

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012



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, 2012

*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, 2012

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Alameda-Contra Costa Transit District

Lewis G. Clinton, Jr.
Chief Financial Officer

December 14, 2012

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, 2012. 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, 2012 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 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 and operational information, generally presented on a multi-year basis.

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

Single Audit: to ascertain compliance with the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program; and to determine that Transportation Development Act Funds allocated to and received by the District were expended in conformance with the applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 667 of Title 21 of the California Code of Regulations.

Measure B Compliance Attestation: to determine compliance with the requirements described in the Measure B Sales Tax for Mass Transit Funds Agreement between the District and the Alameda County Transportation 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 a General Manager with six direct reports: the Chief Operating Officer, the Chief Financial Officer, Chief Performance Officer, Chief Planning & Development Officer, Chief Human Resources Officer and Chief Technology Officer. 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 2011-12, AC Transit incurred excess operating costs of approximately \$11.4 million related to the Consortium.

As of June 30, 2012, 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, 49 local routes in Special Transit Service District 1, 15 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, 2012

AC Transit's performance during FY 2011-12 resulted in a positive \$18.2 million change in net assets. Compared to the prior year, total revenues increased from \$318.8 million to \$322.2 million, an increase of 1.067%, and total expenditures increased from \$336.8 million to \$351.8 million, an increase of 4.45%. 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.

The Adopted and Working Budget FY 2012-13

The adopted budget for FY 2012-13 that started July 1, 2012, reflects an increase in Operating Revenues of \$4.4 million to \$329.3 million. The increase is associated with additional hours and revenue for the Dumbarton Bridge service and receipt of additional Lifeline funding. Total projected Operating Expenses are \$321.7 million with projected net non-operating expenses of \$1.4 million and a higher District contribution to the Capital Programs of \$5.3 million, as a result of rolling over projects from FY 2011-12, the District is currently projected to have a balanced budget for FY 2012-13.

Background/Discussion:

The following summary of District operations for FY 2011-12, and projected year-end results is provided, including staff's recommended budget for FY 2012-13:

District revenues remain flat except for a slight increase in anticipated receipts from State subsidies for Lifeline funding of \$2.7 million for FY 2011-12. Staff has been informed to expect a like amount of additional funding for the FY 2012-13 budget.

Labor Cost savings due to a rate pass from both Kaiser and Health Net in FY 2012-13 have been offset by the anticipated additional cost associated with meal and rest break changes and changes due to travel time settlement.

Staff is projecting non labor cost changes for FY 2011-12 to increase approximately \$3.0 million. For FY 2012-13 non labor cost changes have increased \$6.9 million. This increase includes higher premiums for general liability insurance, and increase cost for parts due to expiring parts warranties on the District fleet.

For FY 2012-13 staff will be focused on increased capital project activity throughout the District, including the acquisition of new buses, addressing deferred maintenance and new Capital Projects. Also with the "State of Good Repair" grant activity in full force, it is expected that the District will be able to make additional investments in our maintenance activities in an effort to improve the District's overall service and reliability.

The authorized positions for FY 2012-13 are 1,825 positions. This includes the effects of reclassifications and/or upgrades in positions.

Total Platform hours for FY 2012-13 is 1,780,411.

AWARDS AND ACKNOWLEDGEMENTS

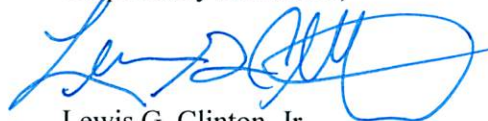
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a **Certificate of Achievement for Excellence in Financial Reporting** to AC Transit for its CAFR for the fiscal years ended June 30, 1992 through 2011. GFOA also has presented a **Distinguished Budget Presentation Award** to AC Transit for the fiscal year beginning July 1, 2006. The District has further demonstrated outstanding achievement in financial reporting by receipt of the **Certificate of Excellence for the Investment Policy** from the Association of Public Treasurers of the United States and Canada.

In order to be awarded a Certificate of Achievement, a governmental unit must establish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for the period of one year.

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

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

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Lewis G. Clinton, Jr.", with a large, stylized flourish at the end.

Lewis G. Clinton, Jr.
Chief Financial Officer

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, 2011

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.



