

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2010



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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, 2010

*The mission of AC Transit is to Provide
Safe – Convenient – Courteous – Reliable
Transit Service*

Serving Alameda and Contra Costa Counties – Oakland, California

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Year Ended June 30, 2010

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Alameda-Contra Costa Transit District

Lewis G. Clinton, Jr.
Chief Financial Officer

December 22, 2010

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 (AC Transit) for the fiscal year ended June 30, 2010. 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). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, and results of operations and cash flows of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District's financial records as of June 30, 2010 have been audited by our independent auditors, Macias Gini & O'Connell LLP. The audit included consideration of internal control over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting.

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 table with 10-years financial projections, a Certificate of Achievement for Excellence in Financial Reporting, AC Transit's organizational chart, and a listing of the members of the Board of Directors 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 AC Transit's current financial status.

The **STATISTICAL SECTION** includes selected financial demographic 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 Improvement Authority (ACTIA).

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 Board of Directors' 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

AC Transit 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 the largest bus-only system in the State of California and 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 of Directors (Board) establishes policy and sets direction for the management of AC Transit. 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, the General Counsel and the District Secretary.

Responsibility for the day-to-day management of AC Transit rests with the General Manager. AC Transit currently has an Interim General Manager that supervises seven senior staff: the Chief Operating Officer, the Chief Financial Officer, Director of Service Development and Planning (Service), Director of Service Development and Planning (Long Range Planning), Director of Information Services, Chief Human Resources Officer, and the Assistant General Manager for Communications and External Affairs. An organization chart that illustrates the organizational structure of AC Transit follows later in the introductory section.

AC Transit 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 AC Transit and organizations for which AC Transit is financially accountable. Financial accountability is defined as an appointment of a voting majority of the component unit’s Board, and (1) either AC Transit’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 AC Transit.

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 AC Transit, because of the significance of their operational or financial relationships with AC Transit.

AC Transit is a participant with 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 AC Transit/BART coordinated service area. The Consortium has an executive committee comprised of the General Managers 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 AC Transit and BART Boards of Directors. Those Boards act as the policy bodies of the Consortium. AC Transit and BART were responsible for 69% and 31% of the expenses, respectively. In Fiscal Year 2009-10, AC Transit incurred excess operating costs of approximately \$9.3 million related to the Consortium.

The District operates two main types of service within the Service Area: East Bay Local Service and Transbay Service. East Bay Local Service consists of: nine major trunk lines; 49 local all day routes, including two limited stop bus rapid transit routes, 12 all-day local routes in southern Alameda County; and Supplemental School Service which provides direct-access to elementary, junior high and senior high schools within the Service Area during the academic year. Transbay Service consists of four all-day routes and 34 peak period only routes originating from areas of the East Bay and terminating at the Transbay Terminal in downtown San Francisco, and one all-day route and six peak period routes to San Mateo and Santa Clara Counties.

The District is also a member agency of the Transbay Joint Powers Authority, 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 250 bus departures per hour in a modern, efficient downtown transit terminal. Based on recent ridership studies, the District expects that up to 8,000 passengers per hour will use the new facility by 2030. This number represents nearly a tripling of the current demand.

FINANCIAL INFORMATION AND ECONOMIC OUTLOOK

Fiscal Year Ended June 30, 2010

AC Transit's performance during FY 2009-10 resulted in a negative \$23.3 million change in net assets. Compared to the prior year, total revenues decreased from \$338.4 million to \$326.8 million, a decrease of 3.43%, and total expenditures decreased from \$364.8 million to \$358.3 million, a decrease of 1.78%. 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.

Biennial Budget FY 2009-10 and FY 2010-11

On June 10, 2010, the AC Transit Board of Directors approved the Biennial Working Budget for the period FY 2009-10 and FY 2010-11. The Budget Revenue for FY 2009-2010 and 2010-11 totals \$326.0 million and \$303.5 million, respectively. Total Operating and Capital Expenses for

the Biennial Budget period are adopted at \$ 337.0 Million for FY 2009-10 and \$ 305.2 Million for FY 2010-11. These figures include a projected reduction of \$ 30.4 Million in operating expenses, by the end of FY 2010-11.

The Budget authorized positions for FY 2009-10 are 1,984 positions and for FY 2010-11 are 1,861 positions. This does not include the Paratransit staff which is reported separately in their own budget, but it does include the Retirement Department staff.

Total Platform hours for FY 2009-10 is projected at 2,030,000 hours and for FY 2010-11 approximately 1,785,000 hours, down from 2,074,000 platform hours in FY 2008-09.

During FY 2009-10, Staff has been engaged in a major continuous review of all the District's operations, and presented to the Board and all stakeholders of the District, a very comprehensive inside look into the then prevailing cost structure of the agency, including a comparison with peers and relevant industry and national benchmarks. Staff gained invaluable insight into the District's operating cost components, and it has delineated the key areas of concern and impact. The District must address these areas appropriately to yield the highest return on the preservation and allocation of scarce financial resources.

Staff's goal is to put in place a revamped, effective, efficient operating structure that is economic, socially and environmentally sustainable. The District has a mandate to provide convenient and affordable bus service. The guiding principles of this initiative are:

- Preserving the budget base for service first and foremost, minimizing the impact of service cuts by aggressively addressing unproductive, inefficient, value-detracting, non-competitive operating activities and their costs, and
- Protecting and continuing the implementation of key operating initiatives to make the District's operations effective and efficient, focusing on the core bus revenue transportation and maintenance activities, while enhancing cost recovery opportunities, and
- Guiding the significant operating cost reductions and budget cuts that will be needed by targeting legacy business and labor management practices that are not conducive to establishing a sustainable level of convenient and affordable bus service in the District's service area.

Staff has conducted since the Second Quarter of FY 2009-10 a thorough review process in a series of related tactical steps that can be summarized as follows:

1. Reorganization and consolidation of the primary revenue bus operations activity and its value chain to secure high performance and coordination with cost optimization and improved service metrics.
2. Consolidation and elimination of support functions staff and activities.
3. Seeking efficiencies and structural cost savings and increased productivity by reducing/eliminating costs related to unsustainable work rules (including the ones related to overtime).

4. Seeking to reduce the cost to the agency and to control the growth rate of certain benefits like pension and healthcare by cost-sharing agreements that foster healthy behavior and minimize/reduce the negative impact of potential future negotiated changes in benefits.
5. Outsourcing or seeking alternatives to currently in place vertically integrated functions that could be done on better economic terms by external third-parties at same or higher performance.

This is a partial list of all specific tactical initiatives that have been implemented since the original adoption of the Biennial Budget by the Board of Directors back in September 2009, with their respective most recent estimate of its expected cost savings impact:

AC TRANSIT

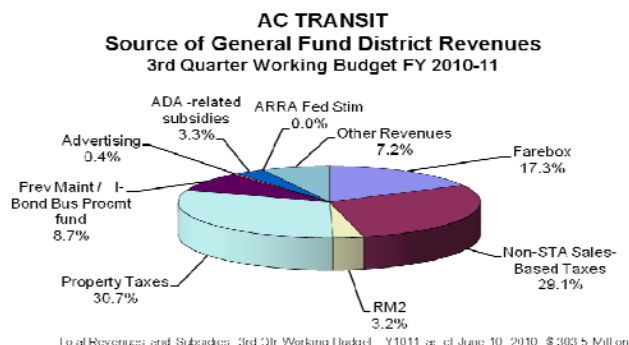
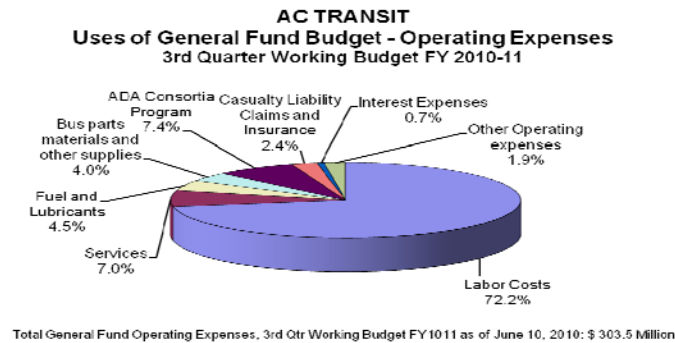
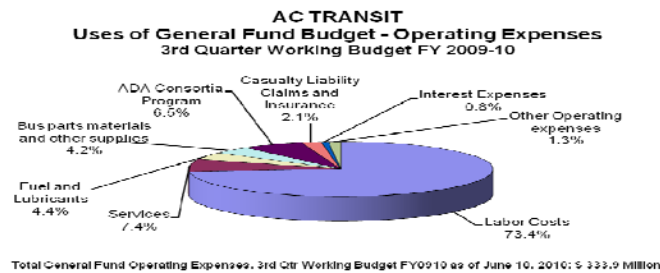
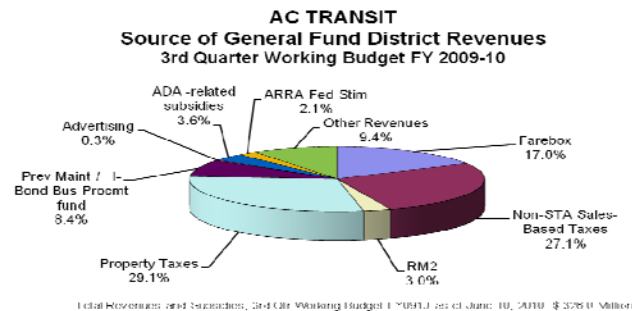
Biennial Budget FY 2009-10 & FY 2010-11 at 3rd Quarter

Status of Major Cost Savings Initiatives under implementation

Description of Initiative	Estimated Annual Cost Savings \$ 000s
* Revenue enhancement - grant opportunity optimization	\$ 4,447
* Revenue Service Restructuring	\$ 19,000
* Redesigned farebox vault pull-out	\$ 600
* Preventive Maintenance MST	\$ 125
* Idle engines efficiencies	\$ 450
* Enhanced labor bus part inventory management	\$ 675
* Consolidation admin support Maintenance	\$ 225
* Restructuring legacy IT functions	\$ 525
* Call center and customer service outsourcing	\$ 1,000
* G&A admin support restructuring	\$ 6,624
* Travel expense rationalization	\$ 120
* Security services restructuring	\$ 1,700
Grand Total Annual Savings on Initiatives	<u>\$ 35,491</u>

As a consequence of this thorough review process and associated activities, the Third Quarter Operating Budget Review made significant changes to the projections for revenues and expenses for FY 2009-10 and FY 2010-11. Many of these proposed changes and actions will have a lasting

long-term impact on the sustainability of the financial position of the agency, as well as in its roadmap to social and environmental sustainability by redirecting the way the District is using all its resources to provide a consistent level of convenient and affordable service to the community. The Budget for FY 2009-10 and FY 2010-11 has the following structure of sources of funds and uses of funds:



10 Year Financial Projection

The 10 Year Projection shows that even after major service cuts and other important cost reductions, including the recent finalization of an agreement with the largest Union, the District faces material deficits in the immediate outer years of the long term projection. With operating revenues and subsidies under pressure from not much improved economic conditions, and political decisions that could further erode revenues, the District is forced to operate with less revenues and continued uncertainty. Staff is faced with the challenge of putting in place a more comprehensive and dynamic planning process that will assure financial, environmental and social sustainability of the District's operations.

In that sense, Staff is fully engaged in implementing the Board's recent decision to step up from the CBO framework to the Goals and Objectives framework set forth now in Board Policy 312. As the District begins the process for development of the District's Biennial Budget for FY 2011-12 and FY 2012-13, Staff's goal under the direction of the Board of Directors will be to redefine the Priorities and Values of the organization. This new framework will also foster a more comprehensive and holistic degree of participation of all District's Stakeholders from the very beginning of the planning cycle. This deliberation has started with the presentation of the Guiding Principles for the design and allocation of Service, which signals the District's primary commitment to the Community and the riders it is mandated to serve.

The time for the District to develop short, medium and long range goals to ensure sustainability is now, with precise delineation of activities, projects, programs and tasks necessary to accomplish these goals, over which managers have full responsibility, and are given authority and resources. In addition, specific timelines, milestones, and deadlines will be established. The establishment of a formal review process to use specific key performance indicators will help us monitor and ensure the District will achieve its goals.

Although enormous challenges remain, Staff is confident the more focused and best-practices based approach discussed above will help us navigate this transition period as the District looks forward to restoring the historical prominence that bus transit service has played in the East Bay, and thus become a major contributor to the enhancement of the East Bay's economy, quality of life and environment.

AWARDS AND ACKNOWLEDGEMENTS

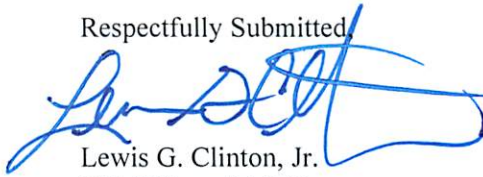
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a **Certificate of Achievement for Excellence in Financial Reporting** to AC Transit for its CAFR for the fiscal years ended June 30, 1992 through 2009. GFOA also has presented a **Distinguished Budget Presentation Award** to AC Transit 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 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 would also like to express our appreciation to other AC Transit departments for their assistance in this effort. Finally, I wish to thank the Board of Directors 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,

A handwritten signature in blue ink, appearing to read "Lewis G. Clinton, Jr.", is written over the typed name.

