

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2011



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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, 2011

*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, 2011

Table of Contents

<u>Introductory Section</u>	Page
Table of Contents.	i
Letter of Transmittal	iii
Ten Year Financial Projection Table	xv
Certificate of Achievement	xvii
Organizational Chart	xviii
Principal Officials	xix
<u>Financial Section</u>	Page
Independent Auditor's Report.	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Business-type Activity – Enterprise Fund:	
Statement of Fund Net Assets	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets	12
Statement of Cash Flows	13
Pension Trust Fund:	
Statement of Plan Net Assets	14
Statement of Changes in Plan Net Assets	15
Notes to the Basic Financial Statements	16
Required Supplementary Information:	
Schedule of Funding Progress	40

Other Supplementary Information:

Comparative Statement of Fund Net Assets.	41
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets	42
Comparative Statements of Cash Flows	43
Comparative Schedules of Revenues, Expenses, and Changes in Fund Net Assets– Budgetary Basis - Business-type Activity- Enterprise Fund – Transit Only.	44
Schedule of Revenues, Subsidies and Expenses, Budget Versus Actual – Business-type Activity – Enterprise Fund – Transit Only.	45
Schedule of Revenues and Expenses by Service Area – Business-type Activity - Enterprise Fund – Transit Only	46
Notes to Other Supplementary Information.	47

Statistical Section

Financial Trends	
Net Assets.....	50
Revenue Capacity	
Revenues by Source.....	51
Revenues and Operating Assistance – Comparison to Industry Trend Data.....	52
Sales Tax Revenue - Overlapping Governments.....	53
Assessed Value of Taxable Property.....	54
Property Tax Rates – Direct and Overlapping Governments.....	55
Principal Property Taxpayers.....	56
Principal Employers.....	57
Property Tax Levies and Collections.....	58
Debt Capacity	
Ratios of Outstanding Debt by Type.....	59
Economic and Demographic Information	
Demographic and Economic Statistics	60
Appropriations Limitation Calculation	61
Fare History	62
Miscellaneous Statistics	63
Operating Information	
Financial Trends.....	64
Expenses by Type.....	65
Operating Expenses – Comparison to Industry Trend Data.....	66
Operating Statistics.....	67



Lewis G. Clinton, Jr.
Chief Financial Officer

December 2, 2011

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, 2011. 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, 2011 have been audited by our independent auditors, Maze and Associates Accountancy Corporation. 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 eight 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, Capital Projects Director, 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 2010-11, AC Transit incurred excess operating costs of approximately \$8.6 million related to the Consortium.

As of June 30, 2011, 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 two limited stop rapid bus routes, eight major trunk routes, 47 local routes in Special Transit Service District 1, 12 local routes in Special Transit Service District 2 (Southern Alameda County), and seven All-Nighter/Owl routes. In addition, East Bay Local Service also includes Supplemental School Service, which provides direct access to junior high schools and senior high schools within the Service Area during the academic year. Transbay Service consists primarily of three all-day routes and 24 peak period routes originating from various areas of the East Bay and terminating at the Transbay Terminal in Downtown San Francisco. Also falling under the Transbay Service designation are two all-day routes and four peak period routes which originate in the East Bay and terminate at locations within 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, 2011

AC Transit's performance during FY 2010-11 resulted in a positive \$8.6 million change in net assets. Compared to the prior year, total revenues decreased from \$326.8 million to \$318.8 million, a decrease of 2.45%, and total expenditures decreased from \$358.3 million to \$336.8 million, a decrease of 6.00%. 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 2010-11 and FY 2011-12

After a comprehensive review of all aspects of the District's operations, including support and other non-core activities, the District has developed a biennial budget that incorporates major reduction of expenses in FY 2011-12 and FY 2012-13 and provides for significant revenue solutions. The plan also calls for a potential service cut in FY 2012-13, one that could be temporary in nature and as such, underscores the need to continue searching for common ground on the issue of our labor cost structure, still the largest budgetary component in the District's operating program.

The results are that the Adopted Budget for FY 2011-12 and FY 2012-13 show surpluses of \$ 2.3 Million and \$ 5.2 Million respectively, principally as a consequence of certain major revenue initiatives and major reorganizations and cost efficiencies initiatives. Detailed below are the series of initiatives that the District is pursuing in order to streamline its operations and support functions in light of the new reality of funding that has significantly affected the fiscal landscape for all public agencies nationwide.

Unfortunately, the delays in the arrival to a final agreement with Amalgamated Transit Union (ATU) prevented the District from accruing some \$ 7 Million in savings that were originally planned to be secured for FY 2010-11, which of course created additional complications to the financial sustainability plan. Make no mistake the savings agreed upon with ATU were still quite significant and the District Staff acknowledges and recognizes the financial effort that the agreement represents to the ATU membership. Notwithstanding that, the end result is lower than what was required and that also presented an additional set of issues as the District continued looking for other alternatives in the pursuit of financial sustainability.

Staff soon recognized that sustainability is really a very broad and connected discipline. The introduction of the concept of sustainability and the budgetary principles of reliable service, financial viability and staff accountability was critical in order to drive the District's management team efforts in its analysis and examination of the District's operations. It is clear that the three concepts were mutually necessary and self-supportive, and thus every decision and initiative put forward to produce a balanced budget had to be seen in light of these ideas at once.

And then the District also had ongoing efforts to partner with Metropolitan Transportation Commission's Transit Sustainability Project. District Staff continued working collaboratively with MTC's officers under the review of the MTC appointed financial consultant and the support of the firm TMD to identify strategic cost reduction initiatives and core transit operations process changes. The District's efforts and presence in this project generated significant goodwill and trust (improved transparency, showing competency) which have allowed the District to gather extremely valuable relationship capital, knowledge capital and financial capital potentially. The District's staff in many instances was a step ahead and did not shy away from discussions and healthy debate of critical matters involving the revision of the financials and the operations of the District.

A key component and a very substantial difference in the budget development process this cycle was the introduction of core process review as part and parallel to the budget development process to identify district-wide major initiatives to effect major operational changes and efficiencies (i.e. bus revenue vehicle maintenance audit, absenteeism lifecycle management, accidents/claims risk management cycle, internal reorganization and realignment of departments and reduction/reclassification of management layers/positions to assure improved coordination

and efficiencies, information technology utilization and redeployment, etc.) District staff is confident that the renewed attention that this very important process has brought to the actual way things happen at AC Transit will be a catalyst for real, long-lasting positive change.

Another innovation, based on the value chain analysis traditionally used in business process review activities in the private sector, was the introduction of the concept of core services and primary functions and the bull's-eye reliable transit-centered activity diagram - which emphasized focus on achieving a cost efficient, high-performing service hours delivery platform, including existing activities related to transit operations infrastructure. That innovation created the framework for initiatives like outsourcing of the internal PBX call center function, and the closure of the D3 facility, the outsourcing of Dumbarton Bridge services as well as the closure of the D8 Paratransit unit. All these functions, despite being core in the traditional sense, and linked directly to transit services, were being performed at a lower level of productivity and very high cost compared to alternative non-vertically integrated options. Many other internally performed functions and processes in the District's value chain will continue to be under this type of scrutiny to assess if reorganization or outright outsourcing, when possible, can be implemented in a cost / operating performance effective manner.

Not all District staff activities and initiatives were oriented exclusively towards cost savings and efficiencies matters. Major revenue initiatives also were brought to the table for deliberation, basically oriented to significantly enhance farebox performance and fare rider equity, as well as to secure support for a major ongoing fund exchange program under sponsorship of MTC in connection with the efforts related to the Transit Sustainability Project (TSP) and AC Transit's own restructuring and sustainability initiative. Also, continuing efforts to generate new labor cost recapture and reimbursement are still underway, albeit at a slower pace than expected, but eventually will generate fruitful results.

Finally, as discussed in previous paragraphs, continuing discussions and negotiations with other unions and non-represented employees to establish compensation structures that allow for sustaining transit services, enhance operational effectiveness and support the District's long term financial viability are underway. The District expects to obtain agreements that maintain a very competitive and excellent benefits and compensation package to our employees, but one that the District can afford and fosters sustainability for all parties involved.

Looking forward, challenges that remain are the continuing growing costs due to higher demand of the partially unfunded mandate for ADA Paratransit services, which creates an annual deficit of \$ 6-7 Million, and is being subsidized by the general operating fund program, and the expiration of the warranties for a large fraction of the fleet. Additionally, potentially large lawsuit settlements with our largest union and funding reserves will create significant financial challenges. Opportunities exist in terms of the recommended initiatives set forth by the financial review conducted by MTC linked to outsourcing of core transit operations and the significant cost savings associated with major changes to work rules related to part-time work and additional employees' contributions to cover certain fringe benefits. AC Transit expects to discuss and engage the respective unions to work out a compromise that benefits our community, the riders and the taxpayers through visible and excellent delivery of reliable and convenient service, and preserves an excellent compensation package for AC Transit employees that work hard and smart every day to contribute to the delivery of these socially critical services.

The District's Revenues and Expenses - Operating Program

The Budget Revenue for FY 2011-12 and 2012-13 totals \$316.4 million and \$318.8 million, respectively. Total Operating and Capital Expenses for the Biennial Budget period as Adopted amount to \$ 314.2 Million for FY 2011-12 and \$ 313.5 Million for FY 2012-13. These figures include a projected annual reduction of \$ 13.0 Million in expenses, by the end of FY 2012-13, due to specific initiatives, not including potential service cuts, which are partially compensated by certain costs increases. The District presents the detail of these initiatives down below.

Unfortunately, some of the District's major actions to reduce the total cost of operations do not necessarily translate into a major percent reduction in expenses, because the cost of some of the remaining expenses will keep climbing significantly. This is certainly the case of fringe benefits, particularly health care related benefits costs.

Following please find the detail of the specific initiatives that are mentioned above:

Tactical Initiatives to Address the Fiscal Deficit, Adopted Biennial Budget FY 2011-12 & FY 2012-13

A summary of the preliminary estimate of annual cost savings to be realized once the initiatives described below are fully implemented:

Description of Initiative	Preliminary Estimated Annual Cost Savings, Full Year (\$ Millions)
A). Fare increases / realignment	\$ 2,600 k
B). Organizational restructuring	\$ 1,500 k
C). Overtime management	\$ 1,250 k
D). Labor Negotiations	\$ 2,500 k
E). D3 Division Closure	\$ 2,145 k
F). D8 Closure – Consortia	\$ 1,000 k
G). Dumbarton Bridge Outsourcing	\$ 2,000 k
<u>Grand Total Initiatives</u>	\$ 12,995 k

**Authorized Positions and Platform Hours
Biennial Budget FY 2011-12 and FY 2012-13**

The Budget authorized positions for FY 2011-12 and FY 2012-13 are 1,813 positions. This does not include the Paratransit staff which is reported separately in their own budget, but it does include the Retirement Department staff.

As a result of budget cuts and service reductions the District will eliminate the following number of positions from the payroll by end of FY 2011-12:

Management Positions (net)	20
Clerks, Maintenance mechanics, and IBEW techs	<u>34</u>
Total positions eliminated	<u>54</u>

In addition to this figure, the District would also eliminate 74 more positions during FY 2011-12 that belong to the D8 Paratransit unit, which is budgeted separately.

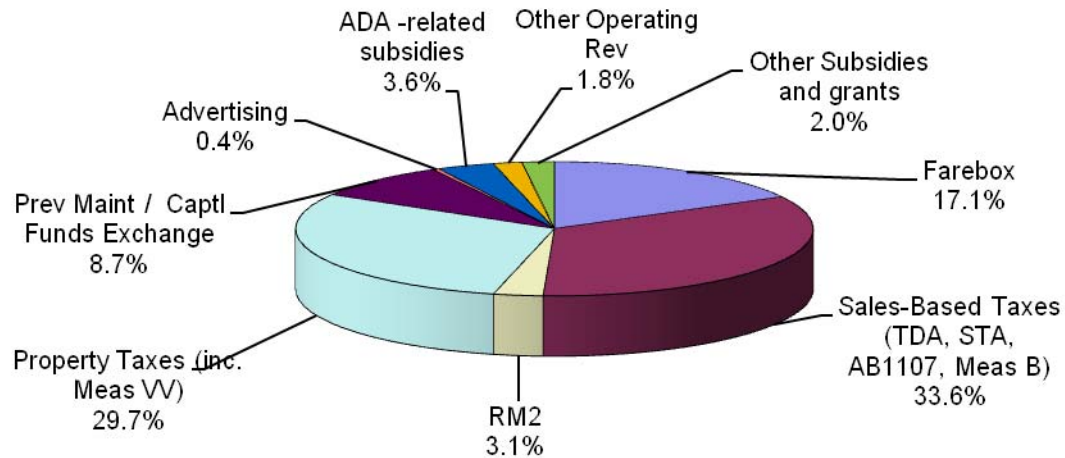
Total Platform hours for FY 2011-12 and FY 2012-13 are projected at 1,790,916.

Both headcount and positions would be reduced if a potential service cut, projected to happen in late calendar year 2012, were to materialize. Initial estimates set the platform hours to be reduced at an approximate annual rate of 105,500 platform hours, which would require the elimination of between 70-80 positions in the Transportation and Maintenance areas.