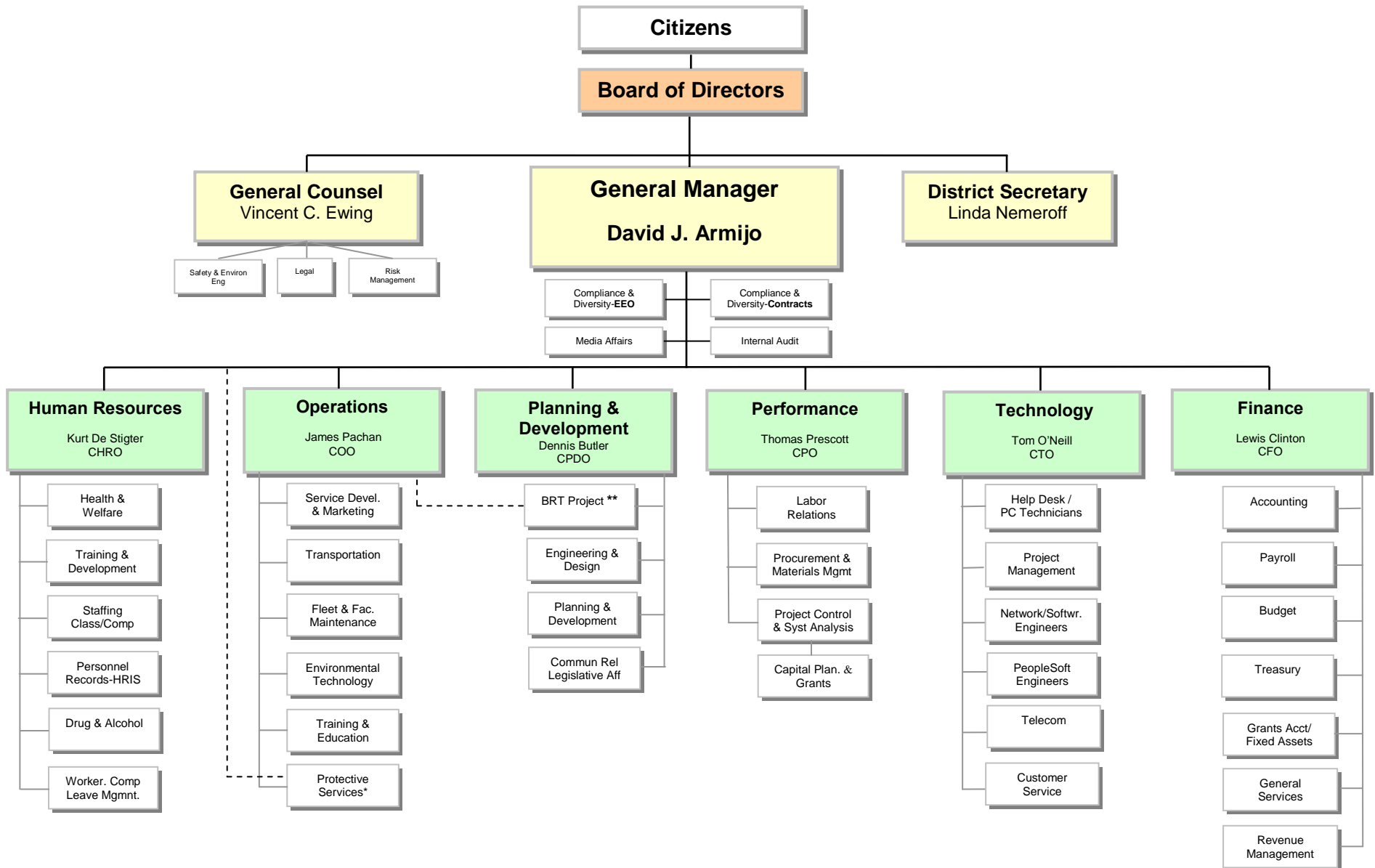
Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

Alameda Contra Costa Transit District Organization Chart



* Protective Services reports to Operations as well as the General Manager.

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

PRINCIPAL OFFICIALS

JUNE 30, 2012

Board of Directors

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

Executive Staff

General Manager.....David J. Armijo
District Secretary.....Linda Nemeroff
General CounselVincent C. Ewing
Chief Operating Officer.....James D. Pachan
Chief Financial Officer.....Lewis G. Clinton, Jr.
Chief Performance Officer Thomas Prescott
Chief Planning & Development Officer Dennis Butler
Chief Human Resource Officer.....Kurt De Stigter
Chief Technology Officer.....Tom O'Neil

Financial Section

INDEPENDENT AUDITOR'S REPORT

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

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, 2012, 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, 2012 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, 2012 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Alameda-Contra Costa Transit District's financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



September 30, 2012

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 2012 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, 2012, total assets were \$417.5 million, a increase of \$30.5 million or 8 percent compared to June 30, 2011. In Fiscal Year 2011, total assets were \$387 million. Total current assets at June 30, 2012 were \$194.4 million, a increase of \$55 million or 40 percent. Capital assets, net of accumulated depreciation decreased \$22.8 million, as did Other Non-Current Assets by \$1.7 million.
- At June 30, 2012, total liabilities were \$148.8 million, a increase of \$12.3 million or 9 percent compared to June 30, 2011. Total current liabilities were \$65.2 million, with a \$7.8 million increase due to a pending settlement. Total other non-current liabilities increased by \$7.8 million due to adopting more conservative confidence levels, for the Workers Compensation and Public Liability and Property Damage (PLPD) liabilities.
- For Fiscal Year 2012, Operating Revenues decreased by \$0.8 million or 1 percent. While there was an increase in Passenger fares of \$1.4 million, this was offset by decreases in Contract Services and Other Fares.
- In Fiscal Year 2012, total operating expenses were \$350.1 million, an increase of \$15.3 million or 5 percent compared to \$334.8 million in Fiscal Year 2011. The 2012 results were mostly due to a decrease in Salaries & Wages offset by increases in most other expense categories.
- For Fiscal Year 2012, non-operating revenues were \$261.8 million, which is an increase of \$4.1 million or 2 percent compared to Fiscal Year 2011. While Federal Preventive Maintenance program funds decreased by \$10.3 million this was more than offset in increases in Property Taxes and other Local subsidies. In Fiscal Year 2011, non-operating revenues were \$257.5 million.
- At June 30, 2012, net assets were \$268.6 million, an increase of \$18.2 million or 7 percent from June 30, 2011. The 2012 increase was primarily due to an increase in State contributions. for capital projects. At June 30, 2011, net assets were valued at \$250.5 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, 2012, total assets were \$417.5 million, a increase of \$30.5 million or 8 percent compared to June 30, 2011. In Fiscal Year 2011, total assets were \$387 million. Total current assets were \$194.4 million, a increase of \$55 million or 40 percent, mainly due to the receipt of grant funds restricted for future capital programs, offset by a reduction in receivables at June 30, 2012. Capital assets, net of accumulated depreciation decreased \$22.8 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
Statement of Revenues, Expenses and Changes to Net Assets
(in thousands)
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>%</u>
Assets				
Current Assets	\$ 194,418	\$ 139,364	\$ 55,054	40%
Capital Assets	219,332	242,092	(22,760)	-9%
Other Non-Current Assets	3,783	5,532	(1,749)	-32%
Total Assets	<u>\$ 417,533</u>	<u>\$ 386,988</u>	<u>\$ 30,545</u>	<u>8%</u>
Liabilities				
Current Liabilities	\$ 65,162	\$ 57,324	\$ 7,838	14%
Long Term Portion of COPS	30,616	34,018	(3,402)	-10%
Other Non-Current Liabilities	52,994	45,121	7,873	17%
Total Liabilities	<u>\$ 148,772</u>	<u>\$ 136,463</u>	<u>\$ 12,309</u>	<u>9%</u>
Net Assets				
Invested in Capital Assets, net of related debt	\$ 187,570	\$ 207,548	\$ (19,978)	-10%
Restricted for Capital Purchases	46,893	14,892	32,001	215%
Restricted for Debt Service	1,174	1,350	(176)	-13%
Unrestricted	33,124	26,735	6,389	24%
Total Net Assets	<u>\$ 268,761</u>	<u>\$ 250,525</u>	<u>\$ 18,236</u>	<u>7%</u>
Total Liabilities and Net Assets	<u>\$ 417,533</u>	<u>\$ 386,988</u>	<u>\$ 30,545</u>	<u>8%</u>