Lewis G. Clinton, Jr.
Chief Financial Officer

AC TRANSIT
Adopted 3rd Quarter Working Budget, FY 2009-10 FY 2010-11
10-Year Projection

	Year 1 Adopted Budget FY 09-2010	Year 1 1st Qtr Working Budget FY 09-2010	Year 1 2nd Qtr Working Budget FY 09-2010	Year 1 3rd Qtr Working Budget FY 09-2010	Year 2 3rd Qtr Working Budget FY 10-2011	Year 3 FY 11-2012	Year 4 FY 12-2013	Year 5 FY 13-2014	Year 6 FY 14-2015	Year 7 FY 15-2016	Year 8 FY 16-2017	Year 9 FY 17-2018	Year 10 FY 18-2019
REVENUES AND SUBSIDIES													
Operating													
1 Total Farebox	58,270	58,270	58,079	55,358	52,353	52,367	62,407	63,407	63,407	69,157	69,157	69,157	75,157
2 BART Transfers	4,000	4,000	4,026	4,026	3,470	3,581	3,736	6,518	6,603	6,690	6,779	6,872	6,872
3 Interest Income	618	250	50	50	250	961	1,295	1,340	1,387	1,436	1,486	1,538	1,592
4 Advertising	1,000	1,000	1,000	1,000	1,250	1,250	1,250	1,250	2,635	2,714	2,795	2,879	2,966
5 Other Revenue	9,652	9,652	1,952	2,067	2,345	2,230	2,294	2,361	2,430	2,501	2,574	2,649	2,727
6 Rental Income	1,000	1,000	500	600	925	985	1,010	1,040	1,071	1,103	1,136	1,170	1,206
7 Other Operating Revenues	16,269	15,901	7,527	7,742	8,240	9,007	9,585	12,510	14,126	14,444	14,771	15,110	15,364
8 Total Operating Revenues	74,539	74,171	65,606	63,101	60,593	61,374	71,992	75,916	77,533	83,601	83,928	84,267	90,521
Subsidies													
9 Transportation Develop. Act (TDA)	43,605	43,088	40,146	40,146	40,109	41,549	43,989	46,186	48,035	49,958	51,958	54,038	56,201
10 AB 1107	30,000	30,000	26,500	26,500	26,000	26,988	28,607	30,038	31,540	32,801	34,113	35,478	36,897
11 Measure B	20,463	20,463	18,416	18,416	18,738	19,207	20,167	21,175	22,022	22,903	23,819	24,772	25,763
12 State Transit Assistance (STA)	-	-	-	6,500	6,500	11,100	8,300	8,870	9,180	9,502	9,834	10,179	10,586
13 Measure C / J	4,900	4,900	3,450	3,450	3,450	3,450	3,450	1,900	1,900	1,900	1,900	1,900	1,900
14 Total Sales-Tax based Subsidies	98,968	98,451	88,513	95,013	94,798	102,294	104,514	108,169	112,677	117,064	121,625	126,366	131,346
15 Property Taxes	69,007	65,557	65,557	65,557	63,950	63,950	65,868	67,844	70,558	73,380	76,316	79,368	82,543
16 Measure AA/BB/VV	28,000	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335
16.a State ERAF Prop Tax Subsidy	(6,641)	(5,400)	(5,400)	(5,400)	-	-	-	-	-	-	-	-	-
17 Total Property Taxes based Subsidies	90,366	89,492	89,492	89,492	93,285	93,285	95,203	97,179	99,893	102,715	105,651	108,703	111,878
17.a State Loan compens. Prop Tax ERAF	6,641	5,400	5,400	5,400	-	-	-	-	-	-	-	-	-
18 ADA Paratransit Funding	3,932	3,932	3,574	3,574	4,078	4,187	4,360	4,610	4,812	5,029	5,256	5,494	5,659
19 Federal Assistance (ADA)	4,385	4,385	6,392	6,392	4,303	4,389	4,521	4,657	4,796	4,940	5,088	5,241	5,398
20 ADA Paratransit Vehicles	1,640	1,640	1,673	1,673	1,673	1,706	1,740	1,793	1,846	1,902	1,959	2,018	2,078
21 Total ADA related Subsidies	9,957	9,957	11,639	11,639	10,054	10,283	10,622	11,059	11,454	11,871	12,303	12,753	13,135
22 Fed Assis - Prev Maint.	9,140	9,140	9,843	9,843	8,912	8,260	8,900	522	-	1,199	-	-	-
23 CMAQ	-	-	17,500	17,500	17,500	-	-	-	-	-	-	-	-
24 Total Prev Maint and related Subs	9,140	9,140	27,343	27,343	26,412	8,260	8,900	522	-	1,199	-	-	-
25 Supplemental Service	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785	2,785
26 Meas B Exp Bus, Labor Grant Reimburs	4,529	4,529	4,729	4,729	3,597	3,638	3,679	3,722	3,764	3,808	3,852	3,896	3,896
27 RM2 subsidies	9,812	9,812	9,812	9,812	9,812	9,812	9,812	9,812	9,812	9,812	9,812	9,812	9,812
28 Net I-Bond / PM Section 5307	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Federal Assistance Section 5307 Capital	2,000	2,000	2,101	2,101	2,122	2,165	2,230	2,297	2,366	2,437	2,510	2,585	2,663
30 I-Bond Pop	-	-	-	-	-	-	-	-	-	-	-	-	-
31 RTIP Commitment	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Lifeline STA JARC	6,778	6,778	7,916	7,916	-	4,077	4,199	4,325	4,455	4,588	4,726	4,868	5,014
33 Total Other Federal, State and Local g	25,904	25,904	27,343	27,343	18,316	22,476	22,705	22,940	23,182	23,430	23,684	23,946	24,170
34 Total Subsidies	240,976	238,344	249,730	256,230	242,865	236,597	241,944	239,869	247,206	256,279	263,263	271,768	280,529
35 Total Revenues and Subsidies	315,515	312,514	315,336	319,331	303,458	297,971	313,935	315,786	324,739	339,879	347,191	356,035	371,050

AC TRANSIT
Adopted 3rd Quarte Working Budget, FY 2009-10 FY 2010-11
10-Year Projection

	Year 1 Adopted Budget FY 09-2010	Year 1 1st Qtr Working Budget FY 09-2010	Year 1 2nd Qtr Working Budget FY 09-2010	Year 1 3rd Qtr Working Budget FY 09-2010	Year 2 3rd Qtr Working Budget FY 10-2011	Year 3 FY 11-2012	Year 4 FY 12-2013	Year 5 FY 13-2014	Year 6 FY 14-2015	Year 7 FY 15-2016	Year 8 FY 16-2017	Year 9 FY 17-2018	Year 10 FY 18-2019
OPERATING EXPENSES													
36 Salary & Wages	116,159	116,513	120,201	117,753	112,298	112,859	113,423	113,990	114,560	115,133	115,708	116,287	116,868
37 Fringe Benefits	84,184	84,503	85,741	83,944	86,869	90,225	94,338	98,647	103,160	107,887	112,839	118,027	123,338
38 Pension Fund	35,975	38,080	38,080	38,080	39,660	41,170	42,990	44,780	45,060	46,540	46,870	47,340	47,840
39 Total Labor Costs	236,318	239,095	244,022	239,776	238,826	244,254	250,751	257,417	262,780	269,560	275,418	281,654	288,046
39.a G & A Labor Cost Reduction	-	-	-	-	(6,624)	(6,790)	(6,959)	(7,133)	(7,312)	(7,494)	(7,682)	(7,874)	(8,071)
39.b Other Annual Labor Cost Reduct	-	-	-	-	(15,000)	(15,375)	(15,759)	(16,153)	(16,557)	(16,971)	(17,395)	(17,830)	(18,276)
39.c Litigation and Settlement Expenses	-	-	-	-	(3,000)	(3,075)	(3,152)	(3,231)	(3,311)	(3,394)	(3,479)	(3,566)	(3,655)
39.d Adjusted Total Labor Costs	236,318	239,095	244,022	239,776	214,202	219,014	224,881	230,900	235,600	241,700	246,862	252,383	258,044
40 Services	24,554	24,834	24,756	24,659	21,186	21,894	22,550	23,227	23,924	24,641	25,381	26,142	26,926
41 Fuel & Lubricants	15,242	15,242	15,777	14,539	13,538	13,965	14,383	14,815	15,259	15,717	16,189	16,674	17,175
42 Other Materials & Supplies	13,991	13,991	15,056	14,033	11,998	12,377	12,748	13,131	13,524	13,930	14,348	14,779	15,222
44 Utilities & Taxes	3,245	3,245	3,634	3,634	3,625	3,729	3,841	3,956	4,075	4,197	4,323	4,453	4,587
45 Casualty & Liability	6,850	6,850	6,890	6,890	7,190	7,406	7,628	7,857	8,093	8,336	8,586	8,844	9,109
46 Interest Expense	2,397	2,397	2,672	2,672	2,040	1,863	1,741	1,612	1,469	1,318	1,158	989	847
47 ADA Consortium	21,830	21,830	21,213	21,772	22,589	23,297	23,995	24,715	25,457	26,220	27,007	27,817	28,652
48 Other	666	666	666	646	2,260	1,331	2,371	1,442	2,485	1,560	2,606	1,685	2,735
49 Operating/Service Efficiencies (TBD)	-	-	-	-	-	-	-	-	-	-	-	-	-
50 Total Operating Expenses	325,093	328,151	334,686	328,622	298,629	304,875	314,139	321,654	329,886	337,620	346,459	353,766	363,296
51 Service Changes/Restoration/New ac	-	-	-	5,250	1,829	-	-	-	-	-	-	-	-
51a. Reserve for Litigation and Settlement	-	-	-	-	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655
52 Operating Surplus / (Deficit)	(9,579)	(15,637)	(19,350)	(14,541)	0	(9,978)	(3,355)	(9,099)	(8,459)	(1,135)	(2,747)	(1,297)	4,099
53.a ARRA Federal Stimulus Package	(0)	(0)	6,700	6,700	-	-	-	-	-	-	-	-	-
53.b Addtl Fund Sources Sect 5307	5,000	5,000	-	-	-	-	-	-	-	-	-	-	-
CAPITAL PROGRAM													
54 ADA Paratransit Vehicles, Net of Subsid	-	-	-	-	-	1,640	1,640	1,640	1,640	1,640	1,640	1,640	1,640
55 District Funded Capital	2,989	2,989	3,162	3,162	1,711	-	-	-	-	-	-	-	-
58 Total Capital Expenses	2,989	2,989	3,162	3,162	1,711	1,640	1,640	1,640	1,640	1,640	1,640	1,640	1,640
59 Total Expenses	328,082	331,140	337,848	337,034	305,169	309,590	318,931	326,525	334,838	342,654	351,578	358,972	368,591
60 Surplus / (Deficit)	(7,568)	(13,626)	(15,812)	(11,003)	(1,711)	(11,618)	(4,995)	(10,739)	(10,099)	(2,775)	(4,387)	(2,937)	2,459
61 Transfer (To) / From Equity	7,568	-	-	-	-	-	-	-	-	-	-	-	-
62 Adjusted Surplus / (Deficit)	0	(13,626)	(15,812)	(11,003)	(1,711)	(11,618)	(4,995)	(10,739)	(10,099)	(2,775)	(4,387)	(2,937)	2,459
63 Unrestricted Net Asset Fund Beginning	21,953	32,693	32,693	32,693	21,690	19,979	8,361	3,366	(7,374)	(17,473)	(20,247)	(24,634)	(27,571)
64 Unrestricted Net Asset Fund Ending	14,385	19,067	16,881	21,690	19,979	8,361	3,366	(7,374)	(17,473)	(20,247)	(24,634)	(27,571)	(25,112)

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



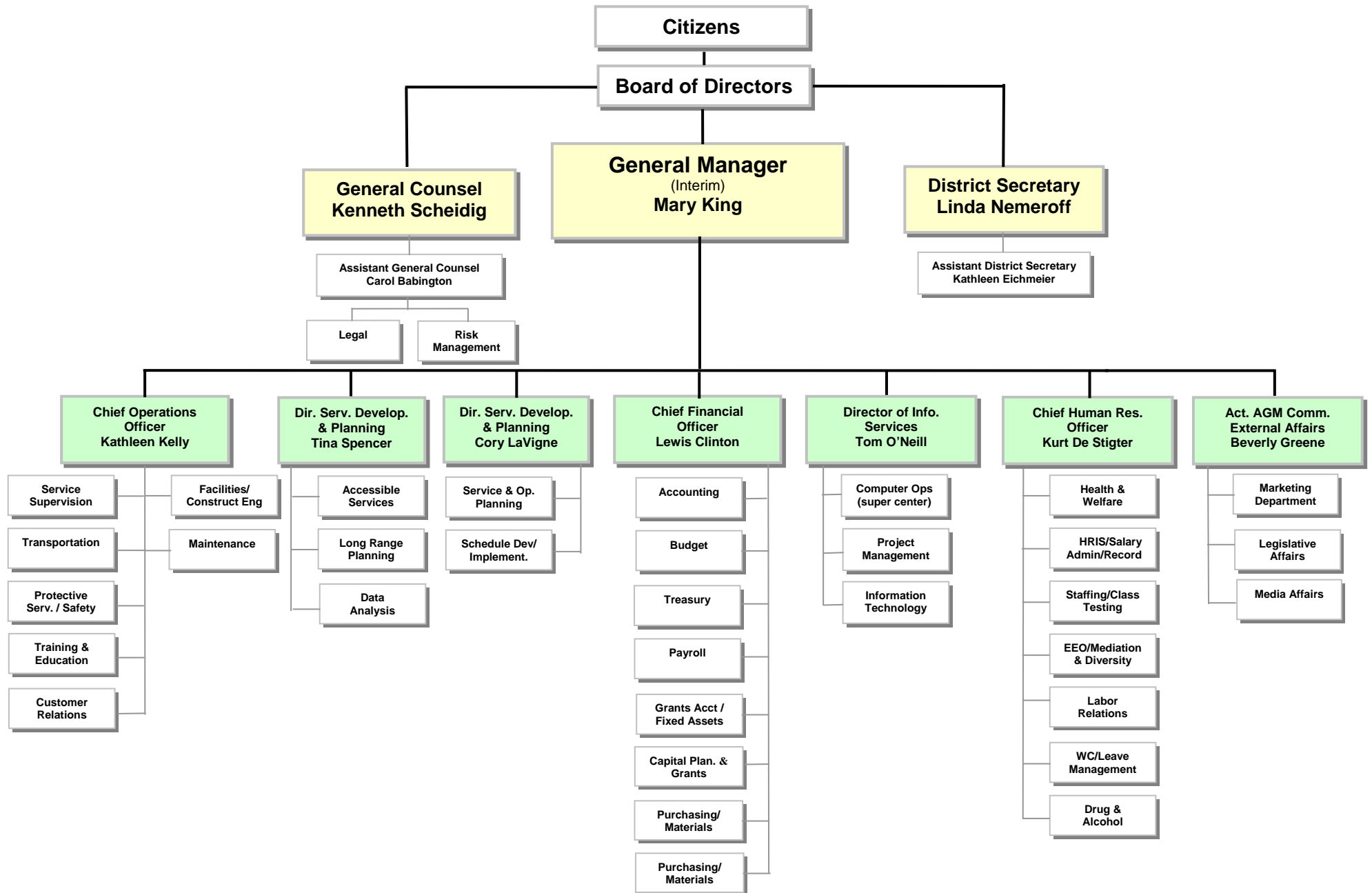
A stylized, handwritten signature in dark ink, appearing to read 'Jeffrey R. Emer'.