The Road Ahead

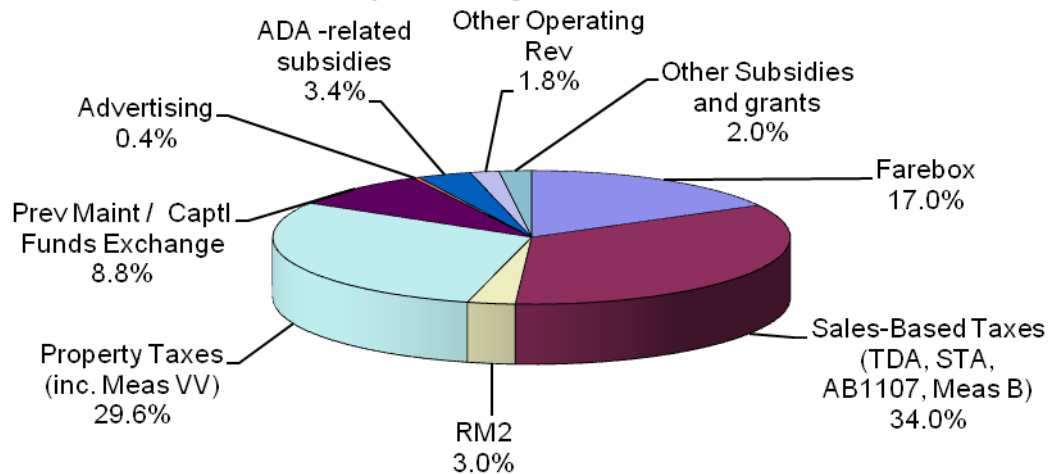
The District's Financial Viability in the immediate short-term looks relatively secured, but true financial sustainability is obviously going to take more than a couple years of balanced budgets. What's more, the parameters Staff is striving for the District's overall operations include achieving specific high levels of operating performance, productivity and cost efficiency goals which are still in its early stages of definition. The Road to Total Sustainability cannot be completed without regard to social aspects dealing with service levels, quality and reliability of service and community equity, the impact to economic development in the service area and the key role AC Transit must play in reducing traffic congestion, reducing pollution and contributing to enhancing the quality of life of the residents in the East Bay. Staff fully acknowledges these critical objectives and thus is engaging all District's employees in a journey to find a better way, to adhere more than ever to principles of Accountability and Responsibility, to deliver the Reliable Service the community and all stakeholders rightfully expect from our organization.

AC TRANSIT
Source of General Fund District Revenues
Adopted Budget FY 2011-12



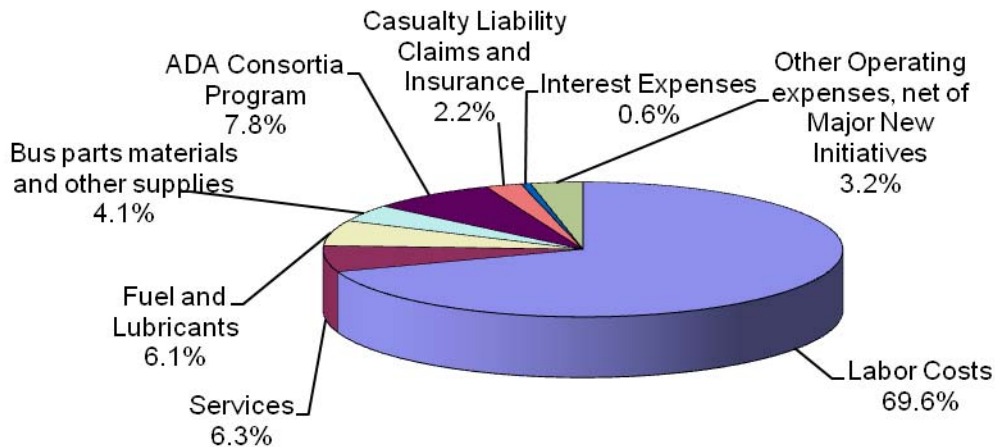
Total Revenues and Subsidies, Adopted Budget FY1212 as of June 08, 2011: \$ 316.4 Million

AC TRANSIT
Source of General Fund District Revenues
Adopted Budget FY 2012-13



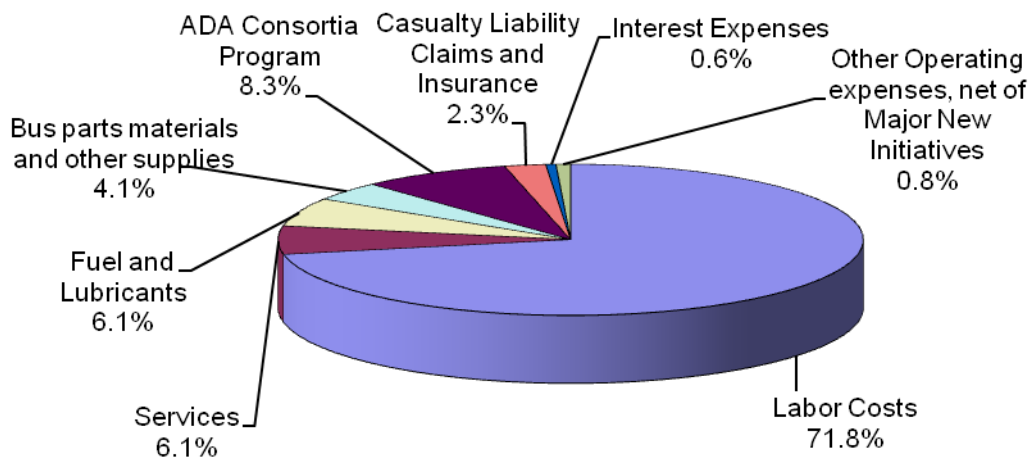
Total Revenues and Subsidies, Adopted Budget FY1213 as of June 08, 2011: \$ 318.8 Million

AC TRANSIT
Uses of General Fund Budget - Operating Expenses
Adopted Budget FY 2011-12



Total General Fund Operating Expenses, Adopted Budget FY1112 as of June 08, 2011: \$ 314.2 Million

AC TRANSIT
Uses of General Fund Budget - Operating Expenses
Adopted Budget FY 2012-13



Total General Fund Operating Expenses, Adopted Budget FY1213 as of June 08, 2011: \$ 313.5 Million

10 Year Financial Projection

The Adopted Biennial Budget FY 2011-12 & FY 2012-13 10 Year Projection shows that the initial steps taken by Staff to assure the long-term sustainability of the District have rendered important short term financial positives, but there is still much more to do to accomplish true financial, social and environmental long-term sustainability. The District projects a small operating surplus in the immediate outer years of the long term projection, which principally rest on these two major assumptions:

- 1) That future labor agreements and compensation structures with District's employees will contain, at the least, similar clauses providing similar cost savings to the ones present today, and
- 2) That the use of federally sourced preventive maintenance revenues to fund operating expenses will be significantly moderated in order to devote those funds for much needed fleet and other critical assets replacement programs.

But, with operating revenues and subsidies under pressure from continued sluggish economic conditions, with significant risks to the downside including potentially another major recession, and add in the political landscape at the Federal and State level that could further erode revenues, the District is forced to operate with less revenues and continued significant uncertainty. Staff is determined to confront 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 committed to continue the implementation of the Goals and Objectives framework set forth now in Board Policy 312. As the new biennial period FY 2011-12 and FY 2012-13 begins, 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 during the ongoing quarterly operating review cycle. This deliberation is primarily driven by 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.

As discussed previously, 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

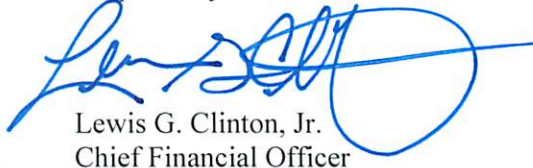
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a **Certificate of Achievement for Excellence in Financial Reporting** to AC Transit for its CAFR for the fiscal years ended June 30, 1992 through 2010. GFOA also has presented a **Distinguished Budget Presentation 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,



Lewis G. Clinton, Jr.
Chief Financial Officer

AC TRANSIT
Adopted 3rd Qtr Working Budget, Second Year of Biennial Budget
FY 2009-10 and FY 2010-11
10-Year Projection

	Year 1 Adopted Working Budget FY 10-2011	Year 1 Adopted 1st Qtr Proj FY 10-2011	Year 1 Adopted 2nd Qtr Budget FY 10-2011	Year 1 Recom 3rd Qtr Budget FY 10-2011	Year 2 Proposed Budget FY 11-2012	Year 3 Proposed Budget FY 12-2013	Year 4 FY 13-2014	Year 5 FY 14-2015	Year 6 FY 15-2016	Year 7 FY 16-2017	Year 8 FY 17-2018	Year 9 FY 18-2019	Year 10 FY 19-2020
<u>REVENUES AND SUBSIDIES</u>													
<u>Operating</u>													
1 Total Farebox	52,353	51,035	50,855	50,208	54,117	54,305	59,284	59,247	59,209	63,785	63,743	70,262	70,216
2 BART Transfers	3,470	3,470	3,600	2,436	2,436	2,472	2,497	2,522	2,547	2,572	2,598	2,624	2,650
3 Interest Income	250	40	40	80	80	80	150	250	450	450	450	750	750
4 Advertising	1,250	1,250	1,250	1,150	1,250	1,250	1,250	2,635	2,714	2,795	2,879	2,966	3,055
5 Other Revenue	2,345	2,729	2,444	2,283	2,783	2,841	2,901	2,963	3,026	3,091	3,159	3,228	3,299
6 Rental Income	925	509	275	293	350	350	350	350	350	350	350	350	350
7 Other Operating Revenues	8,240	7,998	7,609	6,243	6,899	6,993	7,148	8,719	9,087	9,259	9,437	9,920	10,106
8 Total Operating Revenues	60,593	59,033	58,464	56,451	61,017	61,298	66,432	67,966	68,295	73,044	73,180	80,181	80,323
<u>Subsidies</u>													
9 Transportation Develop. Act (TDA)	40,109	40,130	43,544	43,544	44,354	45,764	47,839	49,753	51,743	53,813	55,965	58,204	60,532
10 AB 1107	26,000	26,000	28,450	29,450	30,150	30,462	31,985	33,584	35,264	36,850	38,509	40,242	42,052
11 Measure B	18,738	18,738	19,429	20,872	21,281	22,026	23,017	23,937	24,895	25,891	26,926	28,003	29,123
12 State Transit Assistance (STA)	6,500	9,894	9,894	9,894	7,000	6,500	6,695	6,896	7,103	7,316	7,535	7,761	7,994
13 Measure J	3,450	3,527	3,450	3,527	3,527	3,527	1,900	1,900	1,900	1,900	1,900	1,900	1,900
14 Total Sales-Tax based Subsidies	94,798	98,290	104,767	107,286	106,311	108,279	111,436	116,071	120,904	125,770	130,836	136,110	141,602
15 Property Taxes	63,950	63,950	63,025	64,589	64,589	64,916	66,863	69,538	72,320	75,212	78,221	81,350	84,604
16 Measure AA/BB/VV	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335	29,335
17 Total Property Taxes based Subsidies	93,285	93,285	92,360	93,924	93,924	94,251	96,198	98,873	101,655	104,547	107,556	110,685	113,939
18 ADA Paratransit Fund (inc. fares)	4,078	5,445	5,495	5,470	5,207	4,576	4,710	4,898	5,094	5,298	5,510	5,730	5,959
19 Federal Assistance (ADA)	4,303	4,303	4,303	4,303	4,389	4,477	4,567	4,704	4,845	4,990	5,140	5,294	5,453
20 ADA Paratransit Vehicles	1,673	1,673	1,706	1,740	1,740	1,775	1,810	1,865	1,921	1,978	2,038	2,099	2,162
21 Total ADA related Subsidies	10,054	11,421	11,504	11,514	11,336	10,828	11,087	11,466	11,859	12,266	12,687	13,123	13,574
22 Fed Assis - Prev Maint.	8,912	8,912	8,912	10,180	10,180	10,180	10,100	10,100	10,100	10,100	10,100	10,100	10,100
23 CMAQ	17,500	17,500	17,500	17,500	17,500	18,000	-	-	-	-	-	-	-
24 Total Prev Maint and related Subs	26,412	26,412	26,412	27,680	27,680	28,180	10,100	10,100	10,100	10,100	10,100	10,100	10,100
25 Supplemental Service	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225	2,225
26 Labor Reimbursement	3,597	4,447	4,232	1,232	2,000	2,000	2,500	2,500	3,000	3,000	3,500	3,500	3,500
27 RM2 subsidies, DB local assistance	10,372	10,038	10,006	10,006	9,756	9,506	9,506	9,506	9,506	9,506	9,506	9,506	9,506
29 Federal Assistance Section 5307 Capital	2,122	5,122	5,122	3,122	-	-	2,297	2,366	2,437	2,510	2,585	2,663	2,742
31 RTIP Commitment	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Lifeline STA JARC	-	-	-	-	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
33 Total Other Federal, State and Local	18,316	21,832	21,585	16,585	16,181	15,931	18,728	18,797	19,368	19,441	20,016	20,094	20,173
34 Total Subsidies	242,865	251,239	256,628	256,989	255,432	257,468	247,549	255,306	263,886	272,124	281,195	290,111	299,388
35 Total Revenues and Subsidies	303,458	310,273	315,092	313,440	316,448	318,767	313,981	323,273	332,181	345,168	354,375	370,293	379,711