Liabilities:

- At June 30, 2012, total liabilities were \$148.8 million, a increase of \$12.3 million or 9 percent when compared to June 30, 2011. This includes a increase of \$7.8 million in current liabilities, the increase in this category included a \$7 million dollar increase accrued expenses, due to the pending ATU union travel time settlement (please refer to subsequent event section). The overall increase in Liabilities also pertains to an \$7.8 million increase in other Non-current liabilities primarily due to adopting more conservative confidence levels (from 50% to 75%) for Workers Comp and PLPD liabilities. The increases in these categories were slightly offset by the reduction in the long term COPS liabilities due to scheduled pay downs and the refunding of the 2001 COPS (covered in the Debt section) Total Liabilities at June 30, 2011 were \$136.5 million.

Net Assets:

- At June 30, 2012, net assets were \$268.8 million, an increase of \$18.2 million or 7 percent from June 30, 2011. The 2012 increase was primarily due to the receipt of State capital funds of \$32 million. At June 30, 2011, net assets were valued at \$250.5 million.

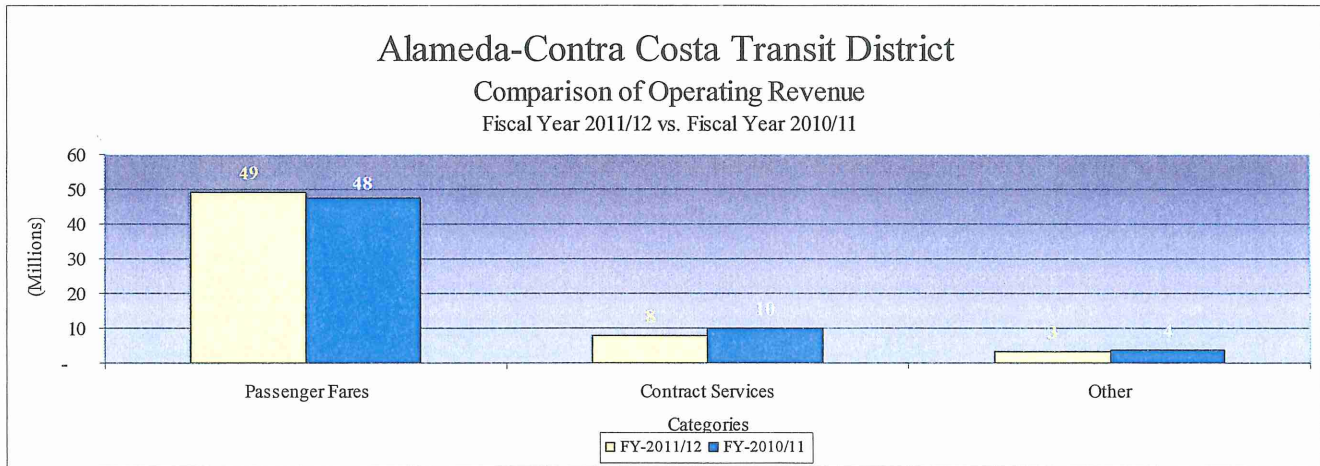
Revenue and Expense:

Alameda-Contra Costa Transit District Statement of Revenues, Expenses and Changes in Net Assets (in thousands) For the Years Ended June 30, 2012 and June 30, 2011

	2012	2011	Changes	%
Revenues				
Operating Revenues				
Passenger Fares	\$ 49,125	\$ 47,700	\$ 1,425	3%
Contract Services	8,021	9,846	(1,825)	-19%
Other	3,408	3,786	(378)	-10%
Total Operating Revenues	\$ 60,554	\$ 61,332	\$ (778)	-1%
Non-Operating Revenues				
Property Taxes	100,150	94,539	5,611	6%
Local Sales Taxes	54,609	51,130	3,479	7%
Local Funds	60,901	54,883	6,018	11%
Federal	32,458	42,715	(10,257)	-24%
State	13,193	13,800	(607)	-4%
Gain (loss) on sale of capital assets	(293)	204	(497)	-244%
Interest Income	585	187	398	213%
Total Non-Operating Revenues	261,603	257,458	4,145	2%
Total Revenues	322,157	318,790	3,367	1%
Expenses				
Operating Expenses				
Operator Wages	58,384	61,115	(2,731)	-4%
Other Wages	48,328	50,267	(1,939)	-4%
Fringe Benefits	117,593	116,399	1,194	1%
Depreciation	37,899	35,531	2,368	7%
Fuel & Oil	18,593	16,209	2,384	15%
Other Materials & Supplies	13,913	11,775	2,138	18%
Services	20,547	20,261	286	1%
Insurance	9,262	4,267	4,995	117%
Net Expenses of Joint Venture	11,396	8,586	2,810	33%
Other	14,164	10,417	3,747	36%
Total Operating Expenses	350,079	334,827	15,252	5%
Non-Operating Expenses				
Interest Expense	1,720	1,996	(276)	-14%
Total Expenses	351,799	336,823	14,976	4%
Loss before Contributed Capital	(29,642)	(18,033)	(11,609)	64%
Capital Contributions	47,878	26,663	21,215	80%
Change in Net Assets	18,236	8,630	9,606	111%
Net Assets, beginning of year	250,525	241,895	8,630	4%
Net Assets, end of year	<u>\$ 268,761</u>	<u>\$ 250,525</u>	<u>\$ 18,236</u>	<u>7%</u>

Operating Revenue:

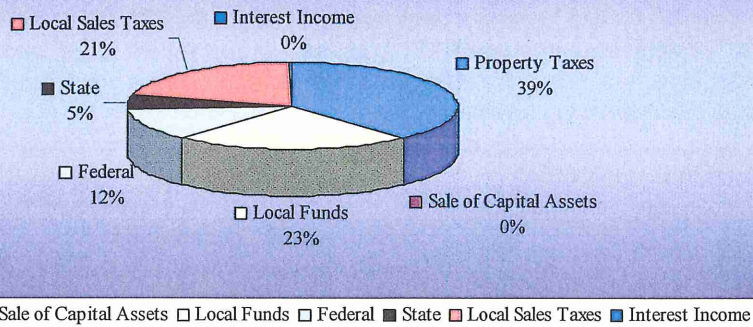
- For Fiscal Year 2012 total Operating Revenue was \$60.5 million a decrease of \$0.8 million or 1 percent over fiscal year 2011. Fiscal Year 2012 passenger fares were \$49.1 million, a increase of \$1.4 million or 3 percent compared to Fiscal Year 2011 when passenger fares totaled \$47.7 million. The 2012 increase corresponds to a ten cent basic fare increase implemented in August 2011, growth in passengers using smart card fare media. The increases in passenger fares however, were offset with decreases in contract services of \$1.8 million, and slight decreases \$0.4 million in other operating revenues.



Non-Operating Revenue:

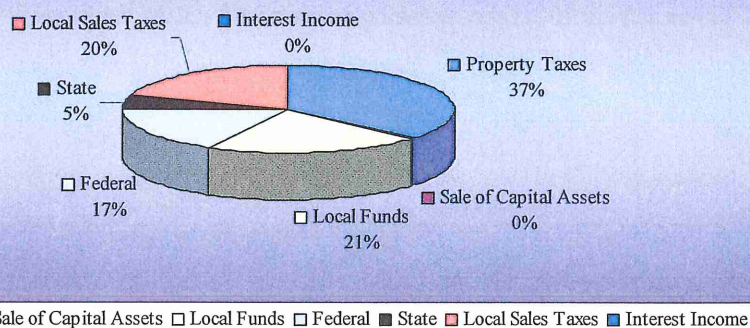
- For Fiscal Year 2012, non-operating revenues were \$261.6 million, a increase of \$4.1 million or 2 percent compared to Fiscal Year 2011. During 2012 increases in Property Taxes of \$5.6 million, Local Sales Taxes of \$3.5 million, and Local funds of \$6 million, indicative of a modest economic recovery, were realized. These gains were largely offset however, by a \$10.3 million decrease in Federal Preventive Maintenance program funds received during the period. In Fiscal Year 2011, non-operating revenues were \$257.5 million.

Alameda-Contra Costa Transit District Composition of Non-Operating Revenues - Fiscal Year 2011/12



The “Composition of Non-Operating Revenue” pie charts illustrates that from FY-10/11 (below) to FY-11/12 (above) Federal funds as a total of non-operating revenue decreased from 17 percent to 12 percent , due to a reduction in funds for the Preventive Maintenance programs. Property Taxes, Local funds and Local Sales Tax categories increased, believed to due to modest recoveries of the local economy and real estate markets. When comparing the graphics, it indicates that other categories did not significantly fluctuate.

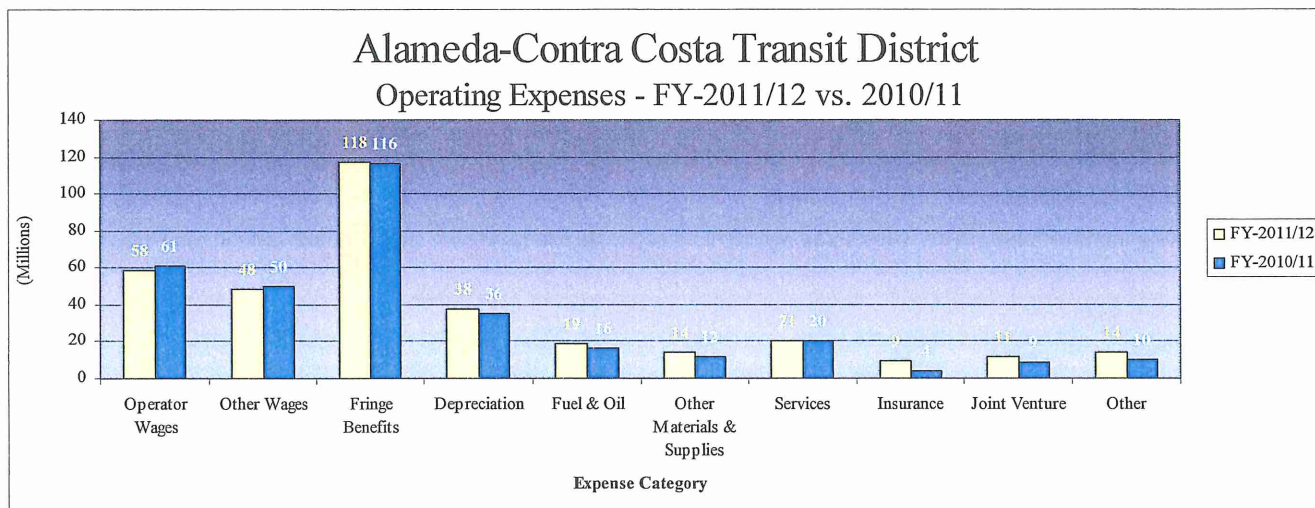
Alameda-Contra Costa Transit District Composition of Non-Operating Revenues - Fiscal Year 2010/11



Expense Highlights

Operating Expenses:

- In Fiscal Year 2012, total operating expenses were \$350.1million, an increase of \$15.3 million or 5 percent compared to Fiscal Year 2011. While Salary and Wages decreased in 2012 by \$4.6 over prior year, there were increases in several other expense categories including Insurance of \$5 million, and fringe benefits of \$1.2 million both of which are primarily due to adopting a more conservative confidence levels (from 50% to 75%) for the PLPD (former), and Workers Comp liabilities (latter). Other increases included Fuel expense by \$2.4 million due to market prices, Materials & Supplies by \$2.1 million due to slight increases in several subcategories, Depreciation by \$2.4 million, Joint Venture by \$2.8 million where additional service was outsourced starting in December 2011. In Fiscal Year 2011, total operating expenses were \$334.8 million.