President

A stylized, handwritten signature in dark ink, appearing to read 'Jeffrey R. Emer'.

Executive Director

Alameda Contra Costa Transit District Organization Chart



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

PRINCIPAL OFFICIALS

JUNE 30, 2010

Board of Directors

President, Director Ward IV.....Ryan “Rocky” Fernandez
Vice President, Director at Large H. E. Christian Peeples
Director Ward I.....Joe Wallace
Director Ward III..... Elsa Ortiz
Director Ward II.....Greg Harper
Director Ward V..... Jeff Davis
Director at Large.....Joel B. Young

Executive Staff

Interim General Manager.....Mary V. King
District Secretary.....Linda Nemeroff
General CounselKenneth C. Scheidig
Chief Operating Officer.....Kathleen Kelly
Chief Maintenance Officer.....Joe De Prospero
Chief Financial Officer.....Lewis Clinton
Chief Technology Officer.....Blake Pelletier

Financial Section

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the business-type activity and the Pension Trust Fund of the Alameda-Contra Transit District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's, management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund, is based on the report of the other auditors.

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. The financial statements of the Pension Trust Fund were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of 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, 2010 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress, as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information identified in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants
Walnut Creek, California

December 13, 2010

Management's Discussion and Analysis
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

INTRODUCTION

The purpose of Management's Discussion and Analysis (MD&A) is to provide an objective and easily readable analysis of the Alameda-Contra Costa Transit District's (District's) financial activities based on currently known facts, conditions, or decisions as of June 30, 2010.

FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The District is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land and construction in progress) are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction purposes.

FINANCIAL POSITION SUMMARY

Total net assets serve over time as a useful indicator of the District's financial position. The District's assets exceed liabilities by \$241.9 million at June 30, 2010, a \$23.3 million decrease from June 30, 2009.

A condensed summary of the District's statement of net assets at June 30, 2010 and 2009 is shown below (in thousands):

	2010	2009
ASSETS:		
Current and other assets	\$148,570	\$158,107
Capital assets	244,856	267,268
Total assets	393,426	425,375
LIABILITIES:		
Current liabilities	71,910	71,961
Long-term portion of certificates of participation	36,942	39,783
Other non-current liabilities	42,679	48,460
Total liabilities	151,531	160,204
NET ASSETS:		
Invested in capital assets, net of related debt	209,056	231,130
Restricted for capital purchases	14,567	18,342
Restricted for debt service	1,350	1,350
Unrestricted	16,922	14,362
Total net assets	\$241,895	\$265,184

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

The largest portion of the District's assets each year (62.2% and 62.8% at June 30, 2010 and 2009, respectively) represents its investment in capital assets (e.g. land, work-in-progress, buses, buildings, improvements, and equipment). The District uses these capital assets to provide services to its employees and its patrons and passengers; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations and subsidies since the capital assets themselves cannot be used to liquidate liabilities.

Current and other assets decreased by 5.3%, from \$158.1 million in FY 2008-09 to \$148.6 million in FY 2009-10. The \$9.5 million decrease is due primarily to a \$13.4 million decrease in accounts receivable, off-set by a combined total increase of \$3.9 million in other asset accounts.

FINANCIAL OPERATIONS HIGHLIGHTS

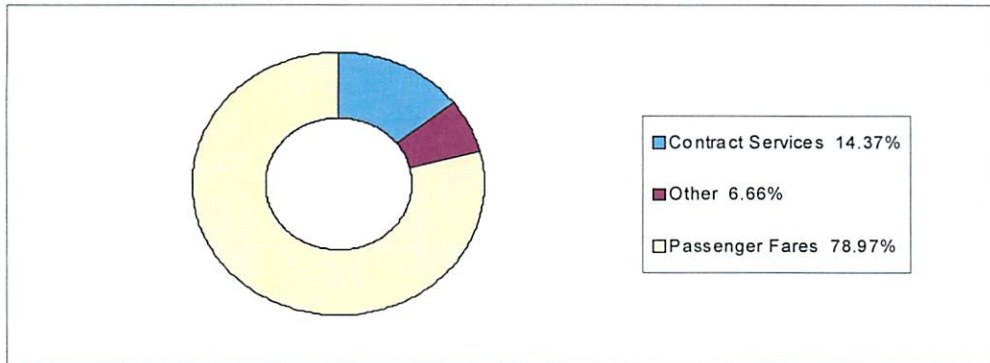
A condensed summary of the District's changes in net assets for the years ended June 30, 2010 and 2009 is shown below (in thousands):

	2010	2009
Operating revenues:		
Passenger fares	\$ 53,229	\$ 52,173
Contract service	9,689	10,646
Other	4,484	6,527
Non-operating revenues:		
Property taxes	96,610	87,365
Local sales taxes	51,018	52,972
Local funds	54,458	58,164
Federal revenues	53,502	57,532
State revenues	2,225	11,328
Gain on sale of capital assets	1,441	0
Interest income	130	1,690
Total revenues	326,786	338,397
Operating expenses:		
Salaries and wages	123,957	126,688
Fringe benefits	122,016	112,939
Depreciation	38,990	37,805
Other operating expenses	70,925	84,287
Non-operating expenses:		
Interest expense	2,425	3,077
Total expenses	358,313	364,796
Loss before capital contributions	(31,527)	(26,399)
Capital contributions	8,238	42,627
Change in net assets	(23,289)	16,228
Net assets, beginning of year	265,184	248,956
Net assets, end of year	241,895	265,184

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Required Supplementary Information)

- Operating revenue decreased by 2.7%, from \$69.3 million in FY 2008-09 to \$67.4 million in FY 2009-10. The \$1.9 million decrease is due primarily to decreases in contract services and other income in the amounts of \$1.0 million and \$2.0 million, respectively, off-set by a \$1.0 increase in passenger fares. Passenger fares were increased in all categories except for youth discount and senior/disabled.
- The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2010:



- Non-operating revenues decreased by 3.6%, from \$269.1 million in FY 2008-09 to \$259.4 million in FY 2009-10. The \$9.7 million decrease is attributable to the following: As a result of the downward economy, Federal and State revenues, Local funds, and Local sales tax revenue decreased by \$4.0 million, \$9.1 million, \$8.1 million, and \$2.0 million, respectively, and interest income decreased by \$1.6 million because of the lower yield rates on investments. The decreases described above were off-set by the following increases: Property taxes increased by \$9.3 million as a result of the increased parcel tax rate in FY 2009-10 compared to 2008-09 and gain on sale of capital assets increased by \$1.4 million.
- Capital contributions decreased by 80.7% from \$42.6 million in FY 2008-09 to \$8.2 million in FY 2009-10. The \$34.4 million decrease is attributable to less qualifying capital projects normally supported by Federal and State Grants.
- Operating expenses decreased by \$5.8 million, from \$361.7 million in FY 2008-09 to \$355.9 million in FY 2009-10. The decrease is due primarily to the following: Salaries and wages decreased by \$2.7 million and various accounts included in the "other expenses" category decreased by a combined total of \$13.4 million. Accounts comprising "other expenses" include fuel & oil, materials and supplies, services, insurance, and net expense of joint venture. The decreases described above were off-set by a \$1.2 million increase in depreciation expense and a \$9.1 million increase in fringe benefits resulting primarily from the actuarial recommendation to increase the pension contribution.

CAPITAL ACQUISITIONS, CONSTRUCTION ACTIVITIES, AND SALES

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including Federal grants, with matching State grants and District reserve funds, debt issuance, and District revenues.

Capital asset additions transferred from construction in progress during FY 2009-10 were \$15.6 million. The additions included the following: \$8.1 million for revenue and service vehicles; \$4.3 million for passenger stations, operating yards and maintenance shops; \$0.7 million for data processing and communications equipment; \$0.4 for land, and \$2.1 for other fixed assets and equipment. Capital asset disposals during FY 2009-10 consisted of sale of land with an original acquisition cost of \$7.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Required Supplementary Information)

Additional information on the District's capital assets and commitments can be found in note (4) to the basic financial statements.

DEBT ADMINISTRATION

On September 25, 2001, proceeds from the issuance of \$23.8 million of Refunding Certificates of Participation (2001 COPS) was used to refund the 1989 Certificates of Participation and to establish a \$2.0 million debt reserve fund in accordance with the terms of the 2001 COPS Trust Agreement. The District issued the 2001 COPS to refinance the debt on its administrative office building and make improvements to the District's Division 3 garage. The District has covenanted in the lease agreement that as long as the property is available for the District's use and possession, it will make all lease payments and other payments obligations and include the repayment in its annual budget. At June 30, 2010, the outstanding principal component of the annual lease payment was \$14.3 million. The District plans to repay the obligation over the next eight years, by August 2018.

In October 2006, the District borrowed \$25 million from the Alameda County Transportation Improvement Authority (ACTIA). Interest on the loan accrues at an annual rate equal to the interest rate paid by the Local Agency Investment Fund (LAIF), plus 1% for administrative fees associated with the service of the loan. At June 30, 2010, the principal outstanding balance was \$7.0 million. The District repaid the balance of the loan in August 2010.

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, 2010, the principal component of the annual lease payment was \$11.0 million and the District plans to repay the obligation over ten years, 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. The COPS are secured by certain equipment and the District plans to repay the obligation over twenty-five years, by August 2034.

Additional information on the District's long-term debt can be found in note (9) to the basic financial statements.

CREDIT RATINGS AND BOND INSURANCE

Standard & Poor's and Moody's gave the District's 2001 COPS a Municipal Bond Rating of AAA and Aaa, respectively, judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." In conjunction with the 2001 COPS transaction, Ambac Assurance Company issued a financial guaranty insurance policy insuring the scheduled payment of principal and of interest on the 2001 COPS when due.

Subsequent Events

On November 5, 2010, an arbitration panel issued a decision which essentially settles the labor contract between the District and the ATU Local 192 union. Details of the proposed settlement are under review by District management.

Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Department of Finance, 1600 Franklin Street, Oakland, CA 94612, Attention: Chief Financial Officer.

Basic Financial Statements

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF FUND NET ASSETS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
JUNE 30, 2010
(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 56,348
Restricted cash and cash equivalents	870
Restricted investments	43
Receivables:	
Federal and local grants:	
Capital	3,692
Planning, operating and other	47,326
Property tax	9,124
Local sales tax	3,532
Other, principally trade receivables	4,707
Total receivables - net	<u>68,381</u>
Inventories at average cost	12,675
Prepaid expenses	2,957
Total current assets	<u>141,274</u>

NONCURRENT ASSETS:

Restricted for certificates of participation:	
Cash and cash equivalents	2,488
Investments	1,975
Certificates of participation issuance costs net of accumulated amortization	1,112
Net OPEB asset	1,721
Capital assets:	
Nondepreciable	63,413
Depreciable, net	<u>181,443</u>
Total capital assets, net	<u>244,856</u>
Total noncurrent assets	<u>252,152</u>
Total assets	<u>393,426</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	13,858
Accrued salaries and wages	2,181
Current portion of accrued vacation and sick leave	15,804
Due to Pension Trust Fund	199
Other accrued liabilities	8,376
Accrued interest payable	1,460
Unearned revenue	5,059
Current portion of claims liabilities	14,866
Current portion of remediation obligations	266
Current portion of notes payable	7,000
Current portion of certificates of participation	2,841
Total current liabilities	<u>71,910</u>

NONCURRENT LIABILITIES:

Accrued vacation and sick leave	6,632
Claims liabilities	35,005
Remediation obligations	1,042
Certificates of participation	36,942
Total noncurrent liabilities	<u>79,621</u>
Total liabilities	<u>151,531</u>

NET ASSETS

Invested in capital assets, net of related debt	209,056
Restricted for capital purchases	14,567
Restricted for debt service	1,350
Unrestricted	16,922
TOTAL NET ASSETS	<u>\$ 241,895</u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2010
(In thousands)

OPERATING REVENUES:

Passenger fares	\$ 53,229
Contract services	9,689
Other	4,484
	<hr/>
Total operating revenues	67,402
	<hr/>

OPERATING EXPENSES:

Operator wages	67,206
Other wages	56,751
Fringe benefits	122,016
Depreciation and amortization	38,990
Fuel and oil	13,581
Other material and supplies	13,895
Services	20,064
Insurance	6,983
Net expenses of joint venture	9,263
Other	7,139
	<hr/>
Total operating expenses	355,888
	<hr/>
Operating loss	(288,486)
	<hr/>

NONOPERATING REVENUES (EXPENSE):

Operating assistance:	
Property taxes	96,610
Local sales tax	51,018
Local funds	54,458
Federal	53,502
State	2,225
Gain on sale of capital assets	1,441
Interest income	130
Interest expense	(2,425)
	<hr/>
Net nonoperating revenues	256,959
	<hr/>
Loss before capital contributions	(31,527)
	<hr/>

CAPITAL CONTRIBUTIONS	8,238
	<hr/>
CHANGE IN NET ASSETS	(23,289)
	<hr/>
NET ASSETS, beginning of year	265,184
	<hr/>
NET ASSETS, end of year	\$ 241,895
	<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, 2010
(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 64,175
Cash payments to suppliers for goods and services	(72,151)
Cash payments to employees for services	(247,360)
Other operating receipts	4,898
Net cash used in operating activities	<u>(250,438)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Operating assistance received	259,190
Principal paid on notes payable	(8,000)
Interest paid on notes payable	(137)
Net cash provided by noncapital financing activities	<u>251,053</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(24,026)
Capital contributions from grants	20,980
Proceeds from sale of capital assets	8,827
Principal paid on certificates of participation	(2,430)
Interest paid on certificates of participation	(2,314)
Net cash used in capital and related financing activities	<u>1,037</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	4,026
Purchase of investments	(4,030)
Interest received on investments	83
Net cash provided by investing activities	<u>79</u>