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

	Year 1 Adopted Working Budget FY 10-2011	Year 1 Adopted 1st Qtr Proj FY 10-2011	Year 1 Adopted 2nd Qtr Budget FY 10-2011	Year 1 Recom 3rd Qtr Budget FY 10-2011	Year 2 Proposed Budget FY 11-2012	Year 3 Proposed Budget FY 12-2013	Year 4 FY 13-2014	Year 5 FY 14-2015	Year 6 FY 15-2016	Year 7 FY 16-2017	Year 8 FY 17-2018	Year 9 FY 18-2019	Year 10 FY 19-2020
OPERATING EXPENSES													
36 Salary & Wages	109,527	108,788	108,801	110,452	106,703	106,909	107,443	107,980	108,520	109,063	109,608	110,156	110,707
37 Fringe Benefits	84,845	83,889	83,889	76,095	73,305	77,926	81,538	85,320	89,283	93,434	97,781	102,336	107,107
38 Pension Fund	39,660	39,660	39,660	39,660	41,170	42,990	44,780	45,060	46,540	46,870	47,340	47,840	47,840
38.b Initial labor reductions	(15,000)	(8,500)	(8,200)										
39 Total Labor Costs	219,031	223,837	224,150	226,207	221,178	227,825	233,761	238,361	244,343	249,366	254,730	260,332	265,653
39.b Other labor reductions					(2,500)	(2,563)	(2,627)	(2,692)	(2,760)	(2,829)	(2,899)	(2,972)	(3,046)
39.d Adjusted Total Labor Costs	219,031	223,837	224,150	226,207	218,678	225,263	231,134	235,669	241,584	246,538	251,830	257,360	262,607
40 Services	21,186	22,125	22,498	22,674	19,977	19,283	19,861	20,457	21,071	21,703	22,354	23,025	23,716
41 Fuel & Lubricants	12,238	14,083	14,816	16,225	19,241	19,162	19,737	20,329	20,939	21,567	22,214	22,880	23,567
42 Other Materials & Supplies	11,298	11,322	11,498	14,136	12,887	12,784	13,168	13,563	13,969	14,389	14,820	15,265	15,723
44 Utilities & Taxes	5,625	5,806	5,808	5,830	6,412	6,387	6,579	6,776	6,979	7,189	7,404	7,626	7,855
45 Casualty & Liability	7,190	7,190	7,190	6,875	7,053	7,135	7,349	7,570	7,797	8,031	8,271	8,520	8,775
46 Interest Expense	2,040	2,239	2,239	2,240	1,863	1,741	1,612	1,469	1,318	1,158	989	847	778
47 ADA Consortium	22,589	22,589	22,589	23,548	24,652	25,928	26,706	27,507	28,332	29,182	30,058	30,959	31,888
48 Other	2,260	2,477	4,915	4,812	1,155	2,716	1,797	2,851	1,937	2,995	2,085	3,147	2,242
49a D3 Closure					(1,100)	(1,952)	(2,001)	(2,051)	(2,102)	(2,155)	(2,209)	(2,264)	(2,320)
49b Operating/Service Efficiencies					(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)
49c D8 Closure	-	-	-	-	(1,104)	(885)	(907)	(930)	(953)	(977)	(1,001)	(1,026)	(1,052)
50 Total Operating Expenses	303,458	311,668	315,702	322,547	309,014	316,861	324,335	332,510	340,171	348,919	356,117	365,640	373,079
51 Dumbarton Bridge service	-	-	-	-	(975)	(2,027)	(2,078)	(2,130)	(2,183)	(2,237)	(2,293)	(2,351)	(2,409)
51a. Reserve for Litigation and Settlements	-	-	1,500	-	1,500	1,500	-	-	-	-	-	-	-
52 Operating Surplus / (Deficit)	0	(1,395)	(2,110)	(9,107)	6,910	2,432	(8,277)	(7,108)	(5,806)	(1,514)	551	7,003	9,041
CAPITAL PROGRAM													
54 ADA Paratransit Vehicles, Net of Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
55 District Funded Capital	1,711	7,532	7,639	2,190	5,337	5,515	4,797	4,866	5,437	5,510	6,085	6,163	6,242
58 Total Capital Expenses	1,711	7,532	7,639	2,190	5,337	5,515	4,797	4,866	5,437	5,510	6,085	6,163	6,242
59 Total Expenses	305,169	319,200	324,841	324,737	314,876	321,849	327,054	335,246	343,424	352,191	359,908	369,452	376,912
60 Surplus / (Deficit)	(1,711)	(8,927)	(9,749)	(11,297)	1,573	(3,083)	(13,073)	(11,973)	(11,243)	(7,024)	(5,534)	840	2,799

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, 2010

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.



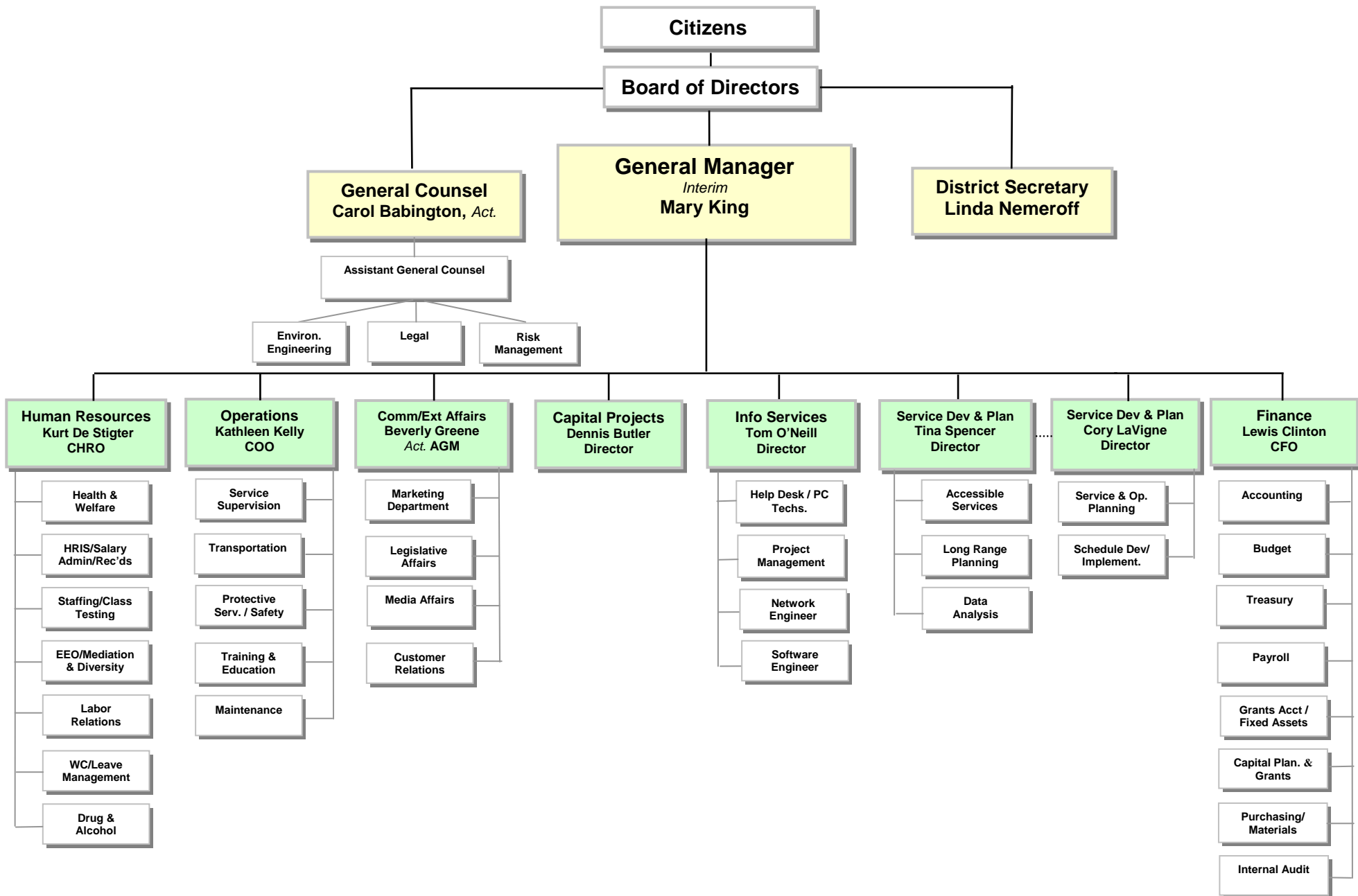
Linda C. Sandson

President

Jeffrey R. Enner

Executive Director

Alameda Contra Costa Transit District Organization Chart



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

PRINCIPAL OFFICIALS

JUNE 30, 2011

Board of Directors

President, Director Ward IV.....Ryan “Rocky” Fernandez
Vice President, Director at Large H. E. Christian Peoples
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

ACCOUNTANCY CORPORATION

3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the business-type activities, each major fund and the discretely presented component unit, of the Alameda-Contra Costa Transit District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits in accordance with generally accepted auditing standards in the United States of America and the standards for the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2011 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 September 30, 2011 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.

Management's Discussion and Analysis, Required Supplemental Information, and Supplemental Information are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We 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 did not audit this information and express no opinion on it.

The introduction and statistical section listed in the table on contents was not audited by us, and we do not express an opinion on this information.

Mage & Assoute

September 30, 2011

Management's Discussion and Analysis

Management's Discussion & Analysis

This discussion and analysis of the Alameda-Contra Costa Transit District's financial performance provides an overview of the District's activities for Fiscal Year 2011 with comparisons to the prior fiscal year. We encourage readers to consider the information presented here in conjunction with the transmittal letter contained in the Introductory Section and with the statements and related notes contained in the Financial Section.

Financial Highlights

- At June 30, 2011, total assets were \$387 million, a decrease of \$7.5 million or 2 percent compared to June 30, 2010. In Fiscal Year 2010, total assets were \$394.5 million. Total current assets were \$139.4 million, a decrease of \$1.9 million or 1 percent. Capital assets, net of accumulated depreciation decreased \$2.8 million, as did Other Non-Current Assets.
- At June 30, 2011, total liabilities were \$136.5 million, a decrease of \$16.1 million or 11 percent compared to June 30, 2010. Total current liabilities were \$57.4 million, with a \$15.6 million decrease. The largest current liability decrease was related to the payoff of the \$7 million note payable for the obligation to ACTIA (Alameda County Transportation Improvement Authority).
- For Fiscal Year 2011, Operating Revenues decreased by \$6.1 million or 9 percent. The majority of the decrease was attributable to passenger fare revenue, due to service reductions.
- In Fiscal Year 2011, total operating expenses were \$334.8 million, a decrease of \$21.1 million or 6 percent compared to \$355.9 million in Fiscal Year 2010. The 2011 results were mostly due to a decrease in Salaries & Benefits generated from service cuts, a reduction in work force, savings from provisions in a new labor contract, and an increase in retirements.
- For Fiscal Year 2011, non-operating revenues were \$257.5 million, which is a decrease of \$1.9 million or 1 percent compared to Fiscal Year 2010. There was an increase in State revenues of \$11.6 million. Notable decreases included Federal \$10.8 million and Property taxes \$2.1 million. In Fiscal Year 2010, non-operating revenues were \$259.4 million.
- At June 30, 2011, net assets were \$250.5 million, an increase of \$8.6 million or 4 percent from June 30, 2010. The 2011 increase was primarily due to an increase in capital contributions for capital projects, as well as an over all decrease in expenses. At June 30, 2010, net assets were valued at \$241.9 million.

Overview of the Financial Statements

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

Basic Financial Statements

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

Analysis of Basic Financial Statements

Assets:

- At June 30, 2011, total assets were \$387 million, a decrease of \$7.5 million or 2 percent compared to June 30, 2010. In Fiscal Year 2010, total assets were \$394.5 million. Total current assets were \$139.4 million, a decrease of \$1.9 million or 1 percent, mainly due to lower receivables at year end. Capital assets, net of accumulated depreciation decreased \$2.8 million. The net capital assets decrease was mainly due to a normal increase in accumulated depreciation that was not entirely offset by asset additions during the period.

Alameda-Contra Costa Transit District
Net Assets
(in thousands)
Fiscal Years Ended June 30, 2011 and June 30, 2010

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Assets				
Current Assets	\$ 139,364	\$ 141,274	\$ (1,910)	-1%
Capital Assets (net)	242,092	244,856	(2,764)	-1%
Other Non-Current Assets	5,532	8,367	(2,835)	-34%
Total Assets	<u>386,988</u>	<u>394,497</u>	(7,509)	-2%
Liabilities				
Current Liabilities	57,351	72,981	(15,630)	-21%
Long Term Portion of COPS	33,991	36,942	(2,951)	-8%
Other Non-Current Liabilities	45,121	42,679	2,442	6%
Total Liabilities	<u>136,463</u>	<u>152,602</u>	(16,139)	-11%
Net Assets				
Invested in Capital Assets, net of related debt	207,548	209,056	(1,508)	-1%
Restricted for Capital Purchases	14,897	14,567	330	2%
Restricted for Debt Service	1,350	1,350	-	0%
Unrestricted	26,730	16,922	9,808	58%
Total Net Assets	<u>250,525</u>	<u>241,895</u>	8,630	4%
Total Liabilities and Net Assets	<u>\$ 386,988</u>	<u>\$ 394,497</u>	\$ (7,509)	-2%

Liabilities:

- At June 30, 2011, total liabilities were \$136.5 million, a decrease of \$16.1 million or 11 percent when compared to June 30, 2010. This includes a decrease of \$15.6 million in current liabilities, significant decreases in this category included a \$7 million payment of a note to the Alameda County Transportation Improvement Authority, \$4.1 million reduction in other current accrued liabilities, and a \$2.8 million in lower accounts payable at year end. Total Liabilities at June 30, 2010 were \$152.6 million.

Net Assets:

- At June 30, 2011, net assets were \$250.5 million, an increase of \$8.6 million or 4 percent from June 30, 2010. The 2011 increase was due to a 6 percent reduction in expenses, which more than offset the 2 percent reduction in total revenues. Further, an increase in capital contributions for capital asset purchases, almost offset the increase in accumulated depreciation during the period. At June 30, 2010, net assets were valued at \$241.9 million.

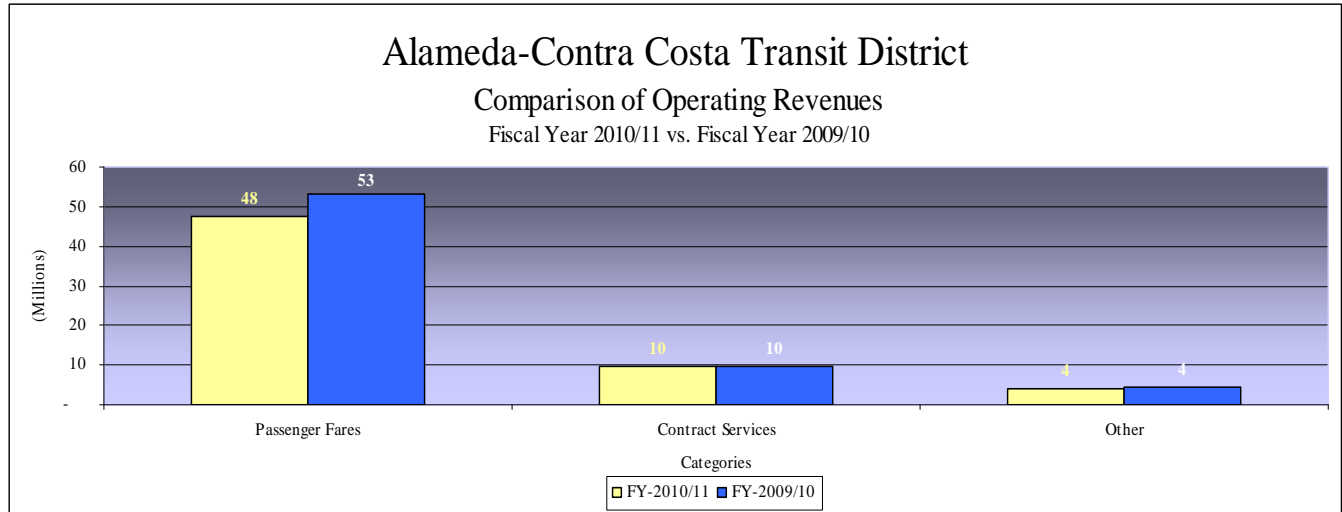
Revenue and Expense:

Alameda-Contra Costa Transit District
Statement of Revenues, Expenses and Changes in Net Assets
(in thousands)
For the Years Ended June 30, 2011 and June 30, 2010

	<u>2011</u>	<u>2010</u>	<u>Changes</u>	<u>%</u>
Revenues				
Operating Revenues				
Passenger Fares	\$ 47,700	\$ 53,229	\$ (5,529)	-10%
Contract Services	9,846	9,689	157	2%
Other	3,786	4,484	(698)	-16%
Total Operating Revenues	61,332	67,402	(6,070)	-9%
Non-Operating Revenues				
Property Taxes	94,539	96,610	(2,071)	-2%
Local Sales Taxes	51,130	51,018	112	0%
Local Funds	54,883	54,458	425	1%
Federal	42,715	53,502	(10,787)	-20%
State	13,800	2,225	11,575	520%
Gain on sale of capital assets	204	1,441	(1,237)	-86%
Interest Income	187	130	57	44%
Total Non-Operating Revenues	257,458	259,384	(1,926)	-1%
Total Revenues	318,790	326,786	(7,996)	-2%
Expenses				
Operating Expenses				
Operator Wages	61,115	67,206	(6,091)	-9%
Other Wages	50,267	56,751	(6,484)	-11%
Fringe Benefits	116,399	122,016	(5,617)	-5%
Depreciation	35,531	38,990	(3,459)	-9%
Fuel & Oil	16,209	13,581	2,628	19%
Other Materials & Supplies	11,775	13,895	(2,120)	-15%
Services	20,261	20,064	197	1%
Insurance	4,267	6,983	(2,716)	-39%
Net Expenses of Joint Venture	8,586	9,263	(677)	-7%
Other	10,417	7,139	3,278	46%
Total Operating Expenses	334,827	355,888	(21,061)	-6%
Non-Operating Expenses				
Interest Expense	1,996	2,425	(429)	-18%
Total Expenses	336,823	358,313	(21,490)	-6%
Loss before Contributed Capital	(18,033)	(31,527)	13,494	43%
Capital Contributions	26,663	8,238	18,425	224%
Change in Net Assets	8,630	(23,289)	31,919	-137%
Net Assets, beginning of year	241,895	265,184	(23,289)	-9%
Net Assets, end of year	<u>\$ 250,525</u>	<u>\$ 241,895</u>	\$ 8,630	4%

Operating Revenue:

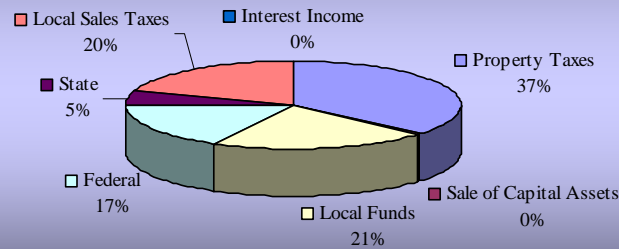
- For Fiscal Year 2011 total Operating Revenue was \$61.3 million a decrease of \$6.1 million or 9 percent over fiscal year 2010. In fiscal year 2010 total Operating Revenue was \$67.4 million. Fiscal Year 2011 passenger fares were \$47.7 million, a decrease of \$5.5 million or 10 percent compared to Fiscal Year 2010 when passenger fares totaled \$53.2 million. The 2011 decrease corresponds, in part, with an approximately 7 percent reduction in service.



Non-Operating Revenue:

- For Fiscal Year 2011, non-operating revenues were \$257.5 million, an decrease of \$1.9 million or 1 percent compared to Fiscal Year 2010. There was a significant increase in State revenues of \$11.6 million due mainly to the restoration of the State Transit Assistance subsidy. Significant decreases included Federal \$10.8 million, largely due to the consumption of remaining ARRA funds in the prior year, and Property taxes, \$2.1 million. In Fiscal Year 2010, non-operating revenues were \$259.4 million.

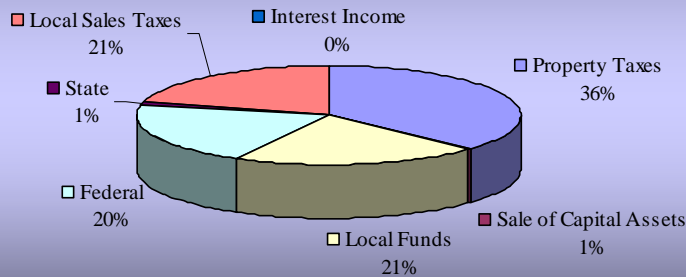
Alameda-Contra Costa Transit District Composition of Non-Operating Revenues - Fiscal Year 2010/11



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

The “Composition of Non-Operating Revenue” pie charts illustrates that from FY-09/10 (below) to FY-10/11 (above) Federal funds as a total of non-operating revenue decreased from 20 percent to 17 percent, as previously noted due largely to the discontinuance of the ARRA program. The State non-operating revenue increased by \$11.6 million, to 5 percent, with the renewed State Transit Assistance program funding. Other minor changes between funding sources can be noted when comparing the graphics.

Alameda-Contra Costa Transit District Composition of Non-Operating Revenues - Fiscal Year 2009/10

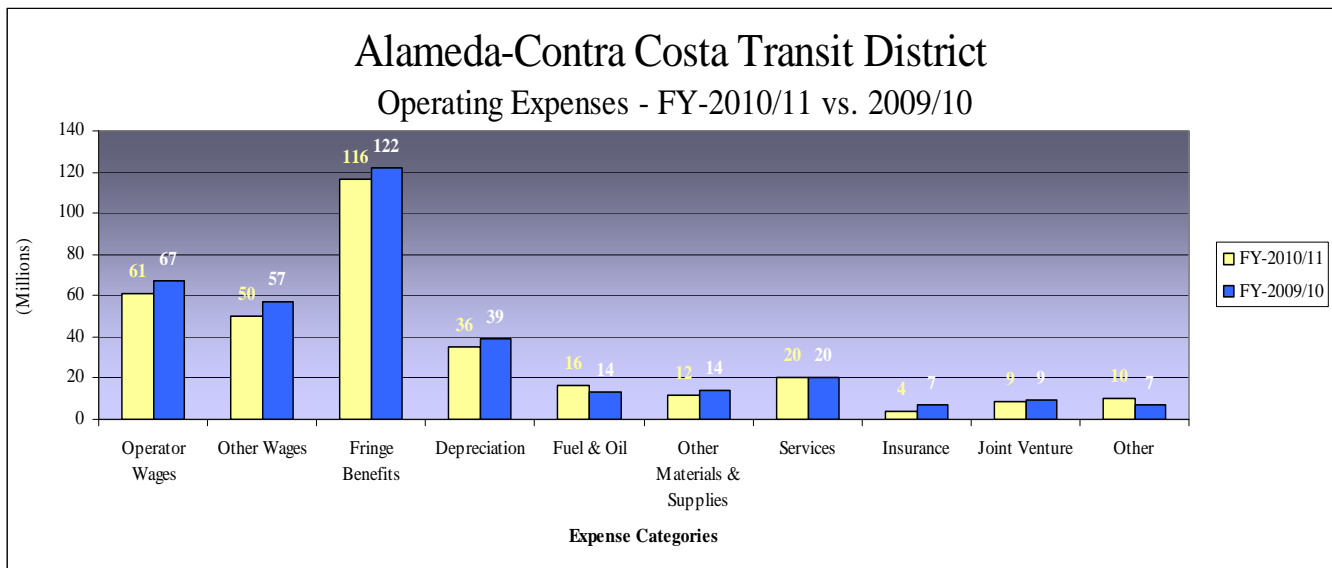


Property Taxes Sale of Capital Assets Local Funds Federal State Local Sales Taxes Interest Income

Expense Highlights

Operating Expenses:

- In Fiscal Year 2011, total operating expenses were \$334.8 million, a decrease of \$21.1 million or 6 percent compared to Fiscal Year 2010. The majority of this decrease is from savings in Salaries & Benefits of \$18.2 million or 7 percent. These savings were generated by service reductions, reductions in workforce, increased retirements, and cost savings measures included in a new labor contract with our largest bargaining unit. While there were increases in other categories such as fuel, they were offset by reductions in materials and supplies and other categories. In Fiscal Year 2010, total operating expenses were \$355.9 million.



Non-Operating Expenses:

- In Fiscal Year 2011, non-operating expense was \$2 million interest expense, compared to \$2.4 million in Fiscal Year 2010.

Capital Program

The District received capital contributions of \$26.7 million in Fiscal Year 2011 compared to \$8.2 million in Fiscal Year 2010, an increase of \$18.4 million or 224 percent over Fiscal Year 2010. Capital acquisitions included:

- Solar Panel Installations (\$2.1 Million)
- Hydrogen refueling facility (\$4.4 Million)
- Hydrogen buses (\$ 8.6 Million)
- Maintenance Facilities rehabilitation (\$4.1 million)
- Bus Rapid Transit (\$3.5 Million)
- Transit Security (\$ 2.5 Million)

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

Debt

On 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 maintenance facilities. At June 30, 2011, the outstanding principal component of the annual lease payment was \$13 million. The District plans to repay the obligation over the next seven years, by August 2018.

In December 2007, the District issued a \$13.5 million COPS to finance its new Finance Human Resources computer system (FHR Project). The COPS are secured by specified capital assets. At June 30, 2011, the principal component of the annual lease payment was \$9.8 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. At June 30, 2011, the principal component of the annual lease payment was \$ 14.7

million. The COPS are secured by specified capital assets 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.

Subsequent Events

- On July 27, 2011 A.C. Transit Board of Directors ratified both the AFSCME and IBEW contracts, for the management union (covers 200 employees) and Electrical workers (covers 28 employees) respectively.
- On 08/01/2011 A.C Transit implemented a fare increase.
- During mid-August initiated a wind down of operations at the Richmond facility.
- Concluded the FTA Triennial Audit, received final report in September 2011.
- On September 12, 2011 settled a lawsuit for \$10.5 million. AC Transit's share, after insurance, is \$1 million.

Economic Factors

The US economy continues mired in a very sluggish economic recovery, with the US Bureau of Economic Analysis reporting GDP growth rates of 0.4 percent for Q1 and 1.3 percent for Q2 of the calendar year 2011. Unemployment, as measured by base U3, stands stubbornly around 9.1percent while the more inclusive U6 measure that comprises substandard employment, stands at a worrisome 16.5 percent.

In the District's service area, which encompasses most of the East Bay region in the San Francisco Bay Area, things are improving very little. Non-farm employment posted a modest gain in the second quarter of 2011, the first increase in a year. The unemployment rate remains a problem in the East Bay, standing at 10.4 percent U3 as of August 2011. The East Bay's job market has looked sluggish and there should be only a gradual improvement moving forward. The unemployment rate in the East Bay region is not projected to fall below 10 percent until early 2012. On the consumption side, recent negative trends in real personal disposable income puts in question how firm the ground is under the level of retail sales and consumer expenditures seen during the recovery. Taxable sales in the East Bay have had positive growth for seven consecutive quarters, though consumers are probably still consuming too much as a share of current income. Taxable sales would still probably keep rising in the East Bay, slowly reaching 2007 peak levels by mid-2012. While East Bay median home prices did fall in the first quarter of the year, there are still no major indications of a severe double-dip. The East Bay housing market is in better shape now than it was a year ago, notices of default have stabilized over the past two years. The assumption is that the recovery will continue, but significant headwinds can derail it and the probability of a new recession by year 2012 is not small. All these developments have been taken into consideration in the preparation of the District's revenue estimates for the biennial budget, as the District's operating program funding depends very heavily on property tax and sales tax based subsidies (approximately 65 percent of overall revenues).

Requests for Information

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

Basic Financial Statements

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF FUND NET ASSETS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
JUNE 30, 2011
(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 58,160
Restricted cash and cash equivalents	204
Receivables:	
Federal and local grants:	
Capital	12,948
Planning, operating and other	31,050
Property tax	10,686
Local sales tax	6,092
Other, principally trade receivables	3,128
Total receivables - net	<u>63,904</u>
Due from Pension Trust Fund	3,110
Inventories at average cost	11,152
Prepaid expenses	2,834
Total current assets	<u>139,364</u>

NONCURRENT ASSETS:

Restricted for certificates of participation:	
Cash and cash equivalents	2,488
Certificates of participation issuance costs	
net of accumulated amortization	1,706
OPEB asset	1,338
Capital assets:	
Nondepreciable	70,492
Depreciable, net	171,600
Total capital assets, net	<u>242,092</u>
Total noncurrent assets	<u>247,624</u>
Total assets	<u>386,988</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	11,081
Accrued salaries and wages	2,215
Current portion of accrued vacation and sick leave	14,768
Due to Pension Trust Fund	2,809
Other accrued liabilities	4,281
Accrued interest payable	1,303
Unearned revenue	5,170
Current portion of OPEB obligation	250
Current portion of claims liabilities	12,312
Current portion of remediation obligations	211
Current portion of certificates of participation	2,951
Total current liabilities	<u>57,351</u>

NONCURRENT LIABILITIES:

Accrued vacation and sick leave	6,659
OPEB obligation	912
Claims liabilities	36,353
Remediation obligations	1,197
Certificates of participation	33,991
Total noncurrent liabilities	<u>79,112</u>
Total liabilities	<u>136,463</u>

NET ASSETS

Invested in capital assets, net of related debt	207,548
Restricted for capital purchases	14,897
Restricted for debt service	1,350
Unrestricted	26,730
TOTAL NET ASSETS	<u>\$ 250,525</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, 2011
(In thousands)

OPERATING REVENUES:

Passenger fares	\$ 47,700
Contract services	9,846
Other	3,786
	<hr/>
Total operating revenues	61,332
	<hr/>

OPERATING EXPENSES:

Operator wages	61,115
Other wages	50,267
Fringe benefits	116,399
Depreciation and amortization	35,531
Fuel and oil	16,209
Other material and supplies	11,775
Services	20,261
Insurance	4,267
Net expenses of joint venture	8,586
Other	10,417
	<hr/>
Total operating expenses	334,827
	<hr/>
Operating loss	(273,495)
	<hr/>

NONOPERATING REVENUES (EXPENSE):