Non-Operating Expenses:

- In Fiscal Year 2012, non-operating expense was \$1.7 million, compared to \$2 million in Fiscal Year 2011. The slight decrease is largely due to the more favorable interest rate from the refunding of the 2001 COPS, which is covered in the Debt section.

Capital Program

The District received capital contributions of \$47.9 million in Fiscal Year 2012 compared to \$26.7 million in Fiscal Year 2011, an increase of \$21 million or 80 percent over Fiscal Year 2011. This included \$32 million in State Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) Funds.

Some of the capital acquisitions included:

- Solar Panel Installations (\$1.3 Million)
- Hydrogen refueling facility (\$6.2 Million)
- Maintenance Facilities rehabilitation (\$1.4 million)
- Bus Rapid Transit (\$2.4 Million)
- Initiated first phase of bus replacement program.

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.

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

component of the annual lease payment was \$8.6 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, 2012, the principal component of the annual lease payment was \$14.3 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

- In July 2012 A.C. Transit paid \$7 million to settle a dispute with its largest labor union over "travel time".
- During September 2012 A.C. Transit consumed the last of the Federal Preventive Maintenance program monies. This historically had been a significant source of revenue that helped offset on going preventive maintenance costs.
- In October 2012 A.C. Transit implemented a reorganization to modernize its management reporting structure.

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 2.0 percent for Q1 and 1.3 percent for Q2 of the calendar year 2012. Unemployment, as measured by base U3, remains higher than historical averages at 7.8 percent while the more inclusive U6 measure that comprises substandard employment, stands at a worrisome 14.7 percent at the end of September 2012.

In the District's service area, which encompasses most of the East Bay region in the San Francisco Bay Area, things are trending better. Non-farm employment posted some gains since October 2011. The unemployment rate still remains a problem in the East Bay, standing at 8.5 percent U3 as of September 2012, which is better than the California average of 9.7 percent. The East Bay's job market has looked a little improved and there should be moderate progress moving forward. The unemployment rate in the East Bay region is not projected to fall below 8 percent until early 2013. A report from Beacon Economics mentions that while the labor market recovery in the East Bay may leave something to be desired, the same can't be said about taxable sales growth over the last few years. Since hitting bottom in the second quarter of 2009, taxable sales in the East Bay have increased a respectable 22% through the first quarter of 2012, and are now just 5% below the peak they hit in the first quarter of 2007 at the height of the housing bubble. East Bay median home prices did increase quite importantly, particularly in Contra Costa County. The East Bay housing market is in much better shape now than it was a year ago, notices of default have stabilized over the past three years. Overall, the district expects that the sluggish recovery may continue. Therefore the District is faced with continued challenges which create an uncertain operating and economic environment.

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, 2012
(In thousands)

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 129,423
Restricted cash and cash equivalents	42
Receivables:	
Federal and local grants:	
Capital	6,064
Planning, operating and other	19,692
Property tax	9,823
Local sales tax	7,790
Other, principally trade receivables	3,760
Total receivables - net	<u>47,129</u>
Due from Pension Trust Fund	3,348
Inventories at average cost	10,963
Prepaid expenses	<u>3,513</u>
Total current assets	<u>194,418</u>

NONCURRENT ASSETS:

Restricted for certificates of participation:	
Cash and cash equivalents	2,488
Certificates of participation issuance costs	
net of accumulated amortization	1,295
Capital assets:	
Nondepreciable	28,392
Depreciable, net	<u>190,940</u>
Total capital assets, net	<u>219,332</u>
Total noncurrent assets	<u>223,115</u>
Total assets	<u>417,533</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	17,148
Accrued salaries and wages	1,361
Current portion of accrued vacation and sick leave	15,093
Due to Pension Trust Fund	3,293
Other accrued liabilities	5,315
Accrued interest payable	1,314
Unearned revenue	7,522
Current portion of OPEB obligation	232
Current portion of claims liabilities	12,010
Current portion of remediation obligations	248
Current portion of certificates of participation	<u>1,626</u>
Total current liabilities	<u>65,162</u>

NONCURRENT LIABILITIES:

Accrued vacation and sick leave	7,023
OPEB obligation	2,295
Claims liabilities	42,330
Remediation obligations	1,346
Certificates of participation	<u>30,616</u>
Total noncurrent liabilities	<u>83,610</u>
Total liabilities	<u>148,772</u>

NET ASSETS

Invested in capital assets, net of related debt	187,570
Restricted for capital purchases	46,893
Restricted for debt service	1,174
Unrestricted	<u>33,124</u>
TOTAL NET ASSETS	<u>\$ 268,761</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, 2012
(In thousands)

OPERATING REVENUES:

Passenger fares	\$ 49,125
Contract services	8,021
Other	3,408
	<hr/>
Total operating revenues	60,554
	<hr/>

OPERATING EXPENSES:

Operator wages	58,384
Other wages	48,328
Fringe benefits	117,593
Depreciation and amortization	37,899
Fuel and oil	18,593
Other material and supplies	13,913
Services	20,547
Insurance	9,262
Net expenses of joint venture	11,396
Other	14,164
	<hr/>
Total operating expenses	350,079
	<hr/>
Operating loss	(289,525)
	<hr/>

NONOPERATING REVENUES (EXPENSE):

Operating assistance:	
Property taxes	100,150
Local sales tax	54,609
Local funds	60,901
Federal	32,458
State	13,193
Loss on sale of capital assets	(293)
Interest income	585
Interest expense	(1,720)
	<hr/>
Net nonoperating revenues	259,883
	<hr/>

Loss before capital contributions	(29,642)
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CAPITAL CONTRIBUTIONS	47,878
	<hr/>