CHANGE IN CASH AND CASH EQUIVALENTS

1,731

CASH AND CASH EQUIVALENTS, beginning of year

57,975

CASH AND CASH EQUIVALENTS, end of year

\$ 59,706

SUMMARY OF CASH AND CASH EQUIVALENTS AND INVESTMENTS REPORTED ON THE STATEMENT OF NET ASSETS:

Cash and cash equivalents (unrestricted)	\$ 56,348
Restricted cash and cash equivalents	3,358
Total cash and cash equivalents reported on the statement of net assets	<u>\$ 59,706</u>

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

Operating loss	\$ (288,486)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	38,990
Effect of changes in assets and liabilities:	
Receivables	1,287
Inventories	(697)
Prepaid expenses	(1,464)
Accounts payable and accrued expenses	879
Accrued salaries and wages	(114)
Accrued vacation and sick leave	(25)
Long-term liabilities	(808)
Net cash used in operating activities	<u>\$ (250,438)</u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF PLAN NET ASSETS - PENSION TRUST FUND
DECEMBER 31, 2009
(In thousands)

ASSETS

Contributions receivable	\$ 3,404
Receivable from brokers	322
Interest receivable on investments	917
Investments at fair value:	
Short-term investments	11,826
Equity securities	106,790
Equity funds	124,404
Fixed income securities	69,454
Fixed income funds	68,973
Total investments for payment of accrued pension costs	<u>381,447</u>
Total assets	<u>386,090</u>

LIABILITIES

Accrued expenses	105
Due to Enterprise Fund	2,552
Payable to brokers for unsettled transactions	<u>5,610</u>
Total liabilities	<u>8,267</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 377,823</u>
--	--------------------------

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF CHANGES IN PLAN NET ASSETS - PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands)

ADDITIONS:	
Employer contributions	\$ 33,279
Investment income:	
Earnings on investments	7,707
Net appreciation in fair value of investments	79,746
Investment expenses	<u>(1,027)</u>
Net investment income	<u>86,426</u>
Total additions	<u>119,705</u>
DEDUCTIONS:	
Benefit payments	28,860
Administrative expenses	<u>685</u>
Total deductions	<u>29,545</u>
NET INCREASE	90,160
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	<u>287,663</u>
End of year	<u><u>\$ 377,823</u></u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

(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 blended 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)
YEAR ENDED JUNE 30, 2010

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, liabilities, net assets, 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.

The District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

accepted in the United States of America (GAAP) for governmental units. The District has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989.

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 assets and the statement of plan net assets 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 – The Corporation is required to maintain a reserve fund related to its 2001 Certificates of Participation equal to the lesser of (1) 10% of the aggregate original principal component of installment payments or (2) 100% of the maximum amount of installment payments due in the current year or any future year or (3) 125% of the average amount of installment payments due in the current year or any future year. At June 30, 2010, the restricted portion of investments is valued at \$1,975,000. Pursuant to a trust agreement by and between the Corporation, the District and the trustee, the restricted assets can only be used to service the lease payments on the outstanding 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 \$1,350,000. 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 addition, the District has unspent bond proceeds from the issuance of the 2007 Certificates of Participation. The reserve fund balance is reported as non-current and the unspent bond proceeds are reported as current.

In connection with the 2009A Certificates of Participation, the District was required to establish and maintain a reserve fund in the amount of \$1,138,000. 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.

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 the Pension Board to provide for the future payment of pension benefits and related expenses.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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.

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:

Buildings, structures and other improvements	30 years
Revenue equipment	12 years
Service vehicles and other equipment	3 to 10 years
Engines and transmissions	4 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 \$4,092,770 for the year ended June 30, 2010 and are recorded as contract services. The remaining amount of \$5,595,857 is earned by the District's ADA Paratransit division from the East Bay Paratransit Consortium (the Consortium). See Note 15 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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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.

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 \$28.8 million in Measure VV taxes during the year ended June 30, 2010.

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 Assets – The financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt - This category groups all capital assets into one component of net assets. 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 assets – This category represents restrictions on net assets externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. At June 30, 2010, the District has restricted net assets in the amount of \$1,350,000 related to the 2007 Certificates of Participation (COPS) and \$14,567,000 for the future acquisition of buses. The net assets restricted for debt service are maintained in a reserve fund to service lease payments on the outstanding 2007 COPS.
- Unrestricted net assets – This category represents net assets 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 GAAP. Actual results could differ from those estimates.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

(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 manages its investment portfolio in order to provide a reasonable long-term rate of return to the Plan while undertaking a certain degree of market risk. The Plan utilizes overall asset allocation targets as a means of controlling the overall risk of the portfolio, without constraining the discretionary, tactical decision making process of its investment managers. In accordance with the Plan's policy, investment managers may invest in the following types of investments:

Domestic Securities & International Equity Securities

Domestic security investments may be diversified by industry and number, while international equity securities shall be diversified by country, industry and number. For both security types, no more than 5% of the total portfolio may be invested in any single issuer, or 5% of the total Company's outstanding shares. For both domestic and international equity securities, unless specifically authorized by the Plan's Board, investment managers may not invest in transactions involving stock option derivatives, short sales, purchases on margin, letter stocks, private placement securities or commodities. For domestic securities, the use of foreign equity instruments which trade on U.S. based exchanges shall not constitute more than 5% of the investment manager's portfolio and the use of other non-US equity securities is prohibited. For international equity securities, defensive currency hedging is permitted; however, no more than 20% of the fund market value will be invested in emerging market countries or countries which are not part of the MSCI EAFE Index.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

Fixed-Income Securities

Fixed income securities shall be investments in marketable, fixed-income securities. Investment managers are required to maintain a minimum overall portfolio quality rating of "AA/Aa" or better at all times. The following instruments are acceptable at purchase:

- (a) Commercial Paper or variable notes
- (b) Certificates of Deposit and Bankers Acceptances
- (c) United States Treasury Bonds, Notes and Bills
- (d) Repurchase agreements with U.S. Treasury Securities and/or U.S. Agencies as collateral
- (e) Debt instruments issued by agencies of/or guaranteed by the United States government
- (f) All investment grade Corporate debt issues
- (g) Asset-backed securities
- (h) All investment grade Municipal debt issues
- (i) Mortgage-backed pass through securities issued by Government Sponsored Enterprises (CSE's) and Commercial (CMBS)
- (j) Certain tranches of Collateralized Mortgage Obligations (CMO's) backed by pools of mortgages guaranteed by the full faith and credit of the U.S. government or its agencies
- (k) With explicit permission of the Plan's Board, the following; private placements (5% maximum exposure); Eurodollar securities and non-dollar denominated instruments (15% maximum exposure); and preferred stock (10% maximum exposure), debt for equity exchanges (5% maximum exposure), defensive currency hedging using futures and forward contracts, un-rated corporate securities or securities rated below investment grade.

Total allocations to mortgage backed derivative instruments such as principal only strips (PO), real estate mortgage investment conduits (REMIC), structured notes, targeted amortization classes (TAC's) and level II planned amortization classes (PAC II) are limited to 10% of the portfolio. Interest-only strips (IO), support or companion tranches (other than TAC's and PAC II's), and inverse floaters are not permitted.

Presentation - At June 30, 2010 (December 31, 2009 for the Plan), the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	\$ 59,706
Investments	<u>383,465</u>
Total	<u><u>\$ 443,171</u></u>
Reported in the Enterprise Fund as:	
Cash and cash equivalents	\$ 59,706
Investments	2,018
Reported in the Pension Trust Fund as:	
Investments restricted for payment of accrued pension costs (at December 31, 2009)	<u>381,447</u>
Total	<u><u>\$ 443,171</u></u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

Enterprise Fund Investments – Specific Risks

As of June 30, 2010, 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</u>
			<u>Less Than 1 Year</u>
Bank Repurchase Agreements	\$ 20,000	Not rated	\$ 20,000
U.S. Government Agencies	2,018	Aaa	2,018
Money Market Mutual Funds	24,566	Aaam	24,566
Total	<u>\$ 46,584</u>		<u>\$ 46,584</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, with the exception of the \$2,018,000 of the U.S. government agencies, 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.

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. For the District, no investment in a single security type or with a single financial institution exceeds more than 20% of the entire portfolio. 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 2010, there are no investments that exceed the threshold for disclosure of concentration of credit risk.

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.

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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

The duration of the fixed income portfolio was approximately 5.0 years on December 31, 2009. The duration of the fixed income portfolio closely tracks the duration of the Barclays Capital Aggregate Fixed Income benchmark. The Plan Investment Guidelines require investment managers to maintain duration of within 20% of the duration of the Barclays Capital Aggregate Bond Index benchmark (at December 31, 2009 this was 5.0 years). Below is a table summarizing fixed income securities held by the Plan as of December 31, 2009 (amounts are in thousands).

Investment type	Duration/ Years	Credit Quality (1)	Amount	Percent
U.S. Government Securities	7.5	Exempt	\$ 6,088	8.8%
U.S. Government Agency	5.3	AAA	10,637	15.3%
Fixed Income Securities	3.5	AAA	8,181	11.8%
Fixed Income Securities	7.4	AA	2,074	3.0%
Fixed Income Securities	5.1	A	9,091	13.1%
Fixed Income Securities	5.3	BBB	17,645	25.4%
Fixed Income Securities	5.3	BB	3,778	5.4%
Fixed Income Securities	3.7	B	2,718	3.9%
Fixed Income Securities	3.4	CCC	2,247	3.2%
Fixed Income Securities	2.3	CC	112	0.2%
Fixed Income Securities	1.9	C	199	0.3%
Fixed Income Securities	2.1	D	105	0.2%
Fixed Income Securities (2)	3.6	Other	6,579	9.5%
Total			<u>\$ 69,454</u>	<u>100.0%</u>
Measured Effective Duration	5.0			

- (1) Credit rating from Standard & Poor's Investor Services
- (2) Of the \$6,578,782 in unrated investments by Standard & Poor's, \$2,840,748 is rated at least "A" by Moody's Investors Service. This represents 43.2% of the securities unrated by Standard & Poor's.

The Plan has two fixed income funds: the Western Asset US Core Plus (Western Asset) and the AFL-CIO Housing Investment Trust (the Trust). The duration of Western Asset and the Trust is 4.84 years and 4.401 years, respectively.

Credit risk – For the Plan, fixed income assets are invested in two pooled investment vehicles and with an outside money manager. Funds totaling approximately \$8.5million at December 31, 2009 were invested in a pooled investment vehicle with the Trust. These funds are invested in a diversified portfolio of mortgage-backed securities, the majority of which are either guaranteed by the U.S. Government or an agency of the U.S. Government. The Trust is not rated.

In addition, approximately \$60.5 million was invested in a pooled investment vehicle managed by Western Asset at December 31, 2009. This fund has an average credit quality rating of A/A2. These funds were invested in a diversified portfolio of fixed income securities. A certain percentage could be securities rated below investment grade.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

The remaining fixed income assets are managed by an outside money manager. The manager can purchase both investment grade and below investment grade securities. The percentage of non-investment grade securities is limited to 20%.

Concentration of credit risk – The Plan also has investments that represent 5% or more of Plan net assets as of December 31, 2009. The Plan held Federal National Mortgage Association notes totaling \$9.83 million, or 2.6%, of the Plan's investments.

(4) CAPITAL ASSETS

Following is a summary of capital assets at June 30, 2010 (in thousands):

	<u>July 1, 2009</u>	<u>Additions/ Transfers</u>	<u>Reductions/ Transfers</u>	<u>June 30, 2010</u>
Non-depreciable capital assets:				
Land	\$ 34,654	\$ 394	\$ (7,386)	\$ 27,662
Work-in-progress	27,342	23,632	(15,223)	35,751
Total	<u>61,996</u>	<u>24,026</u>	<u>(22,609)</u>	<u>63,413</u>
Depreciable capital assets:				
Revenue equipment	254,441	8,049	(3,700)	258,790
Service vehicles and other equipment	132,593	4,333	(186)	136,740
Buildings, structure and improvements	158,574	2,841	(6)	161,409
Total	<u>545,608</u>	<u>15,223</u>	<u>(3,892)</u>	<u>556,939</u>
Less accumulated depreciation:				
Revenue equipment	(134,003)	(20,412)	3,638	(150,777)
Service vehicles and other equipment	(95,052)	(13,307)	186	(108,173)
Buildings, structure and improvements	(111,281)	(5,271)	6	(116,546)
Total	<u>(340,336)</u>	<u>(38,990)</u>	<u>3,830</u>	<u>(375,496)</u>
Depreciable capital assets, net of accumulated depreciation	<u>205,272</u>	<u>(23,767)</u>	<u>(62)</u>	<u>181,443</u>
Capital assets, net of accumulated depreciation	<u>\$ 267,268</u>	<u>\$ 259</u>	<u>\$ (22,671)</u>	<u>\$ 244,856</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

(5) INTERFUND RECEIVABLES/PAYABLES

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2010 and the Pension Trust Fund is reported as of December 31, 2009; 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, 2010		
(in thousands)		
<u>Interfund payable</u>	<u>Interfund receivable</u>	
Pension trust fund	Enterprise fund	\$ 199

December 31, 2009		
(in thousands)		
<u>Interfund payable</u>	<u>Interfund receivable</u>	
Pension trust fund	Enterprise fund	\$ 2,552

(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 12 (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, 2010 as follows (in thousands):

Federal grants	\$ 2,014
State grants	<u>6,224</u>
	<u>\$ 8,238</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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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.

Below is a summary of state and local operating assistance for the year ended June 30, 2010 (in thousands):

Local funds:	
Transportation Development Act	\$ 42,361
Regional Measure 2	12,097
	<u>\$ 54,458</u>
State operating assistance:	
Supplementary service/welfare to work	<u>\$ 2,225</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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

Local sales tax assistance for the year ended June 30, 2010 is summarized below (in thousands):

AB1107	\$ 27,767
Measure B	19,723
Measure J	<u>3,528</u>
	<u><u>\$ 51,018</u></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, 2010 are summarized below (in thousands):

Preventive maintenance	\$ 39,262
American Recovery and Reinvestment Act funding	6,682
Americans with Disabilities program – ADA set aside	7,558
Americans with Disabilities Act paratransit program – lease	1,673
Less amount reported within net expenses of joint venture	<u>(1,673)</u>
	<u><u>\$ 53,502</u></u>

At June 30, 2010 Federal Section 5307 funds totaling \$47,325,638 were recorded as a receivable.