Operating assistance:	
Property taxes	94,539
Local sales tax	51,130
Local funds	54,883
Federal	42,715
State	13,800
Gain on sale of capital assets	204
Interest income	187
Interest expense	(1,996)
	<hr/>
Net nonoperating revenues	255,462
	<hr/>
Loss before capital contributions	(18,033)

CAPITAL CONTRIBUTIONS	26,663
	<hr/>
CHANGE IN NET ASSETS	8,630
NET ASSETS, beginning of year	241,895
	<hr/>
NET ASSETS, end of year	\$ 250,525
	<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, 2011
(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 57,546
Cash payments to suppliers for goods and services	(72,774)
Cash payments to employees for services	(233,378)
Other operating receipts	5,476
Net cash used in operating activities	<u>(243,130)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating assistance received	269,221
Principal paid on notes payable	(7,000)
Interest paid on notes payable	(205)
Net cash provided by noncapital financing activities	<u>262,016</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(32,926)
Capital contributions received	17,407
Proceeds from sale of capital assets	363
Principal paid on certificates of participation	(2,870)
Interest paid on certificates of participation	(1,919)
Net cash used in capital and related financing activities	<u>(19,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	2,018
Investment income	187
Net cash provided by investing activities	<u>2,205</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,146</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>59,706</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 60,852</u></u>
SUMMARY OF CASH AND CASH EQUIVALENTS AND INVESTMENTS REPORTED ON THE STATEMENT OF NET ASSETS:	
Cash and cash equivalents (unrestricted)	\$ 58,160
Restricted cash and cash equivalents	2,692
Total cash and cash equivalents reported on the statement of net assets	<u><u>\$ 60,852</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	(\$273,495)
Adjustments to reconcile operating loss to net cash used in operating activities:	-
Depreciation and amortization	35,531
Effect of changes in assets and liabilities:	-
Receivables	1,579
Inventories	1,523
Due from Pension Trust Fund	(3,110)
Prepaid expenses and OPEB asset	983
Accounts payable and accrued expenses	(2,777)
Accrued salaries and wages	34
Accrued vacation and sick leave	(1,036)
Unearned revenue	111
Due to Pension Trust Fund	2,610
Other accruals	(4,095)
Long term liabilities	(988)
Net cash used in operating activities	<u><u>\$ (243,130)</u></u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF PLAN NET ASSETS - PENSION TRUST FUND
DECEMBER 31, 2010
(In thousands)

ASSETS

Contributions receivable	\$ 3,435
Receivable from brokers	66
Interest receivable on investments	204
Investments at fair value:	
Short-term investments	6,843
Equity securities	120,303
Equity funds	141,953
Fixed income funds	159,974
Total investments for payment of accrued pension costs	<u>429,073</u>
Total assets	<u>432,778</u>

LIABILITIES

Accrued expenses	146
Due to Enterprise Fund	2,938
Payable to brokers for unsettled transactions	<u>7</u>
Total liabilities	<u>3,091</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 429,687</u>
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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, 2010
(In thousands)

ADDITIONS:

Employer contributions	\$ 38,461
Investment income:	
Earnings on investments	6,253
Net appreciation in fair value of investments	41,969
Investment expenses	<u>(1,338)</u>
Net investment income	<u>46,884</u>
Total additions	<u>85,345</u>

DEDUCTIONS:

Benefit payments	32,665
Administrative expenses	<u>816</u>
Total deductions	<u>33,481</u>

NET INCREASE	51,864
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

Beginning of year	<u>377,823</u>
End of year	<u><u>\$ 429,687</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, 2011

(1) THE FINANCIAL REPORTING ENTITY

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

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

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

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

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

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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 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, 2011, the restricted portion of investments is valued at \$2.017 million. 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 \$1.35 million. Pursuant to a trust agreement by and between the Corporation, the District, and the trustee, the restricted assets in the fund can only be used to service lease payments on the outstanding certificates of participation. In 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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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

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

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

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

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

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

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

Contract Services – The Metropolitan Transportation Commission (MTC) allocates a portion of the San Francisco Bay Area Rapid Transit District’s (BART) State Transportation Assistance funds to the District for allowing BART passengers to ride District buses at a discounted rate when they provide a BART transfer. Allocations from MTC totaled \$2.671 million for the year ended June 30, 2011 and are recorded as contract services. The remaining amount of \$4.849 million 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-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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

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

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

On November 30, 2004, the voters approved Measure BB, which superseded the Measure AA parcel tax. Measure BB increased the amount of annual parcel tax to \$48 per year and the term of the tax to 10 years from the date of implementation. The tax became effective on July 1, 2005 and was to terminate on June 30, 2015. However, on November 4, 2008, the voters approved Measure VV, which supersedes the Measure BB parcel tax. Measure VV became effective July 1, 2009 and increased the annual parcel tax to \$96 per parcel. Measure VV is effective through June 30, 2019. The revenue derived from this measure is to be used to sustain public transportation services provided by the District in Special District No. 1. The District received approximately \$29.4 million in Measure VV taxes during the year ended June 30, 2011.

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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

- 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, 2011, the District has restricted net assets in the amount of \$1.35 million related to the 2007 Certificates of Participation (COPS) and \$14.897 million 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.

(3) CASH AND INVESTMENTS

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

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

The Plan's investments are invested pursuant to investment policy guidelines established by the Retirement Board. The long-term asset allocation of the investment portfolio is to have 48% of the portfolio invested in domestic equities, 15% in international equities, and 37% in domestic fixed income securities. The portfolio is managed by investment managers hired by the Board. The Board utilizes both active and passive management in the domestic equity portfolio. The Board has chosen to manage the investment risks described by Government Accounting Standards Board Statement No. 40 by requiring investment managers to abide by certain guidelines that are tailored to the portfolio that the manager manages. These guidelines specify the amount of credit, interest, and foreign currency risk that a manager may take and the performance objective of the portfolio.

During the year ended December 31, 2010, the Board initiated a restructuring of its fixed income portfolio that was completed in early 2011. This restructuring resulted in the Board deciding to terminate its three then current fixed income managers and hire four new fixed income managers. The Board expects the new fixed income portfolio to produce a more stable source of returns.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

Presentation - At June 30, 2011 (December 31, 2010 for the Plan), the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	\$ 60,852
Investments	<u>429,073</u>
Total	<u><u>\$ 489,925</u></u>
Reported in the Enterprise Fund as:	
Cash and cash equivalents	\$ 60,852
Investments	
Reported in the Pension Trust Fund as:	
Investments restricted for payment of accrued pension costs (at December 31, 2010)	<u>429,073</u>
Total	<u><u>\$ 489,925</u></u>

Fund Investments – Specific Risks

As of June 30, 2011, the District had the following investments and maturities (amounts are in thousands):

Investment Type	Fair Value	Standard & Poor's Rating	Investment Maturities Less Than 1 Year
Bank Repurchase Agreements	\$ 25,000	Not rated	\$ 25,000
Money Market Mutual Funds	<u>23,895</u>	Aaam	<u>23,895</u>
Total	<u><u>\$ 48,895</u></u>		<u><u>\$ 48,895</u></u>

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

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

Concentration of Credit Risk – The District manages this risk by requiring that no more than 20% of its total investment portfolio (with the exception of securities of the U.S. Treasury or U.S. government agencies) be invested in a single security type or with a single financial institution. Disclosure requirements state that any investments in a single security type or held with a single financial institution that are greater than 5% of the District's investments must be disclosed, except for investments in external pools and mutual funds. In fiscal year 2011, the District had \$25 million of its investments invested in repurchase agreements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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.

At December 30, 2010, the Plan did not have any direct investment in fixed income securities.

Credit Risk – For the Plan, fixed income assets are invested in two pooled investment vehicles and with an outside money manager. As of April 2010, the Plan converted all of the fixed income investments of the Plan to investments in commingled pools or mutual funds.

As of December 31, 2010, \$6.8 million was invested in a short term pooled investment fund managed by State Street. This fund is not rated.

Concentration of Credit Risk – The Plan also has investments that represent 5% or more of Plan net assets as of December 31, 2010. The Plan had no investments in a single issuer that equaled or exceeded 5% of Plan net asset.

Foreign Currency Risk – Foreign currency risk is the risk that the changes in foreign exchange rates will affect the fair value of an investment denominated in a foreign currency. The Plan has, or could have, exposure to foreign currencies through its investment in several commingled investments. As of December 31, 2010, investments in international funds totaled \$50.3 million.

Subsequent Event – On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

(4) CAPITAL ASSETS

Following is a summary of capital assets at June 30, 2011 (in thousands):

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2011</u>
Non-depreciable capital assets:					
Land	\$27,662				\$27,662
Work in progress	35,751	\$32,926		(\$25,847)	42,830
Total	<u>63,413</u>	<u>32,926</u>		<u>(25,847)</u>	<u>70,492</u>
Depreciable capital assets					
Revenue equipment	258,790		(\$15,396)	14,487	257,881
Service vehicles and other equipment	136,740		(144)	2,511	139,107
Buildings, structure and improvements	161,409			8,849	170,258
Total	<u>556,939</u>		<u>(15,540)</u>	<u>25,847</u>	<u>567,246</u>
Less accumulated depreciation					
Revenue equipment	(150,777)	(19,686)	15,237		(155,226)
Service vehicles and other equipment	(108,173)	(10,382)	144		(118,411)
Buildings, structure and improvements	<u>(116,546)</u>	<u>(5,463)</u>			<u>(122,009)</u>
Total	<u>(375,496)</u>	<u>(35,531)</u>	<u>15,381</u>		<u>(395,646)</u>
Depreciable capital assets, net of accumulated depreciation	<u>181,443</u>	<u>(35,531)</u>	<u>(159)</u>	<u>25,847</u>	<u>171,600</u>
Capital assets, net of accumulated depreciation	<u>\$244,856</u>	<u>(\$2,605)</u>	<u>(\$159)</u>		<u>\$242,092</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

(5) INTERFUND RECEIVABLES/PAYABLES

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2011 and the Pension Trust Fund is reported as of December 31, 2010; 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, 2011 (in thousands)		
<u>Interfund payable</u>	<u>Interfund receivable</u>	
Pension trust fund	Enterprise fund	\$3,438

December 31, 2010 (in thousands)		
<u>Interfund payable</u>	<u>Interfund receivable</u>	
Pension trust fund	Enterprise fund	\$2,938

(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, 2011 as follows (in thousands):

Federal grants	\$ 6,381
State grants	<u>20,282</u>
	<u><u>\$ 26,663</u></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, 2011

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, 2011 (in thousands):

Local funds:	
Transportation Development Act	\$ 41,947
Regional Measure 2	12,936
	<u>\$ 54,883</u>
State operating assistance	
Operating Revenues	\$9,894
Supplementary Service/Welfare to Work	2,225
Pass thru	1,681
	<u>\$ 13,800</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, 2011

Local sales tax assistance for the year ended June 30, 2011, is summarized below (in thousands):

AB1107	\$ 30,145
Measure B	17,400
Measure J	3,585
	<u>\$ 51,130</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, 2011 are summarized below (in thousands):

Preventive maintenance	\$38,376
Americans with Disabilities program - ADA set aside	4,339
Americans with Disabilities Act paratransit program - lease	1,706
Less amount reported within net expenses of joint venture	(1,706)
	<u>\$42,715</u>

At June 30, 2011 Federal Section 5307 funds totaling \$31.05 million 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. In April 2009, ACTIA and the District amended the loan repayment schedule. Accordingly, the District repaid the remaining balance of the loan of \$7 million in August 2010.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

(9) LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2011 (in thousands):

	Original Issue Amount	Balance June 30, 2010	Retirements	Balance June 30, 2011	Amount due within one year
2001 Certificates of Participation					
3%-4.75%, due 8/01/2018	\$23,800	\$14,320	\$1,340	\$12,980	\$1,390
Less unamortized deferred amount on refunding		(305)	38	(267)	(38)
2007 Certificates of Participation					
4%-4.75%, due 08/01/2017	13,500	11,015	1,185	9,830	1,230
Less unamortized premium		193	(27)	166	27
2009A Certificates of Participation					
3%-6.125%, due 08/01/2034	15,000	15,000	345	14,655	360
Less unamortized discount		(440)	18	(422)	(18)
Total Long-Term Debt		<u>39,783</u>	<u>\$2,899</u>	<u>36,942</u>	<u>\$2,951</u>
Less:					
Amount due within one year		<u>(2,841)</u>		<u>(2,951)</u>	
Total Long-Term Debt, net		<u>\$36,942</u>		<u>\$33,991</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.

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.

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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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

For The Year Ending June 30	Principal	Interest	Total
2012	\$ 2,980	\$ 1,744	\$ 4,724
2013	3,105	1,622	4,727
2014	3,225	1,492	4,717
2015	3,365	1,349	4,714
2016	3,505	1,198	4,703
2017 - 2021	10,770	3,925	14,695
2022 - 2026	2,830	2,765	5,595
2027 - 2031	3,760	1,805	5,565
2032 - 2035	3,925	499	4,424
Total	37,465	<u>\$ 16,399</u>	<u>\$ 53,864</u>
Unamortized premium and discount	<u>(523)</u>		
Total payment	<u>\$ 36,942</u>		

Debt Limit

Board policy on debt limitation (as defined by Ordinance No. 3773) states that "total annual debt service expenses shall not exceed ten percent of operating revenue (including subsidies) provided that in no event shall such indebtedness exceed twenty percent of the assessed value of all real and personal property within the District." The District's legal annual debt service limit as June 30, 2011, is approximately \$33.4 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, 2011, and as a result of this calculation the District does not expect to incur a liability.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

(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 an 8-year vesting requirement.

Actuarial methods and assumptions

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

Valuation date	January 1, 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

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

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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 \$37,861,290 representing 100% of projected actuarial payroll.

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 27,587	100%	\$ -
June 30, 2010	38,076	100%	-
June 30, 2011	37,861	100%	-

Funded Status and Funding Progress – The unfunded actuarial liability is being amortized as a level percentage of expected payroll on an open basis over twenty-one years. As of January 1, 2011, 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)	63%
Annual covered payroll (active plan members)	\$ 136,127
UAAL as a percentage of annual covered payroll	172%

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, 2011

(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 2011, the required contribution rates were as follows:

<u>Bargaining Unit</u>	<u>Contribution Rate</u>
ATU Local 192	\$0.65 per hour per employee
AFSCME	\$0.91 per hour per employee
IBEW	\$1.04 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.