CHANGE IN NET ASSETS	18,236
	<hr/>

NET ASSETS, beginning of year	250,525
	<hr/>

NET ASSETS, end of year	\$ 268,761
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2012
(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 57,146
Cash payments to suppliers for goods and services	(72,959)
Cash payments to employees for services	(223,554)
Other operating receipts	5,128
Net cash used in operating activities	<u>(234,239)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating assistance received	271,834
Interest paid on notes payable	(205)
Net cash provided by noncapital financing activities	<u>271,629</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(15,298)
Capital contributions received	54,762
Proceeds from sale of capital assets	(134)
Principal paid on certificates of participation	(4,729)
Interest paid on certificates of participation	(1,475)
Net cash used in capital and related financing activities	<u>33,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	585
Net cash provided by investing activities	<u>585</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>71,101</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>60,852</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 131,953</u></u>
SUMMARY OF CASH AND CASH EQUIVALENTS AND INVESTMENTS REPORTED ON THE STATEMENT OF NET ASSETS:	
Cash and cash equivalents (unrestricted)	\$ 129,423
Restricted cash and cash equivalents	2,530
Total cash and cash equivalents reported on the statement of net assets	<u><u>\$ 131,953</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	(\$289,525)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	37,899
Effect of changes in assets and liabilities:	
Receivables	(632)
Inventories	189
Due from Pension Trust Fund	(238)
Prepaid expenses and OPEB asset	1,070
Accounts payable and accrued expenses	6,067
Accrued salaries and wages	(854)
Accrued vacation and sick leave	325
Unearned revenue	2,352
Due to Pension Trust Fund	484
Other accruals	1,034
Long term liabilities	7,590
Net cash used in operating activities	<u><u>\$ (234,239)</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, 2011
(In thousands)

ASSETS

Contributions receivable	\$ 3,322
Receivable from brokers	<u>20</u>
Interest receivable on investments	<u>201</u>
Investments at fair value:	
Short-term investments	1,821
Equity securities	87,027
Equity funds	134,345
Fixed income funds	164,462
Global asset allocation funds	<u>40,071</u>
Total investments for payment of accrued pension costs	<u>427,726</u>
Total assets	<u>431,269</u>

LIABILITIES

Accrued expenses	138
Due to Enterprise Fund	3,254
Payable to brokers for unsettled transactions	<u>9</u>
Total liabilities	<u>3,401</u>

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 427,868</u></u>
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See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF CHANGES IN PLAN NET ASSETS - PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2011
(In thousands)

ADDITIONS:	
Employer contributions	\$ 38,312
Investment income:	
Earnings on investments	6,697
Net appreciation in fair value of investments	(7,319)
Investment expenses	<u>(1,142)</u>
Net investment income	<u>(1,764)</u>
Total additions	<u>36,548</u>
DEDUCTIONS:	
Benefit payments	37,540
Administrative expenses	<u>827</u>
Total deductions	<u>38,367</u>
NET INCREASE (DECREASE)	(1,819)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	<u>429,687</u>
End of year	<u>\$ 427,868</u>

See accompanying notes to the basic financial statements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(1) THE FINANCIAL REPORTING ENTITY

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

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

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

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

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

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

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)
FOR THE YEAR ENDED JUNE 30, 2012

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 – 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.

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.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

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 \$2.855 million for the year ended June 30, 2012 and are recorded as contract services. See Note 14 for related party disclosures on the Consortium.

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

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 \$29.3 million in Measure VV taxes during the year ended June 30, 2012.

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)
FOR THE YEAR ENDED JUNE 30, 2012

- 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, 2012, the District has restricted net assets in the amount of \$1.35 million related to the 2007 Certificates of Participation (COPS) and \$46.881 million for the future acquisition of buses (See Note 11A). 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 33% of the portfolio invested in domestic equities, 20% in international equities, 37% in domestic fixed income securities, and 10% in three global asset allocation funds. The portfolio is managed by investment managers hired by the Board. The Board utilizes both active and passive management in the domestic equity portfolio. The Board has chosen to manage the investment risks described by Government Accounting Standards Board Statement No. 40 by requiring investment managers to abide by certain guidelines that are tailored to the portfolio that the manager manages. These guidelines specify the amount of credit, interest, and foreign currency risk that a manager may take and the performance objective of the portfolio.

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

Presentation - At June 30, 2012 (December 31, 2011 for the Plan), the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	\$ 131,953
Investments	<u>427,726</u>
Total	<u><u>\$ 559,679</u></u>
Reported in the Enterprise Fund as:	
Cash and cash equivalents	\$ 131,953
Reported in the Pension Trust Fund as:	
Investments restricted for payment of accrued pension costs (at December 31, 2011)	<u>427,726</u>
Total	<u><u>\$ 559,679</u></u>

Fund Investments – Specific Risks

As of June 30, 2012, the District had the following investments and maturities (amounts are in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>Investment Maturities Less Than 1 Year</u>
Bank Repurchase Agreements	\$ 25,000	Not rated	\$ 25,000
Money Market Mutual Funds	<u>52,331</u>	Aaam	<u>52,331</u>
Total	<u><u>\$ 77,331</u></u>		<u><u>\$ 77,331</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 2012, the District had \$25 million of its investments invested in repurchase agreements.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

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, 2011, 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, 2011, \$1.8 million was invested in a short term pooled investment fund managed by State Street Corporation. This fund is not rated.