(8) NOTES PAYABLE

In September 2006, the District borrowed \$25,000,000 from the Alameda County Transportation Improvement Authority (ACTIA). This loan accrued interest at the prevailing State Local Agency Investment Fund (LAIF) rate plus 1%. This loan was made to enable the District to implement cost reduction and revenue enhancing programs. The following is a summary of changes in the District's notes payable for the year ended June 30, 2010 (in thousands):

	Balance at July 1, 2009	Additions	Retirements	Balance at June 30, 2010	Due within One Year
ACTIA Note	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>

In April 2009, ACTIA and the District amended the loan repayment schedule. Accordingly, the District repaid the balance of the loan in August 2010.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

(9) LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2010 (in thousands):

	Balance at July 1, 2009	Additions	Retirements	Balance at June 30, 2010	Amounts Due Within One Year
2001 Certificates of Participation	\$ 15,610	\$ -	\$ (1,290)	\$ 14,320	\$ 1,340
Less unamortized					
deferred amount on refunding	(343)	-	38	(305)	(38)
2007 Certificates of Participation	12,155	-	(1,140)	11,015	1,185
Plus unamortized premium	220	-	(27)	193	27
2009A Certificates of Participation	15,000	-	-	15,000	345
Less unamortized discount	(458)	-	18	(440)	(18)
 Total long-term debt, net	 42,184	 -	 (2,401)	 39,783	 2,841
 Accrued vacation and sick leave	 22,461	 15,739	 (16,053)	 22,147	 15,804
Claims liability	50,814	45,139	(46,082)	49,871	14,866
 Total long-term liabilities	 <u>\$ 115,459</u>	 <u>\$ 60,878</u>	 <u>\$ (64,536)</u>	 <u>\$ 111,801</u>	 <u>\$ 33,511</u>

On September 25, 2001, proceeds from the issuance of \$23,800,000 of Refunding Certificates of Participation, Series 2001 (2001 COPS) were used to refund the 1989 COPS. Interest on the 2001 COPS is payable semi-annually on February 1 and August 1 of each year through the year 2018. The interest rate ranges from 2.1% to 4.8% and the final maturity is on August 1, 2018.

On December 19, 2007, proceeds from the issuance of \$13,500,000 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. The interest rate ranges from 3.8% to 4.4% and the final maturity is on August 1, 2017.

On February 1, 2009, proceeds from the issuance of \$15,000,000 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. The interest rate ranges from 1.35% to 6.32% and the final maturity is on August 1, 2034.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,870	\$ 1,859
2012	2,980	1,744
2013	3,105	1,622
2014	3,225	1,492
2015	3,365	1,349
2016-2020	13,790	4,485
2021-2025	2,690	2,912
2026-2030	3,540	2,029
2031-2035	4,770	765
Total	<u>\$40,335</u>	<u>\$ 18,257</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 of June 30, 2010, is approximately \$33.5 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. During the current year, the District performed a calculation to determine if there were any excess investment earnings on the District's COPS at June 30, 2010, and as a result of this calculation the District does not expect to incur a liability.

(10) 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 America 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 a 8-year vesting requirement.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

Actuarial methods and assumptions

The actuary used the following assumptions and methods in calculating the annual required contribution:

Valuation date	January 1, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percentage open
Remaining amortization period	18 years (decreasing one year annually, 12 year minimum) 50% of 2008 investment losses are 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*	7.7%
Projected salary increases*	3.7% to 6.5% for ATU/IBEW participants 3.7% for AFSCME and non-represented participants
*Includes inflations at	3.2%
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.

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 \$38,075,728, representing 28.16% of projected actuarial payroll.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 26,905	100.0%	\$ -
6/30/2009	27,587	100.0%	-
6/30/2010	38,076	100.0%	-

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, 2010, the most recent actuarial valuation date, the funded status of the plan was as follows (dollars in thousands):

Actuarial accrued liability (AAL)	\$ 625,116
Actuarial value of plan assets	391,063
Unfunded actuarial accrued liability (UAAL)	<u>\$ 234,053</u>
Funded ratio (actuarial value of plan assets/AAL)	62.6%
Annual covered payroll (active plan members)	\$ 136,127
UAAL as a percentage of annual covered payroll	171.9%

The actuary used the following assumptions and methods in calculating the funded status of the plans:

Valuation date	January 1, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percentage open
Remaining amortization period	17 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*	7.7%
Projected salary increases*	3.7% to 6.5% for ATU/IBEW participants 3.7% for AFSCME and non-represented participants
*Includes inflations at	3.2%
Cost of living adjustments	None

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)
YEAR ENDED JUNE 30, 2010

(11) POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. 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 2010, the required contribution rates were as follows:

<u>Bargaining Unit</u>	<u>Contribution Rate</u>
ATU Local 192	\$1.00 per hour per employee
AFSCME	\$0.70 per hour per employee
IBEW	\$1.60 per hour per employee

Annual OPEB Cost and Net OPEB Obligation (Asset)

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)
YEAR ENDED JUNE 30, 2010

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	\$ 4,134
Interest on net OPEB asset	(120)
Adjustment to annual required contribution	156
OPEB cost	4,170
Contribution made	(4,559)
Increase in net OPEB asset	(389)
Net OPEB asset - beginning of year	(2,403)
Net OPEB asset - end of year	<u>\$ (2,792)</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 (Asset)
June 30, 2008	\$ 2,770	100.0%	\$ (553)
June 30, 2009	2,778	166.6%	(2,403)
June 30, 2010	4,170	109.3%	(2,792)

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, 2010, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 70,574
Actuarial value of plan assets	8,895
Unfunded actuarial accrued liability (UAAL)	<u>\$ 61,679</u>

Funded ratio (actuarial value of plan assets/AAL)	12.6%
Annual covered payroll (active plan members)	n/a
UAAL as a percentage of annual covered payroll	n/a

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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, 2010, 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 of 30 years. The actuary uses market value to determine the actuarial value of the plan assets. The actuarial assumptions include an investment rate of 5.0%, an inflation rate of 3.2%, a healthcare cost trend rate of 10.0% for fiscal year 2010 grading down 1.0% each year to 5.0% for fiscal year 2015 and beyond, and a 3.0% dental and vision cost rate.

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.

B. 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.

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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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	\$ 1,371
Interest on net OPEB obligation	37
Adjustment to annual required contribution	(51)
OPEB cost	<u>1,357</u>
Contribution made	<u>(1,118)</u>
Decrease in net OPEB obligation	239
Net OPEB obligation - beginning of year	<u>832</u>
Net OPEB obligation - end of year	<u><u>\$ 1,071</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, 2008	\$ 1,247	0.0%	\$ 1,247
June 30, 2009	1,226	133.8%	832
June 30, 2010	1,357	82.4%	1,071

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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, 2010, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 25,328
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 25,328</u>

Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	n/a
UAAL as a percentage of annual covered payroll	n/a

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, 2010, 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 10.0% for fiscal year 2010 grading down 1.0% each year to 5.0% for fiscal year 2015 and beyond, and a dental and vision cost rate of 3.0%.

(12) COMMITMENTS

A. 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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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 \$8,826,245 (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.

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, 2010 (in thousands):

Total Allocations as of June 30, 2010	Cumulative Expenses Incurred through June 30, 2010	Commitment at June 30, 2010
<u>\$</u>	<u>\$</u>	<u>\$</u>
27,493	(12,926)	14,567

B. 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 \$57,000,000 (in 2011 dollars). The District's \$57,000,000 contribution will be funded through a combination of payments from various grant funded sources and a proposed passenger facilities charge.

(13) CONTINGENCIES

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 14, and provisions have been made in the financial statements for estimated losses under the self-insurance retention limits of insurance policies.

The District has an estimated \$1,307,537 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)
YEAR ENDED JUNE 30, 2010

(14) RISK MANAGEMENT

The District is self-insured for automotive liability and property damage for claims up to \$100,000 per occurrence; self-insured for general liability claims up to \$200,000 per occurrence; and workers' compensation claims up to \$1,000,000 per occurrence. Insurance policies provide excess coverage for claims that exceed these self-insured retentions, with general liability, property damage and statutory workers' compensation insurance coverage up to \$50,000,000.

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, 2010, the actuarial estimates based on the 50th percentile discounted at 4.5% to estimate its liability for worker's compensation and the public liability claims were \$41.2 million and \$8.5 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, 2008	\$ 43,170	\$ 7,746	\$ -	\$ 50,916
Claims and changes in estimates	9,377	3,799	34,093	47,269
Claim payments	<u>(8,966)</u>	<u>(4,312)</u>	<u>(34,093)</u>	<u>(47,371)</u>
Balance at June 30, 2009	43,581	7,233	-	50,814
Claims and changes in estimates	6,066	4,930	34,143	45,139
Claim payments	<u>(8,407)</u>	<u>(3,699)</u>	<u>(33,976)</u>	<u>(46,082)</u>
Balance at June 30, 2010	<u>\$ 41,240</u>	<u>\$ 8,464</u>	<u>\$ 167</u>	<u>\$ 49,871</u>

The classification of the current and long-term portion of the self-insurance liabilities for the year ended June 30, 2010 are summarized as follows (in thousands):

	Current	Long-term	Total
Workers' compensation liability	\$ 8,505	\$ 32,735	\$ 41,240
Public liability	6,194	2,270	8,464
Health and dental liability	<u>167</u>	<u>-</u>	<u>167</u>
	<u>\$ 14,866</u>	<u>\$ 35,005</u>	<u>\$ 49,871</u>

(15) 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 69% and 31% between the District and

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

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 2010, the District incurred net expenses of \$9,263,085 related to the Consortium.

(16) SUBSEQUENT EVENTS

On November 5, 2010, an arbitration panel issued a decision that settled the labor contract between the District and the ATU. The key terms of the new contract include the following:

1. Health and Welfare
 - a. ATU employees will contribute a percentage of their gross salary towards the cost of health and welfare benefits. The contributions will be 6% for the first 12 months, 5% for the next 12 months, and 3% for the balance of the term of the agreement.
 - b. ATU represented employees will now have the same co-pay structure for medical visits and prescription drugs as all other District employees.
 - c. Employees opting out of District coverage for medical and/or dental coverage will receive a flat monthly amount rather than 50% of the cost of the premium.
2. Retirement Benefits
 - a. The District's contribution to the retiree medical trust will be \$0.65 per hour for the duration of the agreement. Thereafter, the rate will be \$1.10 per hour.
3. Work Rules
 - a. Elapsed time premium is reduced from double-time pay to straight-time pay for work between 12 hours 15 minutes and 13 hours.
 - b. Overtime on a 6th or 7th day is payable only if the employee has worked five days in the work week or has already worked in excess of 40 hours.
 - c. The daily guarantee of 8 hours pay will now include the 10 minutes of allowed time at the start of each run.
 - d. The perfect attendance bonus will be eliminated within the next 12 months.
4. Paid Time Off
 - a. Sick leave will not be payable for the first day of an illness, unless the employee has more than 24 days in his/her sick leave account and the illness lasts more than two days.
 - b. Veterans' Day will no longer be a paid holiday.

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, 2009
(In Thousands)

<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>
1/1/2008	\$ 420,844	\$ 531,757	\$ 110,913	79%	\$ 129,935	85%
1/1/2009	358,601	586,782	228,181	61%	135,196	169%
1/1/2010	391,063	625,116	234,053	63%	136,127	172%

SCHEDULE OF FUNDING PROGRESS
ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' POST EMPLOYMENT BENEFITS OTHER
THAN PENSION (UNAUDITED)
YEAR ENDED JUNE 30, 2010
(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>
6/30/2008	\$ 5,428	\$ 47,404	\$ 41,976	11%	n/a	n/a
6/30/2010	8,895	70,574	61,679	13%	n/a	n/a

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>
6/30/2008	\$ -	\$ 20,854	\$ 20,854	0%	n/a	n/a
6/30/2010	-	25,328	25,328	0%	n/a	n/a

Other Supplementary Information

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE STATEMENTS OF FUND NET ASSETS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
JUNE 30, 2010 AND 2009
(In thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 56,348	\$ 51,204
Restricted cash and cash equivalents	870	4,283
Restricted investments	43	42
Receivables:		
Federal and local grants:		
Capital	3,692	16,434
Planning, operating and other	47,326	39,785
Property tax	9,124	6,274
Local sales tax	3,532	12,923
Interest	-	284
Other, principally trade receivables	4,707	6,090
Total receivables - net	<u>68,381</u>	<u>81,790</u>
Due from Pension Trust Fund	-	86
Inventories at average cost	12,675	11,978
Prepaid expenses	2,957	1,493
Total current assets	<u>141,274</u>	<u>150,876</u>
NONCURRENT ASSETS:		
Restricted for certificates of participation:		
Cash and cash equivalents	2,488	2,488
Investments	1,975	1,975
Certificates of participation issuance costs, net of accumulated amortization	1,112	1,210
Net OPEB asset	1,721	1,571
Capital assets:		
Nondepreciable	63,413	61,996
Depreciable, net	181,443	205,272
Total capital assets, net	<u>244,856</u>	<u>267,268</u>
Total noncurrent assets	<u>252,152</u>	<u>274,512</u>
TOTAL ASSETS	<u>393,426</u>	<u>425,388</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	13,858	11,556
Accrued salaries and wages	2,181	2,295
Current portion of accrued vacation and sick leave	15,804	15,634
Due to Pension Trust Fund	199	-
Other accrued liabilities	8,376	9,800
Accrued interest payable	1,460	2,377
Unearned revenue	5,059	2,695
Current portion of claims liabilities	14,866	16,995
Current portion of remediation obligations	266	208
Current portion of notes payable	7,000	8,000
Current portion of certificates of participation	2,841	2,401
Total current liabilities	<u>71,910</u>	<u>71,961</u>
NONCURRENT LIABILITIES:		
Accrued vacation and sick leave	6,632	6,827
Claims liabilities	35,005	33,819
Remediation obligations	1,042	814
Notes payable	-	7,000
Certificates of participation	36,942	39,783
Total noncurrent liabilities	<u>79,621</u>	<u>88,243</u>
Total liabilities	<u>151,530</u>	<u>160,204</u>
NET ASSETS		
Invested in capital assets, net of related debt	209,056	231,130
Restricted for capital purchases	14,567	18,342
Restricted for debt service	1,350	1,350
Unrestricted	16,922	14,362
TOTAL NET ASSETS	<u>\$ 241,895</u>	<u>\$ 265,184</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
(In thousands)