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	\$ 4,292
Interest on net OPEB asset	(140)
Adjustment to annual required contribution	182
OPEB cost	<u>4,334</u>
Contribution made	<u>(2,880)</u>
Decrease in net OPEB asset	1,454
Net OPEB asset - beginning of year	<u>(2,792)</u>
Net OPEB asset - end of year	<u><u>\$ (1,338)</u></u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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, 2009	\$ 2,778	166.6%	\$ (2,403)
June 30, 2010	4,170	109.3%	(2,792)
June 30, 2011	4,334	66.5%	(1,338)

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, 2011, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 67,652
Actuarial value of plan assets	<u>7,528</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 60,124</u></u>

Funded ratio (actuarial value of plan assets/AAL)	11%
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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

In the actuarial valuation as of June 30, 2011, the actuarial cost method used was the projected unit credit method. This method allocates the present value of benefits for each individual attributable to service to date, using future compensation projected to retirement. The amortization method used was the level dollar open method; the remaining amortization period is 30 years. The actuary uses market value to determine the actuarial value of the plan assets.

The actuarial assumptions include an investment rate of 5.0%, an inflation rate of 3.2%, a healthcare cost trend rate of 9.0% for fiscal year 2011 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.

Annual OPEB Cost and Net OPEB Obligation

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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	\$ 1,415
Interest on net OPEB asset	52
Adjustment to annual required contribution	<u>(71)</u>
OPEB cost	1,396
Contribution made	<u>(1,305)</u>
Increase in net OPEB obligation	91
Net OPEB obligation - beginning of year	<u>1,071</u>
Net OPEB obligation - end of year	<u><u>\$ 1,162</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 (Asset)
June 30, 2009	\$ 1,226	133.8%	\$ 832
June 30, 2010	1,357	82.4%	1,071
June 30, 2011	1,396	93.5%	1,162

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, 2011, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 24,707
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 24,707</u></u>
Funded ratio (actuarial value of plan assets/AAL)	11%
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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

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, 2011, 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 9.0% for fiscal year 2011 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 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, 2011 (in thousands):

Total Allocations as of June 30, 2010	Cumulative Expenses Incurred through June 30, 2010	Reclassification of Fiscal Year Bus Purchases to District	Cumulative Expenses Incurred through June 30, 2011	Interest Income	Commitment at June 30, 2011
\$ 27,493	\$ 12,926	\$ (325)	\$ 12,601	\$ 5	\$ 14,897

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

(13) CONTINGENCIES

A. 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.

Projected contributions are scheduled as follows (in 000's):

	<u>Payments</u>
2012	\$ 6,416
2013	8,879
2014	8,302
2015	7,758
2016	4,626
2017 - 2021	5,031
2022 - 2026	5,675
2027 - 2031	6,142
2032 - 2034	4,172

B. Claims and Potential litigation

There are claims and litigation pending, which are considered normal to the District's operation of the transit system. The District maintains insurance coverage for such incidents, as summarized in Note 14, and provisions have been made in the financial statements for estimated losses under the self-insurance retention limits of insurance policies.

C. Pollution Remediation

The District has an estimated \$1,408,000 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, 2011

(14) RISK MANAGEMENT

As of June 30, 2011 the District has the following coverages:

Type of Coverage	Deductible	Coverage Limit
General Liability	\$200,000	\$1,800,000 per occurrence with excess up to \$50,000,000
Workers' Compensation	1,000,000	Statutory Limit
Property, B&M, Auto Physical Damage	100,000	\$100,000,000

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

During the year ended June 30, 2011, 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 \$43.2 million and \$7.3 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, 2009	\$ 43,581	\$ 7,233		\$ 50,814
Claims and changes in estimates	6,066	4,930	\$ 34,143	45,139
Claim Payments	(8,407)	(3,699)	(33,976)	(46,082)
Balance at June 30, 2010	41,240	8,464	167	49,871
Claims and changes in estimates	131	2,551	38,779	41,461
Claim Payments	(228)	(3,718)	(38,721)	(42,667)
Balance at June 30, 2011	<u>\$ 41,143</u>	<u>\$ 7,297</u>	<u>\$ 225</u>	<u>\$ 48,665</u>

The classification of the current and long-term portion of the self-insurance liabilities for the year ended June 30, 2011 are summarized as follows (in thousands):

	Current	Long-term	Total
Workers' compensation liability	\$ 7,863	\$ 33,280	\$ 41,143
Public liability	4,224	3,073	7,297
Health & Dental liability	225		225
	<u>\$ 12,312</u>	<u>\$ 36,353</u>	<u>\$ 48,665</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2011

(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 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 2011, the District incurred expenses of \$21.848 million related to the Consortium.

Required Supplementary Information

(Other than MD&A)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SCHEDULE OF FUNDING PROGRESS
ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' PENSION PLAN (UNAUDITED)
YEAR ENDED DECEMBER 31, 2010
(In Thousands)

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Unfunded liability as a percent of payroll
1/1/2009	\$ 358,601	\$ 586,782	\$ 228,181	61%	\$ 135,196	169%
1/1/2010	373,296	625,116	234,053	53%	136,127	172%
1/1/2011	410,127	692,487	282,360	59%	126,536	223%

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

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Unfunded liability as a percent of payroll
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

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Unfunded liability as a percent of payroll
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, 2011 AND 2010
(In thousands)

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 58,160	\$ 56,348
Restricted cash and cash equivalents	204	870
Restricted investments		43
Receivables:		
Federal and local grants:		
Capital	12,948	3,692
Planning, operating and other	31,050	47,326
Property tax	10,686	9,124
Local sales tax	6,092	3,532
Other, principally trade receivables	3,128	4,707
Total receivables - net	63,904	68,381
Due from Pension Trust Fund	3,110	-
Inventories at average cost	11,152	12,675
Prepaid expenses	2,834	2,957
Total current assets	139,364	141,274
NONCURRENT ASSETS:		
Restricted for certificates of participation:		
Cash and cash equivalents	2,488	2,488
Investments		1,975
Certificates of participation issuance costs, net	1,706	1,112
Net OPEB asset	1,338	2,792
Capital assets:		
Nondepreciable	70,492	63,413
Depreciable, net	171,600	181,443
Total capital assets, net	242,092	244,856
Total noncurrent assets	247,624	253,223
TOTAL ASSETS	386,988	394,497
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	11,081	13,858
Accrued salaries and wages	2,215	2,181
Current portion of accrued vacation and sick leave	14,768	15,804
Due to Pension Trust Fund	2,809	199
Other accrued liabilities	4,281	8,376
Accrued interest payable	1,303	1,460
Unearned revenue	5,170	5,059
Current portion of OPEB obligation	250	1,071
Current portion of claims liabilities	12,312	14,866
Current portion of remediation obligations	211	266
Current portion of notes payable		7,000
Current portion of certificates of participation	2,951	2,841
Total current liabilities	57,351	72,981
NONCURRENT LIABILITIES:		
Accrued vacation and sick leave	6,659	6,632
Net OPEB obligation	912	-
Claims liabilities	36,353	35,005
Remediation obligations	1,197	1,042
Certificates of participation	33,991	36,942
Total noncurrent liabilities	79,112	79,621
Total liabilities	136,463	152,602
NET ASSETS		
Invested in capital assets, net of related debt	207,548	209,056
Restricted for capital purchases	14,897	14,567
Restricted for debt service	1,350	1,350
Unrestricted	26,730	16,922
TOTAL NET ASSETS	\$ 250,525	\$ 241,895

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, 2011 AND 2010
(In thousands)

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Passenger fares	\$ 47,700	\$ 53,229
Contract services	9,846	9,689
Other	3,786	4,484
Total operating revenues	<u>61,332</u>	<u>67,402</u>
OPERATING EXPENSES:		
Operator wages	61,115	67,206
Other wages	50,267	56,751
Fringe benefits	116,399	122,016
Depreciation and amortization	35,531	38,990
Fuel and oil	16,209	13,581
Other material and supplies	11,775	13,895
Services	20,261	20,064
Insurance	4,267	6,983
Net expenses of joint venture	8,586	9,263
Other	10,417	7,139
Total operating expenses	<u>334,827</u>	<u>355,888</u>
Operating loss	<u>(273,495)</u>	<u>(288,486)</u>
NONOPERATING REVENUES (EXPENSE):		
Operating assistance:		
Property taxes	94,539	96,610
Local sales tax	51,130	51,018
Local funds	54,883	54,458
Federal	42,715	53,502
State	13,800	2,225
Gain on sale of capital assets	204	1,441
Interest income	187	130
Interest expense	(1,996)	(2,425)
Net nonoperating revenues	<u>255,462</u>	<u>256,959</u>
Loss before capital contributions	<u>(18,033)</u>	<u>(31,527)</u>
CAPITAL CONTRIBUTIONS	<u>26,663</u>	<u>8,238</u>
CHANGE IN NET ASSETS	8,630	(23,289)
NET ASSETS, beginning of year	<u>241,895</u>	<u>265,184</u>
NET ASSETS, end of year	<u><u>\$ 250,525</u></u>	<u><u>\$ 241,895</u></u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(In thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 57,546	\$ 64,175
Cash payments to suppliers for goods and services	(72,774)	(72,151)
Cash payments to employees for services	(233,378)	(247,360)
Other operating receipts	5,476	4,898
Net cash used in operating activities	<u>(243,130)</u>	<u>(250,438)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating assistance received	269,221	259,190
Principal paid on notes payable	(7,000)	(8,000)
Interest paid on notes payable	(205)	(137)
Net cash provided by noncapital financing activities	<u>262,016</u>	<u>251,053</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(32,926)	(24,026)
Capital contributions from grants	17,407	20,980
Proceeds from sale of capital assets	363	8,827
Principal paid on certificates of participation	(2,870)	(2,430)
Interest paid on certificates of participation	(1,919)	(2,314)
Net cash provided by (used in) capital and related financing activities	<u>(19,945)</u>	<u>1,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	2,018	4,026
Purchase of investments		(4,030)
Interest received on investments	187	83
Net cash provided by investing activities	<u>2,205</u>	<u>79</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,146</u>	<u>1,731</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>59,706</u>	<u>57,975</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 60,852</u></u>	<u><u>\$ 59,706</u></u>
SUMMARY OF CASH AND CASH EQUIVALENTS AND INVESTMENTS REPORTED ON THE STATEMENT OF NET ASSETS:		
Cash and cash equivalents (unrestricted)	\$ 58,160	\$ 56,348
Restricted cash and cash equivalents	2,692	3,358
Total cash and cash equivalents reported on the statement of net assets	<u><u>\$ 60,852</u></u>	<u><u>\$ 59,706</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (273,495)	\$ (288,486)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	35,531	38,990
Effect of changes in assets and liabilities:		
Receivables	1,579	1,287
Inventories	1,523	(697)
Due from Pension Trust Fund	(3,110)	
Prepaid expenses and OPEB asset	983	(1,464)
Accounts payable and accrued expenses	(2,777)	879
Accrued salaries and wages	34	(114)
Accrued vacation and sick leave	(1,036)	(25)
Unearned revenue	111	
Due to Pension Trust Fund	2,610	
Other accruals	(4,095)	
Long term liabilities	(988)	(808)
Net cash used in operating activities	<u><u>\$ (243,130)</u></u>	<u><u>\$ (250,438)</u></u>

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, 2011 AND 2010
(In thousands)

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Passenger fares	\$ 49,706	\$ 52,645
Bart transfers	2,460	4,026
Contract services	2,332	1,733
Advertising	1,212	1,250
Interest income	43	42
Other	2,786	3,789
Total operating revenues	<u>58,539</u>	<u>63,485</u>
SUBSIDIES		
Property taxes	65,255	67,804
Property taxes - Measure VV	29,284	28,807
Local sales tax - Measure B	21,687	19,723
Local sales tax - Measure J	3,585	3,527
Local operating assistance	13,509	12,662
State - AB11107	30,145	27,767
State - AB2972 Home to School	2,225	2,225
State - TDA	44,635	44,841
State - STA	11,889	6,787
State operating assistance other	1,681	
Federal operating assistance	44,422	55,175
Total subsidies	<u>268,317</u>	<u>269,318</u>
Total revenue & subsidies	<u>326,856</u>	<u>332,803</u>
EXPENSES:		
Operator wages	59,432	65,206
Other wages	49,483	56,018
Fringe benefits	76,916	82,148
Pension expense	37,861	38,069
Services	20,261	20,063
Fuel and lubricants	15,878	13,276
Office/printing supplies	671	737
Other materials and supplies	11,020	13,081
Utilities	2,905	3,032
Insurance	3,859	7,012
Expenses of joint venture	21,849	22,405
Other expenses	7,308	4,107
Interest expense	1,983	2,025
Total expenses	<u>309,426</u>	<u>327,179</u>
Net revenues	17,430	5,624
Capital contributions	26,663	8,238
Capital outlay	(26,663)	(875)
Excess of revenues over expenses	<u>\$17,430</u>	<u>\$12,987</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, 2011
(In thousands)

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:			
Passenger fares	\$49,706	\$48,921	\$785
Bart Transfers	2,460	2,436	\$24
Contract services	2,332	2,237	95
Advertising	1,212	1,150	62
Interest income	43	80	(37)
Other	2,786	2,577	209
Total operating revenues	58,539	57,401	1,138
SUBSIDIES			
Property taxes	65,255	64,589	666
Property taxes - Measure VV	29,284	29,335	(51)
Local sales tax - Measure B	21,687	20,872	815
Local sales tax - Measure J	3,585	3,527	58
Local operating assistance	13,509	9,881	3,628
State - AB1107	30,145	29,450	695
State - AB2972 Home to School	2,225	2,225	-
State - TDA	44,635	46,195	(1,560)
State - STA	11,889	11,888	1
State operating assistance other	1,681		1,681
Federal operating assistance	44,422	33,723	10,699
Total subsidies	268,317	251,685	16,632
Total revenue & subsidies	326,856	309,086	17,770
EXPENSES:			
Operator wages	59,432	59,999	567
Other wages	49,483	50,453	970
Fringe benefits	76,916	76,095	(821)
Pension expense	37,861	39,660	1,799
Services	20,261	22,674	2,413
Fuel and lubricants	15,878	16,226	348
Office/printing supplies	671	748	77
Other materials and supplies	11,020	13,385	2,365
Utilities	2,905	3,346	441
Insurance	3,859	6,875	3,016
Expenses of joint venture	21,849	23,548	1,699
Other expenses	7,308	7,298	(10)
Interest expense	1,983	2,240	(257)
Total operating expenses	309,426	322,547	12,607
Excess of revenues over expenses	17,430	(\$13,461)	\$5,163
Depreciation and amortization	(35,011)		
Capital contributions	26,663		
Change in net assets	\$9,082		