Concentration of Credit Risk – The Plan also has investments that represent 5% or more of Plan net assets as of December 31, 2011. 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, 2011, investments in international funds totaled \$70.4 million.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(4) CAPITAL ASSETS

Following is a summary of capital assets at June 30, 2012 (in thousands):

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2012</u>
Non-depreciable capital assets:					
Land	\$27,662				\$27,662
Work in progress	42,830	\$15,475		(\$57,575)	730
Total	<u>70,492</u>	<u>15,475</u>		<u>(57,575)</u>	<u>28,392</u>
Depreciable capital assets					
Revenue equipment	257,881		(\$6,577)	14,516	265,820
Service vehicles and other equipment	139,107		(241)	18,647	157,513
Buildings, structure and improvements	170,258			24,412	194,670
Total	<u>567,246</u>		<u>(6,818)</u>	<u>57,575</u>	<u>618,003</u>
Less accumulated depreciation					
Revenue equipment	(155,226)	(19,478)	6,240		(168,464)
Service vehicles and other equipment	(118,411)	(12,104)	242		(130,273)
Buildings, structure and improvements	(122,009)	(6,317)			(128,326)
Total	<u>(395,646)</u>	<u>(37,899)</u>	<u>6,482</u>		<u>(427,063)</u>
Depreciable capital assets, net of accumulated depreciation	<u>171,600</u>	<u>(37,899)</u>	<u>(336)</u>	<u>57,575</u>	<u>190,940</u>
Capital assets, net of accumulated depreciation	<u>\$242,092</u>	<u>(\$22,424)</u>	<u>(\$336)</u>		<u>\$219,332</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(5) INTERFUND RECEIVABLES/PAYABLES

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2012 and the Pension Trust Fund is reported as of December 31, 2011; 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, 2012 (in thousands)		
Interfund payable	Interfund receivable	
Pension trust fund	Enterprise fund	\$3,254

December 31, 2011 (in thousands)		
Interfund payable	Interfund receivable	
Pension trust fund	Enterprise fund	\$3,438

(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, 2012 as follows (in thousands):

Federal grants	\$ 6,332
State grants	41,546
	<u>\$ 47,878</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)
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 (in thousands):

Local funds:	
Transportation Development Act	\$ 49,524
Regional Measure 2	11,377
	<u>\$ 60,901</u>
State operating assistance	
Operating Revenues	\$10,988
Supplementary Service/Welfare to Work	2,225
Pass thru	(20)
	<u>\$ 13,193</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)
FOR THE YEAR ENDED JUNE 30, 2012

Local sales tax assistance for the year ended June 30, 2012, is summarized below (in thousands):

AB1107	\$ 32,501
Measure B	18,586
Measure J	<u>3,522</u>
	<u><u>\$ 54,609</u></u>

Section 5307 Funding Sources – All federal funding sources are distributed by FTA after approval by the MTC. Federal funding sources for the year ended June 30, 2012 are summarized below (in thousands):

Preventive maintenance	\$30,973
Americans with Disabilities program - ADA set aside	1,485
Americans with Disabilities Act paratransit program - lease	653
Less amount reported within net expenses of joint venture	<u>(653)</u>
	<u><u>\$32,458</u></u>

At June 30, 2012 Federal Section 5307 funds totaling \$19.7 million were recorded as a receivable.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(8) LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2012 (in thousands):

	Original Issue Amount	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Amount due within one year
2001 Certificates of Participation 3%-4.75%, due 8/01/2018	\$23,800	\$12,980		\$12,980		
Less unamortized deferred amount on refunding		(267)		267		
2007 Certificates of Participation 4%-4.75%, due 08/01/2017	13,500	9,830		1,230	\$8,600	\$1,280
Less unamortized premium		166		(27)	139	27
2009A Certificates of Participation 3%-6.125%, due 08/01/2034	15,000	14,655		360	14,295	370
Less unamortized discount		(422)		18	(404)	(18)
2012 Refunding Certificates of Participation 4%-4.75%, due 08/01/2018	9,840		9,840		9,840	
Less unamortized deferred amount on refunding			(228)		(228)	(33)
Total Long-Term Debt		36,942	\$9,612	\$14,828	32,242	\$1,626
Less:						
Amount due within one year		(2,951)			(1,626)	
Total Long-Term Debt, net		\$33,991			\$30,616	

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.

On February 1, 2012, The District issued Refunding Certificates of Participation Series 2012 (2012 COPS). The proceeds from the issuance of the \$9,840,000 were used to refund and retire the 2001 COPS. Interest on the 2012 COPS is payable semi-annually on February 1 and August 1 of each year through the year 2018.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(8) LONG-TERM LIABILITIES (Continued)

Net proceeds of the 2012 COPS amounting to \$9,840,000 were used to purchase U.S. government securities which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded the 2001 COPS. As a result, the refunded of the 2001 COPS are considered defeased and the liability for the defeased portion of those bonds along with the escrow account assets have been removed from the statement of net assets.

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
2013	\$ 1,650	\$ 1,315	\$ 2,965
2014	3,025	1,245	4,270
2015	3,430	1,140	4,570
2016	3,530	1,027	4,557
2017	3,645	910	4,555
2018 - 2022	7,450	3,390	10,840
2023 - 2027	2,985	2,604	5,589
2028 - 2032	3,990	1,568	5,558
2033 - 2035	3,030	287	3,317
Total	32,735	<u>\$ 13,486</u>	<u>\$ 46,221</u>
Unamortized premium and discount	<u>(493)</u>		
Total payment	<u>\$ 32,242</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, 2012, is approximately \$32 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, 2012, 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)
FOR THE YEAR ENDED JUNE 30, 2012

(9) PENSION PLAN

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

The District makes contributions, based upon the Plan’s actuarial calculation each fiscal year. The Plan’s members are members of the Amalgamated Transit Union (ATU), the 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, 2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage open
Remaining amortization period	15 years (decreasing one year annually, 12 year minimum) 50% of 2008 investment loss is amortized over 30 years
Asset valuation method	Market value less unrecognized investment gains or losses during the prior four years, phased in at 20% per year, but required to be within 20% of market value.
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	4% for ATU/IBEW participants 0.5% 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)
FOR THE YEAR ENDED JUNE 30, 2012

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

The District’s annual required contribution in the current year was \$38,624 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, 2010	\$ 38,076	100%	\$ -
June 30, 2011	37,861	100%	-
June 30, 2012	38,624	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, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows (dollars in thousands):

Actuarial accrued liability (AAL)	\$ 721,195
Actuarial value of plan assets	453,422
Unfunded actuarial accrued liability (UAAL)	<u>\$ 267,773</u>
Funded ratio (actuarial value of plan assets/AAL)	63%
Annual covered payroll (active plan members)	\$ 126,239
UAAL as a percentage of annual covered payroll	212%