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES:		
Passenger fares	\$ 53,229	\$ 52,173
Contract services	9,689	10,646
Other	4,484	6,527
Total operating revenues	<u>67,402</u>	<u>69,346</u>
OPERATING EXPENSES:		
Operator wages	67,206	67,436
Other wages	56,751	59,252
Fringe benefits	122,016	112,939
Depreciation and amortization	38,990	37,805
Fuel and oil	13,581	17,721
Other material and supplies	13,895	15,752
Services	20,064	22,125
Insurance	6,983	5,150
Net expenses of joint venture	9,263	13,564
Other	7,139	9,975
Total operating expenses	<u>355,888</u>	<u>361,719</u>
Operating loss	<u>(288,486)</u>	<u>(292,373)</u>
NONOPERATING REVENUES (EXPENSE):		
Operating assistance:		
Property taxes	96,610	87,365
Local sales tax	51,018	52,972
Local funds	54,458	58,164
Federal	53,502	57,532
State	2,225	11,328
Gain on sale of capital assets	1,441	-
Interest income	130	1,690
Interest expense	(2,425)	(3,077)
Net nonoperating revenues	<u>256,959</u>	<u>265,974</u>
Loss before capital contributions	<u>(31,527)</u>	<u>(26,399)</u>
CAPITAL CONTRIBUTIONS	<u>8,238</u>	<u>42,627</u>
CHANGE IN NET ASSETS	<u>(23,289)</u>	<u>16,228</u>
NET ASSETS, beginning of year	<u>265,184</u>	<u>248,956</u>
NET ASSETS, end of year	<u>\$ 241,895</u>	<u>\$ 265,184</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
(In thousands)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 64,175	\$ 63,722
Cash payments to suppliers for goods and services	(72,151)	(86,120)
Cash payments to employees for services	(247,360)	(237,542)
Other operating receipts	4,898	6,988
Net cash used in operating activities	<u>(250,438)</u>	<u>(252,952)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating assistance received	259,190	249,753
Principal paid on notes payable	(8,000)	(10,000)
Interest paid on notes payable	(137)	(25)
Net cash provided by noncapital financing activities	<u>251,053</u>	<u>239,728</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(24,026)	(73,599)
Capital contributions from grants	20,980	37,931
Proceeds from sale of capital assets	8,827	-
Proceeds from issuance of debt	-	15,000
Discount amortization on note payable	-	(591)
Payment for costs of issuance	-	(458)
Principal paid on certificates of participation	(2,430)	(2,595)
Interest paid on certificates of participation	(2,314)	(1,287)
Net cash provided by (used in) capital and related financing activities	<u>1,037</u>	<u>(25,599)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	4,026	3,981
Purchase of investments	(4,030)	(4,002)
Interest received on investments	83	432
Net cash provided by investing activities	<u>79</u>	<u>411</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,731</u>	<u>(38,412)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>57,975</u>	<u>96,387</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 59,706</u>	<u>\$ 57,975</u>
SUMMARY OF CASH AND CASH EQUIVALENTS AND INVESTMENTS REPORTED ON THE STATEMENT OF NET ASSETS:		
Cash and cash equivalents (unrestricted)	\$ 56,348	\$ 51,204
Restricted cash and cash equivalents	3,358	6,771
Total cash and cash equivalents reported on the statement of net assets	<u>\$ 59,706</u>	<u>\$ 57,975</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (288,486)	\$ (292,373)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	38,990	37,805
Loss on disposal of capital assets	-	61
Effect of changes in assets and liabilities:		
Receivables	1,287	1,732
Inventories	(697)	(760)
Prepaid expenses	(1,464)	(1)
Accounts payable and accrued expenses	879	1,907
Accrued salaries and wages	(114)	(1,279)
Accrued vacation and sick leave	(25)	1,288
Long-term liabilities	(808)	(1,332)
Net cash used in operating activities	<u>\$ (250,438)</u>	<u>\$ (252,952)</u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
BUDGETARY BASIS - BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND - TRANSIT ONLY
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
(In thousands)

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES:		
Passenger fares	\$ 52,645	\$ 53,957
Bart transfers	4,026	5,301
Contract services	1,733	879
Advertising	1,250	2,604
Other	<u>3,789</u>	<u>3,044</u>
Total operating revenues	<u>63,443</u>	<u>65,785</u>
NONOPERATING REVENUES (EXPENSE):		
Property taxes	67,804	72,229
Property taxes - Measure VV	28,807	15,136
Local sales tax - Measure B	19,723	20,733
Local sales tax - Measure J	3,527	1,472
Local operating assistance	12,662	11,612
State - AB11107	27,767	30,767
State - AB2972 Home to School	2,225	2,225
State - TDA	44,841	49,191
State - STA	6,787	9,836
Capital contributions	8,238	42,627
Federal operating assistance	55,175	59,035
Interest income	42	349
Interest expense	<u>(2,025)</u>	<u>(3,058)</u>
Net nonoperating revenues	<u>275,573</u>	<u>312,154</u>
Total revenues	<u>339,016</u>	<u>377,939</u>
OPERATING EXPENSES:		
Operator wages	65,206	65,377
Other wages	56,018	58,467
Fringe benefits	82,148	83,197
Pension expense	38,069	27,485
Services	20,063	22,121
Fuel and lubricants	13,276	17,328
Office/printing supplies	737	756
Other materials and supplies	13,081	14,846
Utilities	3,032	2,976
Insurance	7,012	5,518
Expenses of joint venture	22,405	20,223
Other expenses	<u>4,107</u>	<u>6,979</u>
Total operating expenses	<u>325,154</u>	<u>325,273</u>
Capital outlay	<u>875</u>	<u>26,513</u>
Total expenses	<u>326,029</u>	<u>351,786</u>
Excess of revenues over expenses	<u>\$ 12,987</u>	<u>\$ 26,153</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, 2010
(In thousands)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:			
Passenger fares	\$ 55,587	\$ 52,645	\$ (2,942)
Bart Transfers	4,026	4,026	-
Contract services	629	1,733	1,104
Advertising	1,000	1,250	250
Other	2,733	3,789	1,056
Total operating revenues	63,975	63,443	(532)
NONOPERATING REVENUES (EXPENSE):			
Property taxes	65,557	67,804	2,247
Property taxes - Measure VV	29,335	28,807	(528)
Local sales tax - Measure B	20,317	19,723	(594)
Local sales tax - Measure J	3,450	3,527	77
Local operating assistance	10,281	12,662	2,381
State - AB11107	26,500	27,767	1,267
State - AB2972 Home to School	2,225	2,225	-
State - TDA	42,680	44,841	2,161
State - STA	14,607	6,787	(7,820)
Capital contributions	-	8,238	8,238
Federal operating assistance	42,122	55,175	13,053
Interest income	50	42	(8)
Interest expense	(2,672)	(2,025)	647
Total nonoperating revenues (expense)	254,452	275,573	21,121
Total revenues	318,427	339,016	20,589
EXPENSES:			
Operator wages	65,264	65,206	58
Other wages	54,943	56,018	(1,075)
Fringe benefits	85,182	82,148	3,034
Pension expense	38,080	38,069	11
Services	24,659	20,063	4,596
Fuel and lubricants	15,074	13,276	1,798
Office/printing supplies	906	737	169
Other materials and supplies	14,150	13,081	1,069
Utilities	3,339	3,032	307
Insurance	6,890	7,012	(122)
Expenses of joint venture	21,772	22,405	(633)
Other expenses	940	4,107	(3,167)
Total operating expenses	331,199	325,154	6,045
Capital outlay	3,162	875	2,287
Total expenses	334,361	326,029	8,332
Excess of revenues over expenses	\$ (15,934)	\$ 12,987	\$ 28,921

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, 2010
(In thousands)

	Special Transit District 1	Special Transit District 2	Total
REVENUES:			
Passenger fares	\$ 50,266	\$ 2,379	\$ 52,645
BART transfers	3,844	182	4,026
Contract services	1,722	11	1,733
Advertising	1,107	143	1,250
Interest income	37	5	42
Other	3,354	435	3,789
	<u>60,330</u>	<u>3,155</u>	<u>63,485</u>
Total operating revenues			
SUBSIDIES			
Property taxes	53,585	14,219	67,804
Property taxes - Measure VV	28,807	-	28,807
Local sales tax - Measure B	18,273	1,450	19,723
Local sales tax - Measure J	3,527	-	3,527
Local operating assistance	10,708	1,954	12,662
State - AB2972 Home to School	2,225	-	2,225
State - AB11107	27,767	-	27,767
State - TDA	37,290	7,551	44,841
State operating assistance	6,054	733	6,787
Federal operating assistance	48,912	6,263	55,175
	<u>237,148</u>	<u>32,170</u>	<u>269,318</u>
Total subsidies			
Total revenues and subsidies	<u>297,478</u>	<u>35,325</u>	<u>332,803</u>
EXPENSES:			
Operator wages	57,896	7,310	65,206
Other wages	49,588	6,430	56,018
Fringe benefits	72,841	9,307	82,148
Pension	33,756	4,313	38,069
Services	17,760	2,303	20,063
Fuel and lubricants	11,752	1,524	13,276
Office/printing supplies	652	85	737
Bus parts/maintenance supplies	11,580	1,501	13,081
Utilities	2,684	348	3,032
Insurance	6,207	805	7,012
Other expenses	2,360	306	2,666
ADA Paratransit Service	20,317	2,088	22,405
Interest Expense	1,797	228	2,025
Depreciation	34,055	4,415	38,470
	<u>323,245</u>	<u>40,963</u>	<u>364,208</u>
Total expenses			
Income (loss) before capital contributions	(25,767)	(5,638)	(31,405)
Capital contributions	8,077	161	8,238
Change in net assets	<u>\$ (17,690)</u>	<u>\$ (5,477)</u>	<u>\$ (23,167)</u>

See accompanying notes to other supplementary information.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO OTHER SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

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, 2010 basic financial statements of the District's budgeted fund is as follows (in thousands):

Increase in net assets on a GAAP basis	\$ (23,289)
Perspective differences	122
Gain on sale of capital assets	(1,441)
Capital outlay of District funds	(875)
Depreciation on fixed assets funded by District operations	<u>38,470</u>
Increase in net assets on a budgetary basis	<u><u>\$ 12,987</u></u>

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.

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	46

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	47
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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	55
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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	56
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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	60
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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 ASSETS
LAST TEN FISCAL YEARS
(in thousands)

	<u>2001</u> ¹	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net Assets:										
Invested in capital assets, net of related debt	n/a	\$177,422	\$206,890	\$241,579	\$222,238	\$222,482	\$229,109	\$212,754	\$231,130	\$209,056
Restricted for capital purchases ³	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$15,668	18,342	14,567
Restricted for debt service ²	n/a	2,013	2,013	2,013	1,975	1,975	-	1,350	1,350	1,350
Unrestricted	n/a	30,510	(4,236)	(14,388)	4,658	18,833	35,704	19,184	14,362	16,922
Total net assets	<u>n/a</u>	<u>\$209,945</u>	<u>\$204,667</u>	<u>\$229,204</u>	<u>\$228,871</u>	<u>\$243,290</u>	<u>\$264,813</u>	<u>\$248,956</u>	<u>\$265,184</u>	<u>\$241,895</u>

Notes:

¹ Implementation of GASB 34 effective beginning FYE June 30, 2002.

² Restricted amounts relate to payments on the Certificates of Participation.

³ Restricted for capital purchases was required starting FY 2010.

Source: Office of Controller, AC Transit

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

OPERATING REVENUES

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Farebox	\$47,031	\$44,861	\$40,820	\$43,904	\$43,266	\$47,536	\$48,550	\$49,889	\$52,173	\$53,229
Other Transit Fares		205	236	325	589	623	827	1,001	120	110
Bart Transfers	5,258	5,390	4,931	4,803	4,164	4,624	4,596	5,104	5,301	4,026
Contract Service	3,585	4,046	4,243	4,011	4,250	4,129	4,493	5,279	5,226	5,553
Cypress Mitigation/ CSP Startup (Cal Trans)										
Service Funding-Alameda	-	245	245	56	-	-	-	-	-	-
Advertising	1,632	1,718	1,883	2,086	2,188	2,290	2,394	2,536	2,604	1,250
Other Income	2,419	3,384	2,369	5,102	4,144	3,861	4,476	2,962	3,922	3,234
TOTAL	59,925	59,849	54,727	60,287	58,601	63,063	65,336	66,771	69,346	67,402

NONOPERATING REVENUES

Property Taxes	43,365	47,206	49,623	59,365	60,520	73,078	77,655	83,138	87,365	96,610
State Funding	2,404	2,630	4,063	3,422	3,808	11,386	14,678	13,600	14,079	2,225
Sales Tax (AB1107)	27,650	30,979	32,410	28,526	29,729	31,990	33,180	33,833	30,767	27,767
Sales Tax TDA ⁴	43,950	61,202	36,806	46,490	48,259	52,533	53,299	53,017	46,310	54,458
Capital Contribution - Fed & State	17,144	9,984	37,648	35,543	17,482	22,592	36,267	31,402	42,627	8,238
Operating Assistance Federal Sec. 8 & 9	5,954	34,099	39,283	37,207	35,083	32,263	25,690	12,088	48,162	55,175
Measure "B" ¹	13,151	12,357	22,178	20,246	20,818	22,722	23,288	23,868	20,733	19,723
Measure "J" ²	1,265	1,316	1,468	1,506	1,273	1,377	1,609	1,489	1,472	3,528
SCCTD-DB Reimbursement										
Prop. 111-STA	3,059	5,477	3,171	3,077	4,036	5,238	6,991	3,968	9,103	0
Interest Income	3,906	1,528	653	466	1,171	2,123	3,104	2,741	1,690	130
ADA Paratransit Service ³	4,448	5,123	3,832	4,627	5,646	6,289	5,627	7,860	9,370	0
TOTAL	166,296	211,901	231,135	240,475	227,825	261,591	281,388	267,004	311,678	267,854