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, 2011
(In thousands)

	Special Transit District 1	Special Transit District 2	Total
REVENUES:			
Passenger fares	\$47,156	\$2,550	\$49,706
BART transfers	2,334	126	2,460
Contract services	2,326	6	2,332
Advertising	1,050	162	1,212
Interest income	39	4	43
Other	2,413	373	2,786
	<u>55,318</u>	<u>3,221</u>	<u>58,539</u>
Total operating revenues			
SUBSIDIES			
Property taxes	51,930	13,325	65,255
Property taxes - Measure VV	29,284	-	29,284
Local sales tax - Measure B	20,068	1,619	21,687
Local sales tax - Measure J	3,585	-	3,585
Local operating assistance	11,465	2,044	13,509
State - AB1107	30,145	-	30,145
State - AB2972 Home to School	2,225	-	2,225
State - TDA	36,888	7,747	44,635
State operating assistance	12,308	1,262	13,570
Federal operating assistance	38,688	5,734	44,422
	<u>236,586</u>	<u>31,731</u>	<u>268,317</u>
Total subsidies			
Total revenues and subsidies	<u>291,904</u>	<u>34,952</u>	<u>326,856</u>
EXPENSES:			
Operator wages	51,986	7,446	59,432
Other wages	42,863	6,620	49,483
Fringe benefits	66,986	9,930	76,916
Pension	32,973	4,888	37,861
Services	17,551	2,710	20,261
Fuel and lubricants	13,754	2,124	15,878
Office/printing supplies	583	88	671
Bus parts/maintenance supplies	9,546	1,474	11,020
Utilities	2,517	388	2,905
Insurance	3,342	517	3,859
ADA Paratransit Service	19,676	2,173	21,849
Other expenses	6,330	978	7,308
Interest Expense	1,728	255	1,983
Depreciation	30,328	4,683	35,011
	<u>300,163</u>	<u>44,274</u>	<u>344,437</u>
Total expenses			
Income (loss) before capital contributions	(8,259)	(9,322)	(17,581)
Capital contributions	25,738	925	26,663
Change in net assets	<u>\$ 17,479</u>	<u>\$ (8,397)</u>	<u>\$ 9,082</u>

See accompanying notes to other supplementary information.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO OTHER SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

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, 2011 basic financial statements of the District's budgeted fund is as follows (in thousands):

Increase in net assets on a GAAP basis	\$ 8,630
Perspective differences	658
Gain on sale of capital assets	(204)
Capital outlay of District funds	(26,663)
Depreciation on fixed assets funded by District operations	35,011
Increase in net assets on a budgetary basis	<u>\$ 17,432</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO OTHER SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

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	50

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	51
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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	59
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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	60
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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	64
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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>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>2011</u>
Net Assets:										
Invested in capital assets, net of related debt	\$177,422	\$206,890	\$241,579	\$222,238	\$222,482	\$229,109	\$212,754	\$231,130	\$209,056	\$207,548
Restricted for capital purchases ³	n/a	n/a	n/a	n/a	n/a	n/a	15,668	18,342	14,567	14,897
Restricted for debt service ²	2,013	2,013	2,013	1,975	1,975	-	1,350	1,350	1,350	1,350
Unrestricted	30,510	(4,236)	(14,388)	4,658	18,833	35,704	19,184	14,362	16,922	26,730
Total net assets	<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>	<u>\$250,525</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 2011.

Source: Office of Controller, AC Transit

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

OPERATING REVENUES

	<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>2011</u>
Farebox	\$44,861	\$40,820	\$43,904	\$43,266	\$47,536	\$48,550	\$49,889	\$52,173	\$53,229	\$50,648
Other Transit Fares	205	236	325	589	623	827	1,001	120	110	120
Bart Transfers	5,390	4,931	4,803	4,164	4,624	4,596	5,104	5,301	4,026	2,460
Contract Service	4,046	4,243	4,011	4,250	4,129	4,493	5,279	5,226	5,553	4,849
Cypress Mitigation/ CSP Startup (Cal Trans)										
Service Funding-Alameda	245	245	56	-	-	-	-	-		
Advertising	1,718	1,883	2,086	2,188	2,290	2,394	2,536	2,604	1,250	1,212
Other Income	3,384	2,369	5,102	4,144	3,861	4,476	2,962	3,922	3,234	2,043
TOTAL	59,849	54,727	60,287	58,601	63,063	65,336	66,771	69,346	67,402	61,332

NONOPERATING REVENUES

Property Taxes	47,206	49,623	59,365	60,520	73,078	77,655	83,138	87,365	96,610	94,539
State Funding	2,630	4,063	3,422	3,808	11,386	14,678	13,600	14,079	2,225	13,800
Sales Tax (AB1107)	30,979	32,410	28,526	29,729	31,990	33,180	33,833	30,767	27,767	30,145
Sales Tax TDA ⁴	61,202	36,806	46,490	48,259	52,533	53,299	53,017	46,310	54,458	54,883
Capital Contribution - Fed & State Operating Assistance	9,984	37,648	35,543	17,482	22,592	36,267	31,402	42,627	8,238	26,664
Federal Sec. 8 & 9	34,099	39,283	37,207	35,083	32,263	25,690	12,088	48,162	55,175	44,421
Measure "B" ¹	12,357	22,178	20,246	20,818	22,722	23,288	23,868	20,733	19,723	17,400
Measure "J" ²	1,316	1,468	1,506	1,273	1,377	1,609	1,489	1,472	3,528	3,585
SCCTD-DB Reimbursement										
Prop. 111-STA	5,477	3,171	3,077	4,036	5,238	6,991	3,968	9,103	0	0
Interest Income	1,528	653	466	1,171	2,123	3,104	2,741	1,690	130	187
ADA Paratransit Service ³	5,123	3,832	4,627	5,646	6,289	5,627	7,860	9,370	0	0
TOTAL	211,901	231,135	240,475	227,825	261,591	281,388	267,004	311,678	267,854	285,624

**REVENUES &
SUBSIDIES**

\$271,750	\$285,862	\$300,762	\$286,426	\$324,654	\$346,724	\$333,775	\$381,024	\$335,256	\$346,956
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Notes:

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

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

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

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

Source: Office of Controller, AC Transit

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

TRANSPORTATION INDUSTRY

<u>YEAR</u>	<u>OPERATING AND OTHER MISCELLANEOUS REVENUE</u>			<u>OPERATING ASSISTANCE</u>				<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
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	0.315	0.058	0.373	0.065	0.225	0.253	0.543	1
2010	*	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*	*

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>	
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
2011	0.158	0.033	0.191	0.627	0.043	0.139	0.809	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 2011 Transportation Fact Book"

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

SALES TAX (AB 1107) RECEIPTS ¹

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
2010-11	270,405,651

LOCAL TRANSPORTATION FUNDS ²

	<u>ALAMEDA COUNTY</u>	<u>CONTRA COSTA COUNTY</u>	<u>TOTAL</u>
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
2010-11	52,185,762	32,700,534	84,886,296

Notes:

¹ AB1107 Sales Tax receipts are shared by AC Transit, San Francisco Municipal Railways and Bay Area Rapid Transit. AC Transit received \$30.1 million in the fiscal year 2011

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 2011, AC Transit received \$35.4 million from Alameda County and \$4.6 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 Year¹	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Utility and Unsecured Property²	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
2011	137,082,662	26,746,547	19,385,756	1,435,643	2,450,098	14,454,882	5,793,021	195,762,567	1.00

CONTRA COSTA COUNTY							
Fiscal Year	Real Property³	Personal Property³	Total	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate	
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	
2011	145,251,206	3,388,408	148,639,614	4,495,004	144,144,610	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					Total ¹
	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	
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
2011	1.0000	0.0052	0.0017	0.0179	0.1163	0.0582	1.1993

CONTRA COSTA COUNTY

Fiscal Year	County Direct Rate	Overlapping Rates					Total
	Countywide Rate ²	County Special Districts	Local ³ Special Districts	Agency Districts	Schools	Cities	
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
2011	1.0000	0.0000	0.0026	0.0114	0.1070	0.0127	1.1337

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

	2011			2002		
	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.	\$ 1,469,411	1	0.80 %	\$ 775,380	3	0.68 %
New United Motor Manufacturing, Inc.	1,014,085	2	0.55	937,590	1	0.82
AT&T California	377,180	3	0.20	913,192	2	0.80
Kaiser Foundation Hospitals	374,940	4	0.20			
Kaiser Foundation Health Plan, Inc.	354,243	5	0.19	212,586	9	0.19
Catellus Development Corporation	329,014	6	0.18	238,002	6	0.21
Bayer Healthcare LLC	277,564	7	0.15			
SCI Limited Partnership	264,228	8	0.14	227,593	7	0.20
Northern California Industrial Portfolio, Inc	263,336	9	0.14			
SA Challenger Inc.	253,310	10	0.14			
Cutter Laboratories				264,306	4	0.23
Calwest Industrial Properties, LLC				254,422	5	0.22
Sun Microsystems Inc.				224,673	8	0.20
WB Bernal, LLC				200,426	10	0.18
	<u>\$ 4,977,311</u>		<u>2.69 %</u>	<u>\$ 4,248,170</u>		<u>3.73 %</u>

CONTRA COSTA COUNTY

	2011			2002		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Taxpayer						
Chevron USA	\$ 2,606,791	1	1.91 %	\$ 2,140,799	1	2.29 %
Equilon/Shell Oil Co.	1,597,132	2	1.17	1,331,376	2	1.42
Pacific Gas & Electric	1,317,359	3	0.96	703,266	5	0.75
Tesoro Refining & Marketing	1,092,519	4	0.80	966,369	3	1.03
Tosco Corporation	1,018,440	5	0.74			
Sunset Land Company	725,259	6	0.53			
Seeno Construction Co.	646,178	7	0.47	366,612	8	0.39
Mirant Delta/Delta Energy Ctr	527,275	8	0.39	558,875	6	0.60
AT & T/Pacific Bell	497,573	9	0.36	704,469	4	0.75
Shappell Industries, Inc.	466,898	10	0.34			
GMAC Commercial				413,657	7	0.44
USS Posco Industries				333,729	9	0.36
Taubman				268,002	10	0.29
	<u>\$ 10,495,424</u>		<u>7.67 %</u>	<u>\$ 7,787,154</u>		<u>8.32 %</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 2011 ¹	Rank	Percentage of Total County Employment	Number of Employees 2002 ¹	Rank	Percentage of Total County Employment ²
University of California Berkeley	Education	14,084	1	2.12	13,720	1	1.91
County of Alameda	Local Government	8,843	2	1.33	8,593	2	1.19
Lawrence Livermore National Laboratory	Energy Develop and Conservation	7,000	3	1.05	8,010	3	1.11
Oakland Unified School District	Education	5,808	4	0.88	7,435	4	1.03
Lawrence Berkeley Laboratory	Research and Development	5,000	5	0.75	3,315	-	-
City of Oakland	Local Government	4,703	6	0.71	4,885	9	0.68
Safeway Inc.	Grocery Retail	4,268	7	0.64	3,765	10	0.52
Edy's Grand Ice Cream	Food Manufacture	4,191	8	0.63	-	-	-
Cost Plus Incorporated	Trade	4,113	9	0.62	-	-	-
Cooper Co's Inc.	Health Care Equipment and Supplies	4,000	10	0.60	-	-	-
Kaiser Permanente Medical Group Inc	Health and Medical	-	-	-	6,085	5	0.85
Minneapolis Postal Data Center	Postal Data Center	-	-	-	5,860	6	0.81
Kaiser Foundation Health Plan Inc.	Health and Medical	-	-	-	5,310	7	0.74
New United Motor Manufacturing, Inc.	Industrial	-	-	-	5,270	8	0.73
Total		62,010		9.33	72,248		9.57

CONTRA COSTA COUNTY

Taxpayer	2011 ³			2002 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 2011 and 740,100 for 2001 (Source: Employee Development Department)

³ Rich's Everyday Sales Prospecting Directory (2011) - Contra Costa County

⁴ State of California Employment Development Department, 2011 annual, not adjusted

⁵ Rich's Everyday Sales Prospecting Directory (2002) - Contra Costa County

⁶ State of California Employment Development Department, 2002 annual, not adjusted

Source: Harris Infosource July 2011; East Bay EDA for 2002 data

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

ALAMEDA COUNTY

Fiscal Year ¹	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount ²	Percentage of Levy ²
2006	\$ 1,891,314	\$ 1,847,316	97.67 %	-	-	-
2007	2,082,187	2,005,869	96.33	-	-	-
2008	2,259,012	2,155,685	95.43	-	-	-
2009	2,393,333	2,284,204	95.44	-	-	-
2010	2,360,181	2,283,101	96.73	-	-	-
2011	2,327,545	2,264,442	97.29	-	-	-

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
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
2011	1,932,504	1,896,819	98.15	-	1,896,819	98.15

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%
2011	36,656	0	36,656	0.019%	1.422%

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
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	73,159,586	49,757	7.2
2009	1,556,657	71,596,468	48,004	11.1
2010	1,574,857	- ¹	- ¹	11.5
2011	1,521,157	- ¹	- ¹	10.9

CONTRA COSTA COUNTY

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
2002	981,673	44,703,343	45,595	5.7%
2003	993,827	45,769,497	46,341	6.1%
2004	1,005,698	48,917,847	49,275	5.4%
2005	1,016,372	51,528,384	51,566	5.1%
2006	1,025,436	55,313,098	55,241	4.5%
2007	1,035,097	58,491,374	57,881	4.7%
2008	1,048,185	59,348,149	57,874	6.3%
2009	1,061,325	59,043,740	56,703	10.8%
2010	1,073,055	N/A ¹	N/A ¹	11.3%
2011	1,056,064	N/A ¹	N/A ¹	11.0%

Notes:

¹ Data not yet published.

