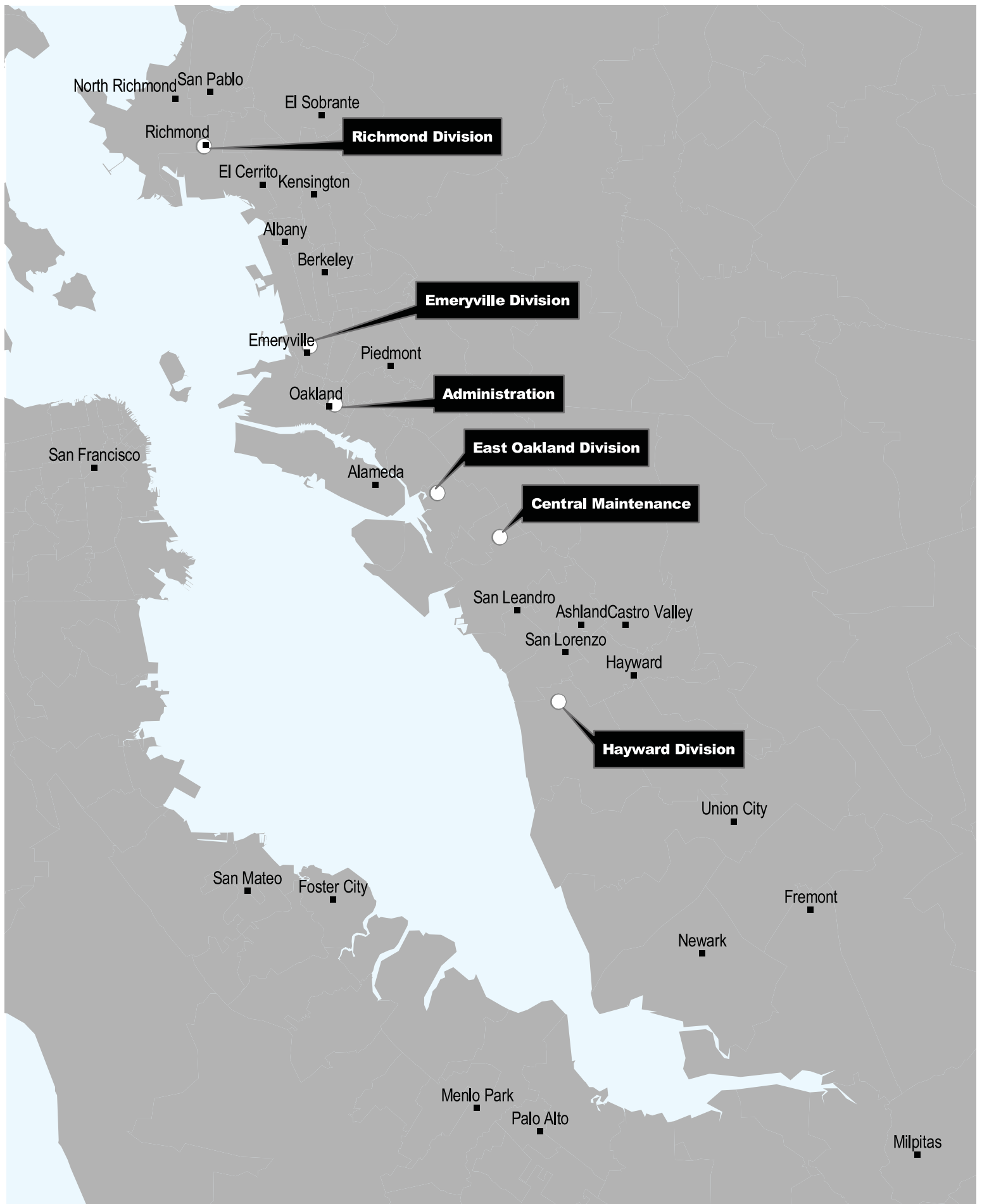
Source: The American Public Transportation Association, "APTA 2014 Transit Fact Book"

**ALAMEDA CONTRA-COSTA TRANSIT DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Revenue Vehicle Statistics</u>										
Active Fleet Size	614	626	678	646	646	643	604	637	611	576
Maximum Peak Vehicles	499	505	508	512	518	518	475	436	438	465
Average Age of Active Revenue Vehicles (Yrs)	6.6	7.9	8.5	8.0	8.0	8.0	9.0	9.3	8.1	7.3
<u>General Operating Statistics</u>										
Vehicle miles (000's)	24,180	24,617	25,122	25,044	25,971	25,283	22,496	21,556	21,557	21,735
Platform hours (000's)	1,941	1,974	1,981	2,044	2,074	2,025	1,832	1,763	1,762	1,787
Miles per hour	12.5	12.5	12.7	12.3	12.5	12.5	12.3	12.2	12.2	12.2
Revenue vehicle fuel: Gallons (000's)	6,357	6,333	6,666	6,638	6,868	6,789	5,822	5,618	5,650	5,423
<u>Ridership Statistics</u>										
Unlinked Passengers (000's)	64,409	66,963	66,970	65,194	60,468	61,369	57,333	53,643	53,721	55,740
Passengers per hour	33.2	33.9	33.8	31.9	29.2	30.3	31.3	30.4	30.5	31.2
<u>Reliability</u>										
Collision accidents	15	21	17	29	29	48	33	32	35	49
Miles between accidents (000's)	1,612.0	1,172.2	1,477.8	863.6	895.6	526.7	681.7	673.6	615.9	443.6

Notes:

Source: AC Transit, National Transportation Database Report, and Monthly Safety and Security data.



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



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