**REVENUES &
SUBSIDIES**

\$226,221	\$271,750	\$285,862	\$300,762	\$286,426	\$324,654	\$346,724	\$333,775	\$381,024	\$335,256
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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 2009-2010

⁴ RM2 revenues were reclassified from State Funding to Sales Tax TDA starting in FY 2009

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>	
2001	0.352	0.141	0.493	0.237	0.225	0.045	0.507	1
2002	0.325	0.173	0.498	0.201	0.252	0.049	0.502	1
2003	0.326	0.180	0.506	0.199	0.237	0.058	0.494	1
2004	0.329	0.167	0.496	0.208	0.226	0.070	0.504	1
2005	0.324	0.157	0.481	0.210	0.236	0.073	0.519	1
2006	0.332	0.070	0.402	0.293	0.228	0.077	0.598	1
2007	0.314	0.065	0.379	0.310	0.236	0.075	0.621	1
2008	0.313	0.064	0.377	0.295	0.258	0.070	0.623	1
2009	*	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*	*

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>	
2001	0.236	0.036	0.272	0.580	0.068	0.080	0.728	1.000
2002	0.199	0.026	0.225	0.604	0.066	0.105	0.775	1.000
2003	0.170	0.037	0.207	0.602	0.030	0.161	0.793	1.000
2004	0.173	0.043	0.216	0.612	0.026	0.146	0.784	1.000
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

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 2010 Transportation Fact Book"

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

SALES TAX (AB 1107) RECEIPTS ¹

2000-01	257,171,619
2001-02	230,752,302
2002-03	223,274,700
2003-04	227,747,920
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

LOCAL TRANSPORTATION FUNDS ²

	<u>ALAMEDA COUNTY</u>	<u>CONTRA COSTA COUNTY</u>	<u>TOTAL</u>
2000-01	61,283,441	31,388,967	92,672,408
2001-02	56,343,360	30,538,171	86,881,531
2002-03	53,596,978	30,495,773	84,092,751
2003-04	55,175,813	31,412,304	86,588,117
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

Notes:

¹ AB1107 Sales Tax receipts are shared by AC Transit, San Francisco Municipal Railways and Bay Area Rapid Transit. AC Transit received \$27.8 million in the fiscal year 2010.

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 2010, AC Transit received \$39.2 million from Alameda County and \$5.6 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 ¹	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Utility and Unsecured Property ²	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2002	\$ 80,008,388	\$ 16,371,339	\$ 14,325,866	\$ 1,183,410	\$ 1,314,653	\$ 13,636,250	\$ 2,920,971	\$ 123,918,935	1.00 %
2003	86,986,683	18,081,908	15,418,841	1,002,579	1,516,427	13,756,814	3,321,800	133,441,452	1.00
2004	94,976,679	19,186,774	15,977,934	1,081,747	1,603,399	12,701,210	3,243,636	142,284,107	1.00
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

CONTRA COSTA COUNTY							
	Fiscal Year	Real Property ³	Personal Property ³	Total	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate
	2001	83,329,641	2,936,004	86,265,645	1,637,667	84,627,978	1.00
	2002	92,091,316	3,350,097	95,441,413	1,951,214	93,490,199	1.00
	2003	99,461,281	3,570,777	103,032,058	2,106,357	100,925,701	1.00
	2004	108,071,968	3,190,706	111,262,674	2,190,126	109,072,548	1.00
	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

Notes:

¹ Data not available for fiscal years 1999 to 2001.

² The utility and unsecured rolls are not available by property type.

³ 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					
	County General	County Special	Local Special	Agency	Schools	Cities	Total ¹
		Districts	Districts	Districts			
2001	1.0000	0.0027	0.0016	0.0095	0.0664	0.0469	1.1271
2002	1.0000	0.0031	0.0016	0.0099	0.0624	0.0494	1.1264
2003	1.0000	0.0031	0.0014	0.0093	0.0751	0.0449	1.1338
2004	1.0000	0.0029	0.0012	0.0084	0.0777	0.0555	1.1457
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

CONTRA COSTA COUNTY

Fiscal Year	County Direct Rate	Overlapping Rates					
	Countywide Rate ²	County Special	Local ₃ Special	Agency	Schools	Cities	Total
		Districts	Districts	Districts			
2001	1.0000	0.0006	0.0047	0.0067	0.0334	0.0131	1.0585
2002	1.0000	0.0005	0.0044	0.0074	0.0357	0.0133	1.0613
2003	1.0000	0.0005	0.0042	0.0067	0.0360	0.0130	1.0604
2004	1.0000	0.0005	0.0029	0.0064	0.0549	0.0134	1.0781
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

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, 2010
(in thousands)**

ALAMEDA COUNTY

	2010			2001		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Taxpayer						
Pacific Gas & Electric Co.	\$ 1,346,299	1	0.72 %	\$ 909,766	3	0.88 %
New United Motor Manufacturing, Inc.	1,073,296	2	0.57	971,634	1	0.94
AT&T California	436,906	3	0.23	969,686	2	0.94
Kaiser Foundation Hospitals	387,117	4	0.21			
Kaiser Foundation Health Plan, Inc.	355,441	5	0.19			
Catellus Development Corporation	334,364	6	0.18	195,513	7	0.19
Bayer Healthcare LLC	278,224	7	0.15			
SCI Limited Partnership	269,201	8	0.14	221,728	6	0.22
Northern California Industrial Portfolio, Inc	268,824	9	0.14			
NOP Watergate LLC	253,404	10	0.14			
Spieker Properties, Inc.				296,300	4	0.29
Cutter Laboratories				272,964	5	0.27
Sun Microsystems, Inc.				193,169	8	0.19
Oakland City Center LLC				185,105	9	0.18
Alameda Real Estate Investments				183,948	10	0.18
	<u>\$ 5,003,076</u>		<u>2.67 %</u>	<u>\$ 4,399,813</u>		<u>4.28 %</u>

CONTRA COSTA COUNTY

	2010			2001		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Taxpayer						
Chevron USA	\$ 3,692,749	1	2.62 %	\$ 1,922,823	1	2.27 %
Equilon/Shell Oil Co.	2,037,101	2	1.45			
Tesoro Refining & Marketing	1,369,592	3	0.97			
Pacific Gas & Electric	1,340,271	4	0.95	834,947	4	0.99
Tosco Corporation	1,078,776	5	0.77	1,640,024	2	1.94
Sunset Land Company	765,844	6	0.54			
Seeno Construction Co.	578,207	7	0.41	401,637	7	0.47
AT & T/Pacific Bell	530,292	8	0.38	959,633	3	1.13
Mirant Delta/Delta Energy Ctr	529,115	9	0.38			
Shappell Industries, Inc.	514,358	10	0.37			
Shell Oil Company				745,058	5	0.88
Southern Energy				622,020	6	0.74
USS Posco Industries				391,525	8	0.46
Bank of America				159,529	9	0.19
Taubman				140,300	10	0.17
	<u>\$ 12,436,305</u>		<u>8.84 %</u>	<u>\$ 7,817,496</u>		<u>9.24 %</u>

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

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
PRINCIPAL EMPLOYERS
JUNE 30, 2010
(in thousands)**

ALAMEDA COUNTY

Employer	Type of Business	Number of Employees 2010 ¹	Rank	Percentage of Total County Employment	Number of Employees 2001 ¹	Rank	Percentage of Total County Employment ²
University of California Berkeley	Education	14,041	1	2.10%	13,457	1	1.82%
County of Alameda	Local Government	9,094	2	1.36%	9,169	2	1.24%
Lawrence Livermore National Laboratory	Energy Develop and Conservation	7,000	3	1.05%	7,537	3	1.02%
Wells Fargo & Company	Business Services	5,862	4	0.88%	-	-	-
Oakland Unified School District	Education	5,704	5	0.85%	7,206	4	0.97%
Lawrence Berkeley Laboratory	Research and Development	5,000	6	0.75%	-	-	-
City of Oakland	Local Government	4,478	7	0.67%	3,734	10	0.50%
Cost Plus Incorporated	Trade	4,125	8	0.62%	-	-	-
Kaiser Foundation Hospitals	Services	3,105	9	0.46%	4,693	7	0.63%
Peralta Community College District	Education	2,759	10	0.41%	-	-	-
Minneapolis Postal Data Center	Postal Data Center	-	-	-	6,506	5	0.88%
Kaiser Permanente Medical Group Inc	Health and Medical	-	-	-	5,276	6	0.71%
New United Motor Manufacturing, Inc.	Industrial	-	-	-	4,551	8	-
Pacific Bell	Communications	-	-	-	4,043	9	0.55%
Total		61,168		9.15%	66,172		8.32%

CONTRA COSTA COUNTY

Taxpayer	2010 ³			2001 ⁵		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
Chevron Corp.	4,700	1	1.0%	3,500	2	0.7%
Kaiser Foundation Hospital	2,300	2	0.5%	2,300	3	0.5%
John Muir Health	1,900	3	0.4%	1,900	4	0.4%
Bio-Rad Laboratories	1,700	4	0.4%			0.0%
John Muir Mt. Diablo Medical Ctr.	1,500	5	0.3%	1,500	5	0.3%
24 Hour Fitness	1,300	6	0.3%			
Doctors Medical Center	1,000	7	0.2%	1,000	6	0.2%
USS Posco Industries	975	8	0.2%	975	7	0.2%
Contra Costa Newspapers	900	9	0.2%	900	8	0.2%
Bank of the West	800	10	0.2%	700	9	0.1%
Kaiser-Permanente			0.0%	5,000	1	1.0%
Aetna Health Services			0.0%	600	10	0.1%
All Others	456,725		96.3%	464,025		96.3%
	473,800 ⁴		100.0%	482,400 ⁶		100.0%

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 669,200 for 2010 and 740,100 for 2001 (Source: Employee Development Department)

³ Rich's Everyday Sales Prospecting Directory (2010) - Contra Costa County

⁴ State of California Employment Development Department, 2010 annual, not adjusted

⁵ Rich's Everyday Sales Prospecting Directory (2001) - Contra Costa County

⁶ State of California Employment Development Department, 2000 annual, not adjusted

Source: Harris Infosource July 2010; East Bay EDA for 2000 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	-	-	-

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
2001	1,062,831	1,046,103	98.43 %	16,568	1,062,671	99.98
2002	1,187,173	1,166,622	98.27	20,373	1,186,994	99.98
2003	1,293,561	1,267,987	98.02	25,347	1,293,334	99.98
2004	1,402,895	1,375,570	98.05	27,016	1,402,586	99.98
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	34,256	1,719,535	99.92
2007	1,967,771	1,886,919	95.89	76,081	1,963,000	99.76
2008	2,077,283	1,971,251	94.90	94,081	2,065,332	99.42
2009	2,061,930	1,975,895	95.83	59,780	2,035,675	98.73
2010	1,964,724	1,909,306	97.18	-	1,909,306	97.18

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 NINE FISCAL YEARS
(in thousands)**

Fiscal Year	Certificates of Participation	ACTIA	Total Primary Government	Percentage of Taxable Assessed Value ¹	Per Capita ²
2002	\$ 23,193	\$ -	\$ 23,193	0.011%	0.940%
2003	21,996	0	21,996	0.009%	0.883%
2004	20,958	20	20,978	0.008%	0.837%
2005	19,891	20	19,911	0.007%	0.787%
2006	18,789	0	18,789	0.006%	0.739%
2007	17,652	25	17,677	0.005%	0.690%
2008	29,980	25	30,005	0.008%	1.156%
2009	42,184	15	42,199	0.012%	1.612%
2010	39,783	7	39,790	0.011%	1.503%

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
2001	1,479,100	56,121,664	38,172	4.8
2002	1,486,550	55,316,775	37,788	6.7
2003	1,496,200	56,257,943	38,583	6.9
2004	1,498,125	59,419,621	40,920	5.9
2005	1,507,500	62,331,734	42,956	5.1
2006	1,510,303	66,325,334	45,689	4.4
2007	1,526,148	70,761,435	48,679	4.7
2008	1,543,000	- ¹	- ¹	7.2
2009	1,556,657	- ¹	- ¹	11.4
2010	1,574,857	- ¹	- ¹	11.5

CONTRA COSTA COUNTY

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2001	972,103	43,472,330	44,696	4.0%
2002	981,555	43,304,580	44,062	5.7%
2003	994,908	44,177,166	44,571	6.1%
2004	1,007,606	47,550,512	47,672	5.4%
2005	1,020,898	50,471,711	50,215	5.1%
2006	1,030,732	53,224,116	52,730	4.5%
2007	1,037,580	56,396,753	55,580	4.7%
2008	1,051,674	59,348,149	57,874	6.3%
2009	1,060,435	- ¹	- ¹	10.8%
2010	1,073,055	- ¹	- ¹	11.3%

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, 2011**

2009-10 Appropriations Limit, Budgetary Purposes	\$358,199,986
Change in Consumer Price Index	-2.54
Weighted Average Change in Population	1.0110
Total Adjustment Factor (rounded)	0.9853
Annual adjustment in dollars (rounded)	-5,254,794
2010-11 Appropriations Limit	\$352,945,192