Source: State of California Employment Development Department Labor Market Information

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
APPROPRIATIONS LIMITATION CALCULATION
For the Fiscal Year Ending June 30, 2011**

2010 -11 Appropriations Limit, Budgetary Purposes	\$352,945,192
Change in Consumer Price Index	-2.54
Weighted Average Change in Population	1.0141
Total Adjustment Factor (rounded)	0.9883
Annual adjustment in dollars (rounded)	-4,129,459
2011-12 Appropriations Limit	\$348,815,733

Source: Office of Controller, AC Transit

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

<u>FARE CATEGORY ¹</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>2011</u>
<u>LOCAL CASH</u>										
Adult	\$1.35	\$1.50	\$1.50	\$1.50	\$1.75	\$1.75	\$1.75	\$2.00	\$2.00	\$2.00
Youth (13-17)	1.35	0.75	0.75	0.75	0.85	0.85	0.85	1.00	1.00	1.00
Child (5-12)	0.65	0.75	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	0.65	0.75	0.75	0.75	0.85	0.85	0.85	1.00	1.00	1.00
<u>LOCAL PASSES</u>										
Adult	49	50	60	60	70	70	70	80	80	80
Youth/Child (5-17)	27	15	15	15	15	15	15	15	15	15
Sr/Disabled	13	15	20	20	20	20	20	20	20	20
10-ride pass										
Adult	11.5	13	15	15	17.5	17.5	17.5	20	20	20
Sr/Dis/Youth	5.5	6.5	7.5	7.5	8.5	8.5	8.5	10	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	1.75
Sr/Dis/Youth ³	0.55	0.55	0.55	0.55	0.65	0.65	0.65	0.75	0.75	0.75
Sports Special		2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<u>TRANSBAY BASIC CASH</u>										
Adult	2.5	3	3	3	3.5	3.5	3.5	4.00	4.00	4.00
Youth (13-17)	2.5	1.5	1.5	1.5	1.7	1.7	1.7	2.00	2.00	2.00
Child (5-12)	1.25	1.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.25	1.5	1.5	1.5	1.7	1.7	1.7	2.00	2.00	2.00
<u>TRANSBAY BASIC PASS</u>										
Adult	80	85	100	100	116	116	116	132.5	132.5	132.5
10-ride pass										
Adult	22	26	30	30	35	35	35	n/a	n/a	n/a
Sr/Dis/Youth	11	13	n/a	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	n/a
<u>TRANSBAY LONG DISTANCE CASH</u>										
Adult	2.75	3.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Youth (13-17)	2.75	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Child (5-12)	1.35	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.35	1.6	n/a	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	n/a
Sr/Dis/Youth	12	14	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSBAY LONG DISTANCE PASS</u>										
Adult	90	95	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSFER FEE See Note ²</u>	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

Notes:

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

² Valid for 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, 2011**

EMPLOYEES: 1,942 (1,662 in Vehicle Operations, which includes 1,337 drivers;
370 in Maintenance; and 235 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 - 190,948 average weekday (57 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 - 111, most of which connect with BART, and six connecting with ferry boats

Transbay - 34 routes	East Bay District 1 - 63 routes
District 2 (Fremont & Newark) - 14 routes	Special Service - 7

FLEET - Total Buses: 604. Weekday Peak Hour Requirement: 475. Basic Service: 293
ADA Accessible Buses: 604

MILEAGE - Annual Total Vehicle Miles - 23,182,586 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 2010-11

Source: Office of Controller, AC Transit

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

Operating Revenues

	<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>2011</u>
Passenger fares	\$45,066	\$41,056	\$44,230	\$43,855	\$48,159	\$49,377	\$50,890	\$52,173	\$53,229	\$50,648
Contract service	9,436	9,174	8,814	8,414	8,753	9,089	10,383	10,646	9,689	7,520
Other	5,347	4,497	7,244	6,332	6,151	6,870	5,498	6,527	4,484	3,164
Total operating revenues	\$ 59,849	\$ 54,727	\$ 60,288	\$ 58,601	\$ 63,063	\$ 65,336	\$ 66,771	\$ 69,346	\$ 67,402	\$ 61,332

Non-operating revenues

Property taxes	\$ 47,206	\$ 49,623	\$ 59,365	\$ 60,520	\$ 73,078	\$ 77,655	\$ 83,138	\$ 87,365	\$ 96,610	\$ 94,539
Local sales tax	44,652	56,056	50,278	51,820	56,090	58,077	59,191	52,972	51,018	51,130
Local funds ²	61,202	36,806	46,490	48,259	52,533	53,299	53,017	58,164	54,458	54,883
Federal	34,099	40,881	37,207	35,083	32,996	31,317	19,948	57,532	53,502	44,421
State	8,107	7,335	6,499	7,844	16,624	21,670	17,567	11,328	2,225	13,800
Gain on sale of capital assets									1,441	204
Interest income	1,528	653	466	1,171	2,290	3,104	2,741	1,690	130	187
Total non- operating revenues	\$196,794	\$191,354	\$200,305	\$204,697	\$233,611	\$245,122	\$235,602	\$269,051	\$259,384	\$259,164

Total Revenues

	\$256,643	\$246,081	\$260,593	\$263,298	\$296,674	\$310,458	\$302,373	\$338,397	\$326,786	\$320,496
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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	61,115
Other wages	47,163	49,691	45,917	46,158	48,807	52,526	55,221	59,252	56,751	50,267
Fringe benefits	72,797	93,384	81,274	83,539	95,775	96,971	103,646	112,939	122,016	116,399
Depreciation and amortization	22,508	22,985	29,362	34,451	30,938	36,994	34,465	37,805	38,990	35,531
Fuel and oil	6,722	7,616	8,126	10,344	14,126	14,928	19,400	17,721	13,581	16,209
Other material and supplies	9,756	10,000	7,792	9,728	9,925	11,858	12,585	15,752	13,895	11,775
Services	16,027	14,732	14,538	15,397	16,560	18,733	22,516	22,125	20,064	20,261
Insurance	4,332	6,889	5,141	4,291	7,073	7,029	8,807	5,150	6,983	4,267
Net expenses of joint venture	11,223	12,686	12,445	11,132	12,567	11,282	13,233	13,564	9,263	10,292
Interest expense	1,170	973	1,372	1,708	1,928	1,726	2,403	3,077	2,425	1,996
Other	20,410	8,577	5,716	6,603	7,007	10,111	11,248	9,975	7,139	10,417
Total expenses	\$270,566	\$289,007	\$271,599	\$281,113	\$304,847	\$325,202	\$349,632	\$364,796	\$358,313	\$338,529

Income (Loss) before capital contributions	\$ (13,923)	\$ (42,926)	\$ (11,006)	\$ (17,815)	\$ (8,173)	\$ (14,744)	\$ (47,259)	\$ (26,399)	\$ (31,527)	\$ (18,033)
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CAPITAL CONTRIBUTIONS	9,984	37,648	35,543	17,482	22,592	36,267	31,402	42,627	8,238	26,663
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CHANGE IN NET ASSETS	\$ (3,939)	\$ (5,278)	\$ 24,537	\$ (333)	\$ 14,419	\$ 21,523	\$ (15,857)	\$ 16,228	\$ (23,289)	\$ 8,630
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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 2010

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>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>2011</u>
Operator Wages	\$58,458	\$61,474	\$59,916	\$57,762	\$59,146	\$63,044	66,108	67,436	67,206	61,115
Other Wages	47,162	49,691	45,917	46,158	48,808	52,526	55,221	59,252	56,751	50,265
Fringe Benefits	72,797	93,384	81,274	83,539	95,775	96,971	103,646	112,939	122,016	120,217
Fuel and Oil	6,722	7,616	8,126	10,344	14,126	14,928	19,400	17,721	13,581	16,209
Other Materials/Supplies	9,756	10,000	7,792	9,728	9,926	11,858	12,585	15,752	13,895	11,777
Services	16,027	14,732	14,538	15,397	16,560	18,733	22,516	22,125	20,064	20,063
Insurance	4,332	6,889	5,141	4,291	7,073	7,029	8,807	5,150	6,983	4,266
Leases & Rentals	684	662	592	564	456	342	385	403	336	567
Purchased Transportation - ADA	16,189	16,518	17,073	16,778	18,122	11,282	13,233	13,564	9,263	14,579
Other	5,947	6,262	5,184	6,124	6,550	11,369	10,863	9,511	6,803	9,850
TOTAL	238,074	267,228	245,553	250,685	276,542	288,082	312,764	323,853	316,898	308,908

NONOPERATING ITEMS

Loss/(Gain) on Disposal of Personal Property and Equipment	-2	-46	-62	-85	-7	-1,600	-2,110	61	-1,441	-204
Interest	1076	973	1,372	1,708	1,752	1,726	2,403	3,077	2,425	1,983
TOTAL	1,074	927	1,310	1,623	1,745	126	293	3,138	984	1,779
GRAND TOTAL	\$239,148	\$268,155	\$246,863	\$252,308	\$278,287	\$288,208	\$313,057	\$326,991	\$317,882	\$310,687

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>
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	38.2%	26.7%	6.6%	11.3%	3.5%	2.3%	14.0%	-2.5%	100.0%
2010	*	*	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*	*	*

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>
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%
2011	36.1%	38.9%	6.5%	9.1%	0.9%	1.4%	4.7%	2.4%	100.0%

Notes:

* - Not Available

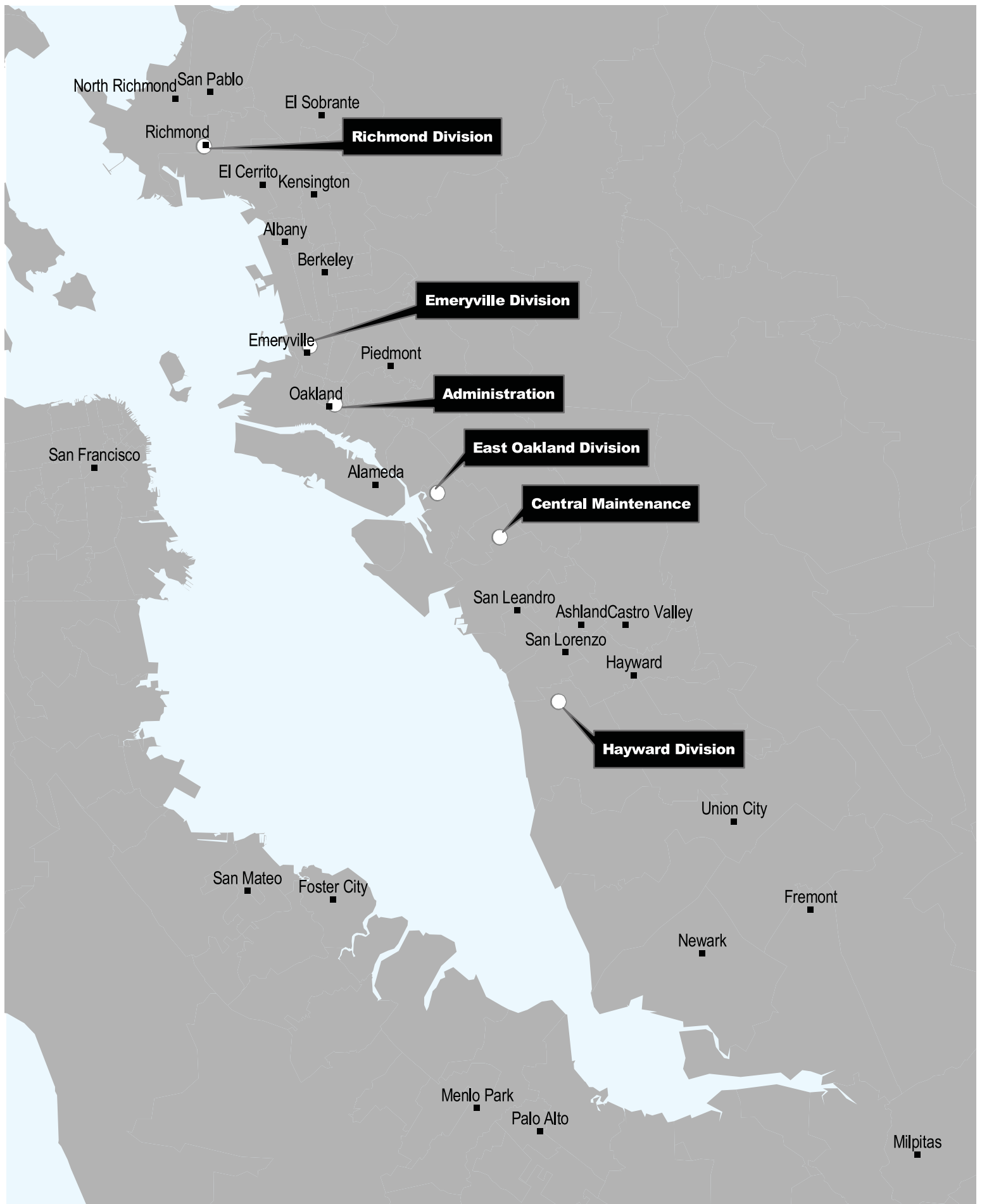
Source: The American Public Transportation Association, "APTA 2011 Transit Fact Book"

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

	<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>2011</u>
<u>Revenue Vehicle Statistics</u>										
Active Fleet Size	768	774	685	614	626	678	646	646	643	604
Maximum Peak Vehicles	654	648	624	499	505	508	512	518	518	475
Average Age of Active Revenue Vehicles (Yrs)	10.5	9.4	6.4	6.6	7.9	8.5	8.0	8.0	8.0	9.0
<u>General Operating Statistics</u>										
Vehicle miles (000's)	26,690	27,128	25,636	24,180	24,617	25,122	25,044	25,971	25,283	22,496
Platform hours (000's)	2,181	2,215	2,064	1,941	1,974	1,981	2,044	2,074	2,025	1,832
Miles per hour	12.2	12.2	12.4	12.5	12.5	12.7	12.3	12.5	12.5	12.3
Revenue vehicle fuel: Gallons (000's)	7,569	7,286	6,678	6,357	6,333	6,666	6,638	6,868	6,789	5,822
<u>Ridership Statistics</u>										
Unlinked Passengers (000's)	68,859	62,058	64,456	64,409	66,963	66,970	65,194	60,468	61,369	57,333
Passengers per hour	31.6	28.0	31.2	33.2	33.9	33.8	31.9	29.2	30.3	31.3
<u>Reliability</u>										
Collision accidents	172.5	38	22	15	21	17	29	29	48	33
Miles between accidents (000's)	154.7	713.9	1,165.3	1,612.0	1,172.2	1,477.8	863.6	895.6	526.7	681.7

Notes:

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



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