Source: Office of Controller, AC Transit

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

<u>FARE CATEGORY ¹</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>LOCAL CASH</u>										
Adult	\$1.35	\$1.35	\$1.50	\$1.50	\$1.50	\$1.75	\$1.75	\$1.75	\$2.00	\$2.00
Youth (13-17)	1.35	1.35	0.75	0.75	0.75	0.85	0.85	0.85	1.00	1.00
Child (5-12)	0.65	0.65	0.75	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	0.65	0.65	0.75	0.75	0.75	0.85	0.85	0.85	1.00	1.00
<u>LOCAL PASSES</u>										
Adult	49	49	50	60	60	70	70	70	80	80
Youth/Child (5-17)	27	27	15	15	15	15	15	15	15	15
Sr/Disabled	13	13	15	20	20	20	20	20	20	20
10-ride pass										
Adult		11.5	13	15	15	17.5	17.5	17.5	20	20
Sr/Dis/Youth		5.5	6.5	7.5	7.5	8.5	8.5	8.5	10	10
BART-to-Bus Transfer										
Adult		1.15	1.25	1.25	1.25	1.5	1.5	1.5	1.75	1.75
Sr/Dis/Youth ³		0.55	0.55	0.55	0.55	0.65	0.65	0.65	0.75	0.75
Sports Special			2	2	2.5	2.5	2.5	2.5	2.5	2.5
<u>TRANSBAY BASIC CASH</u>										
Adult	2.5	2.5	3	3	3	3.5	3.5	3.5	4.00	4.00
Youth (13-17)	2.5	2.5	1.5	1.5	1.5	1.7	1.7	1.7	2.00	2.00
Child (5-12)	1.25	1.25	1.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.25	1.25	1.5	1.5	1.5	1.7	1.7	1.7	2.00	2.00
<u>TRANSBAY BASIC PASS</u>										
Adult	80	80	85	100	100	116	116	116	132.5	132.5
10-ride pass										
Adult		22	26	30	30	35	35	35	n/a	n/a
Sr/Dis/Youth		11	13	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sports Special		3.5	3	3.5	3.5	3.5	3.5	3.5	n/a	n/a
<u>TRANSBAY LONG DISTANCE CASH</u>										
Adult	2.75	2.75	3.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Youth (13-17)	2.75	2.75	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Child (5-12)	1.35	1.35	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.35	1.35	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
10-ride pass										
Adult		25	28	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Dis/Youth		12	14	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSBAY LONG DISTANCE PASS</u>										
Adult	90	90	95	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 1.5 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, 2010**

EMPLOYEES: 2,032 (1,782 in Vehicle Operations, which includes 1,361 drivers;
421 in Maintenance; and 249 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	\$2.00	\$4.00
Youth (5-17)	1.00	\$2.00
Sr/Disabled	1.00	\$2.00
Discounts available for all fare categories with tickets and passes		

PASSENGER TRIPS - 197,445 average weekday (61 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 - 35 routes	East Bay District 1 - 60 routes
District 2 (Fremont & Newark) - 14 routes	Special Service - 6

FLEET - Total Buses: 646. Weekday Peak Hour Requirement: 504. Basic Service: 319
ADA Accessible Buses: 643

MILEAGE - Annual Total Vehicle Miles - 25,198,839 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 2009-10

Source: Office of Controller, AC Transit

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

Operating Revenues

	<u>2001</u> ¹	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Passenger fares		\$45,066	\$41,056	\$44,230	\$43,855	\$48,159	\$49,377	\$50,890	\$52,173	\$53,229
Contract service		9,436	9,174	8,814	8,414	8,753	9,089	10,383	10,646	9,689
Other		5,347	4,497	7,244	6,332	6,151	6,870	5,498	6,527	4,484
Total operating revenues	n/a	\$ 59,849	\$ 54,727	\$ 60,288	\$ 58,601	\$ 63,063	\$ 65,336	\$ 66,771	\$ 69,346	\$ 67,402

Non-operating revenues

Property taxes		\$ 47,206	\$ 49,623	\$ 59,365	\$ 60,520	\$ 73,078	\$ 77,655	\$ 83,138	\$ 87,365	\$ 96,610
Local sales tax		44,652	56,056	50,278	51,820	56,090	58,077	59,191	52,972	51,018
Local funds ²		61,202	36,806	46,490	48,259	52,533	53,299	53,017	58,164	54,458
Federal		34,099	40,881	37,207	35,083	32,996	31,317	19,948	57,532	53,502
State		8,107	7,335	6,499	7,844	16,624	21,670	17,567	11,328	2,225
Gain on sale of capital assets										1,441
Interest income		1,528	653	466	1,171	2,290	3,104	2,741	1,690	130
Total non- operating revenues	n/a	\$196,794	\$191,354	\$200,305	\$204,697	\$233,611	\$245,122	\$235,602	\$269,051	\$259,384

Total Revenues

n/a	\$256,643	\$246,081	\$260,593	\$263,298	\$296,674	\$310,458	\$302,373	\$338,397	\$326,786
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Expenses

Operator wages		58,458	61,474	59,916	57,762	60,141	63,044	66,108	67,436	67,206
Other wages		47,163	49,691	45,917	46,158	48,807	52,526	55,221	59,252	56,751
Fringe benefits		72,797	93,384	81,274	83,539	95,775	96,971	103,646	112,939	122,016
Depreciation and amortization		22,508	22,985	29,362	34,451	30,938	36,994	34,465	37,805	38,990
Fuel and oil		6,722	7,616	8,126	10,344	14,126	14,928	19,400	17,721	13,581
Other material and supplies		9,756	10,000	7,792	9,728	9,925	11,858	12,585	15,752	13,895
Services		16,027	14,732	14,538	15,397	16,560	18,733	22,516	22,125	20,064
Insurance		4,332	6,889	5,141	4,291	7,073	7,029	8,807	5,150	6,983
Net expenses of joint venture		11,223	12,686	12,445	11,132	12,567	11,282	13,233	13,564	9,263
Interest expense		1,170	973	1,372	1,708	1,928	1,726	2,403	3,077	2,425
Other		20,410	8,577	5,716	6,603	7,007	10,111	11,248	9,975	7,139
Total expenses	n/a	\$270,566	\$289,007	\$271,599	\$281,113	\$304,847	\$325,202	\$349,632	\$364,796	\$358,313

Income (Loss) before capital contributions		\$ (13,923)	\$ (42,926)	\$ (11,006)	\$ (17,815)	\$ (8,173)	\$ (14,744)	\$ (47,259)	\$ (26,399)	\$ (31,527)
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CAPITAL CONTRIBUTIONS		9,984	37,648	35,543	17,482	22,592	36,267	31,402	42,627	8,238
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CHANGE IN NET ASSETS	n/a	\$ (3,939)	\$ (5,278)	\$ 24,537	\$ (333)	\$ 14,419	\$ 21,523	\$ (15,857)	\$ 16,228	\$ (23,289)
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Notes:

¹ Implementation of GASB 34 effective beginning FYE June 30, 2002.

² RM2 revenues were reclassified from State Funding to Sales Tax TDA starting in FY 2009

Source: Office of Controller, AC Transit

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

OPERATING EXPENSES (excluding depreciation & amortization)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operator Wages	\$54,863	\$58,458	\$61,474	\$59,916	\$57,762	\$59,146	\$63,044	66,108	67,436	67,206
Other Wages	43,870	47,162	49,691	45,917	46,158	48,808	52,526	55,221	59,252	56,751
Fringe Benefits	62,128	72,797	93,384	81,274	83,539	95,775	96,971	103,646	112,939	122,016
Fuel and Oil	7,935	6,722	7,616	8,126	10,344	14,126	14,928	19,400	17,721	13,581
Other Materials/Supplies	9,908	9,756	10,000	7,792	9,728	9,926	11,858	12,585	15,752	13,895
Services	15,024	16,027	14,732	14,538	15,397	16,560	18,733	22,516	22,125	20,064
Insurance	422	4,332	6,889	5,141	4,291	7,073	7,029	8,807	5,150	6,983
Leases & Rentals	960	684	662	592	564	456	342	385	403	336
Purchased Transportation - ADA	14,512	16,189	16,518	17,073	16,778	18,122	11,282	13,233	13,564	9,263
Other	5,761	5,947	6,262	5,184	6,124	6,550	11,369	10,863	9,511	6,803
TOTAL	215,383	238,074	267,228	245,553	250,685	276,542	288,082	312,764	323,853	316,898

NONOPERATING ITEMS

Loss/(Gain) on Disposal of Personal Property and Equipment	-20	-2	-46	-62	-85	-7	-1,600	-2,110	61	-1,441
Interest	1,917	1,076	973	1,372	1,708	1,752	1,726	2,403	3,077	2,425
TOTAL	1,897	1,074	927	1,310	1,623	1,745	126	293	3,138	984
GRAND TOTAL	\$217,280	\$239,148	\$268,155	\$246,863	\$252,308	\$278,287	\$288,208	\$313,057	\$326,991	\$317,882

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>
2001	45.2%	24.3%	5.9%	10.0%	3.3%	2.1%	12.6%	-3.4%	100.0%
2002	45.1%	25.2%	6.2%	9.2%	3.1%	2.5%	11.9%	-3.2%	100.0%
2003	43.3%	25.7%	6.0%	9.0%	3.0%	2.6%	13.4%	-3.0%	100.0%
2004	42.0%	26.7%	5.8%	9.1%	3.0%	2.5%	13.2%	-2.3%	100.0%
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	*	*	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*	*	*

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>
2001	45.1%	28.8%	7.0%	8.2%	1.3%	0.1%	6.8%	2.7%	100.0%
2002	43.9%	30.4%	6.8%	6.9%	1.3%	1.8%	6.9%	2.0%	100.0%
2003	41.2%	34.9%	5.6%	6.6%	1.2%	2.6%	6.2%	1.7%	100.0%
2004	43.7%	33.8%	6.1%	6.6%	1.3%	2.1%	5.2%	1.2%	100.0%
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%

Notes:

* - Not Available

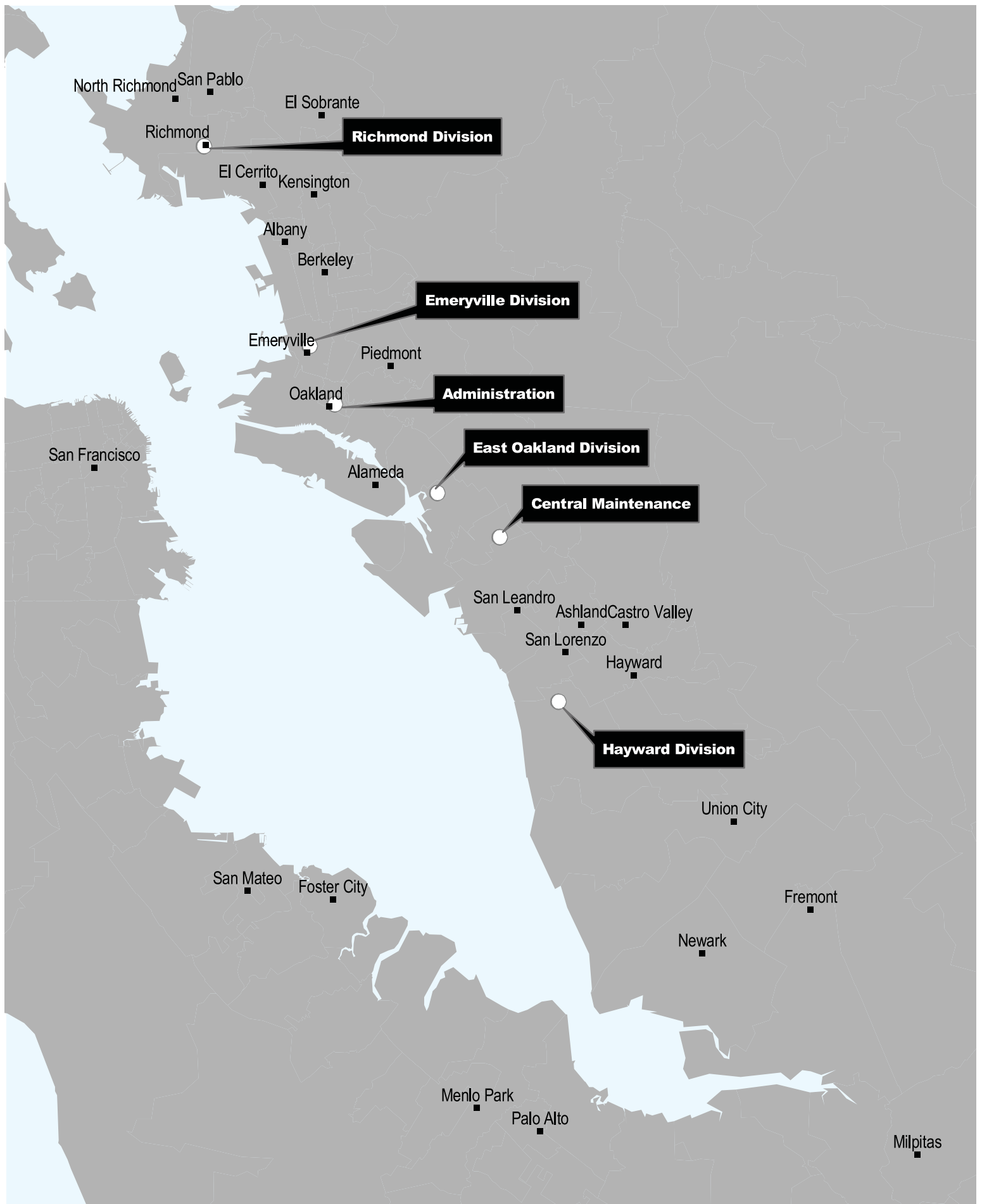
Source: The American Public Transportation Association, "APTA 2010 Transit Fact Book"

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Revenue Vehicle Statistics</u>										
Active Fleet Size	768	768	774	685	614	626	678	646	646	643
Maximum Peak Vehicles	648	654	648	624	499	505	508	512	518	518
Average Age of Active Revenue Vehicles (Yrs)	9.5	10.5	9.4	6.4	6.6	7.9	8.5	8.0	8.0	8.0
<u>General Operating Statistics</u>										
Vehicle miles (000's)	26,133	26,690	27,128	25,636	24,180	24,617	25,122	25,044	25,971	25,283
Platform hours (000's)	2,110	2,181	2,215	2,064	1,941	1,974	1,981	2,044	2,074	2,025
Miles per hour	12.4	12.2	12.2	12.4	12.5	12.5	12.7	12.3	12.5	12.5
Revenue vehicle fuel: Gallons (000's)	7,306	7,569	7,286	6,678	6,357	6,333	6,666	6,638	6,868	6,789
<u>Ridership Statistics</u>										
Unlinked Passengers (000's)	70,573	68,859	62,058	64,456	64,409	66,963	66,970	65,194	60,468	61,369
Passengers per hour	33.4	31.6	28.0	31.2	33.2	33.9	33.8	31.9	29.2	30.3
<u>Reliability</u>										
Collision accidents	241	172.5	38	22	15	21	17	29	29	48
Miles between accidents (000's)	108.4	154.7	713.9	1,165.3	1,612.0	1,172.2	1,477.8	863.6	895.6	526.7

Notes:

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



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