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(10) 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 2012, 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	No contribution
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	\$ 4,541
Interest on net OPEB asset	(67)
Adjustment to annual required contribution	87
OPEB cost	4,561
Contribution made	(1,819)
Increase in net OPEB asset	2,742
Net OPEB asset - beginning of year	(1,338)
Net OPEB obligation - end of year	<u>\$ 1,404</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

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, 2010	\$ 4,170	109.3%	\$ (2,792)
June 30, 2011	4,334	66.5%	(1,338)
June 30, 2012	4,561	39.9%	1,404

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, 2012, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 80,381
Actuarial value of plan assets	8,542
Unfunded actuarial accrued liability (UAAL)	<u>\$ 71,839</u>
Funded ratio (actuarial value of plan assets/AAL)	10.6%
Annual covered payroll (active plan members)	103,858
UAAL as a percentage of annual covered payroll	69.2%

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)
FOR THE YEAR ENDED JUNE 30, 2012

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

The actuarial assumptions include an investment rate of 5.0%, an inflation rate of 3.2%, a healthcare cost trend rate of 10% for fiscal year 2012 grading down 1.0% each year to 5.0% for fiscal year 2017 and beyond.

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

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)
FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 1,574
Interest on net OPEB asset	66
Adjustment to annual required contribution	(89)
OPEB cost	1,551
Contribution made	(1,590)
Decrease in net OPEB obligation	(39)
Net OPEB obligation - beginning of year	1,162
Net OPEB obligation - end of year	<u>\$ 1,123</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, 2010	\$ 1,357	82.4%	\$ 1,071
June 30, 2011	1,396	93.5%	1,162
June 30, 2012	1,551	102.5%	1,123

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, 2012, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 28,498
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 28,498</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Annual covered payroll (active plan members)	\$111,792
UAAL as a percentage of annual covered payroll	25.5%

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)
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, the actuarial cost method used was the projected unit credit method. This method allocates the present value of benefits for each individual attributable to service to date, using future compensation projected to retirement. The amortization method used was the level dollar open method; the remaining amortization period is 30 years. The 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 2012 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%.

(11) 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.

In fiscal year 2012, the District received grant funds for the purchases of busses and Transit Access Improvement projects in the amount of \$31,983,846. There has been no drawdown against these funds in fiscal year 2012.

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, 2012 (in thousands):

Total Allocations as of June 30, 2011	Total Allocations received in FY 2012	Cumulative Expenses Incurred through June 30, 2012	Interest Income	Commitment at June 30, 2012
\$ 27,493	\$ 31,984	\$ 12,601	\$ 17	\$ 46,893

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(12) 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>
2013	\$ 8,879
2014	8,302
2015	7,758
2016	4,626
2017	987
2018 - 2022	5,074
2023 - 2027	5,840
2028 - 2032	6,247
2033 - 2034	1,605

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 \$1,594,300 in liabilities for the monitoring and potential clean-up costs for pollution remediation obligations. The District has several locations where soil and groundwater has been contaminated.

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(13) RISK MANAGEMENT

As of June 30, 2012 the District has the following coverages:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limit</u>
General Liability	\$200,000	\$1,800,000 per occurrence with excess up to \$53,000,000
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, 2012, the actuarial estimates based on the 75th percentile discounted at 3.0 to 3.5% to estimate its liability for worker's compensation and the public liability claims were \$44.5 million and \$9.7 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, 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	41,143	7,297	225	48,665
Claims and changes in estimates	13,303	6,708	4,685	24,696
Claim Payments	(9,971)	(4,257)	(4,793)	(19,021)
Balance at June 30, 2012	<u>\$ 44,475</u>	<u>\$ 9,748</u>	<u>\$ 117</u>	<u>\$ 54,340</u>

The classification of the current and long-term portion of the self-insurance liabilities for the year ended June 30, 2012 are summarized as follows (in thousands):

	Current	Long-term	Total
Workers' compensation liability	\$ 6,395	\$ 38,080	\$ 44,475
Public liability	5,498	4,250	9,748
Health & Dental liability	117		117
	<u>\$ 12,010</u>	<u>\$ 42,330</u>	<u>\$ 54,340</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012

(14) JOINT VENTURE

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

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

In fiscal year 2012, the District incurred expenses of \$24.092 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, 2011
(In Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
January 1, 2010	\$ 391,062	\$ 625,116	\$ 234,054	63%	\$ 136,127	172%
January 1, 2011	428,644	692,487	263,843	62%	126,536	223%
January 1, 2012	453,422	721,195	267,773	63%	126,239	212%

SCHEDULE OF FUNDING PROGRESS
ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' POST EMPLOYMENT BENEFITS OTHER
THAN PENSION (UNAUDITED)
YEAR ENDED JUNE 30, 2011
(In Thousands)

A. ATU Local 192 Benefits Trust

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
June 30, 2010	\$ 8,895	\$ 70,574	\$ 61,679	13%	\$ 120,000	52%
June 30, 2012	8,542	80,381	-	11%	103,858	69%

B. Retiree Benefits Non-Trust Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percent of Payroll</u>
June 30, 2010	\$ -	\$ 25,328	\$ 25,328	0%	\$ 130,000	20%
June 30, 2012	-	28,498	28,498	0%	111,792	26%

Other Supplementary Information

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE STATEMENTS OF FUND NET ASSETS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
JUNE 30, 2012 AND 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 129,423	\$ 58,160
Restricted cash and cash equivalents	42	204
Receivables:		
Federal and local grants:		
Capital	6,064	12,948
Planning, operating and other	19,692	31,050
Property tax	9,823	10,686
Local sales tax	7,790	6,092
Other, principally trade receivables	3,760	3,128
Total receivables - net	<u>47,129</u>	<u>63,904</u>
Due from Pension Trust Fund	3,348	3,110
Inventories at average cost	10,963	11,152
Prepaid expenses	3,513	2,834
Total current assets	<u>194,418</u>	<u>139,364</u>
NONCURRENT ASSETS:		
Restricted for certificates of participation:		
Cash and cash equivalents	2,488	2,488
Investments		
Certificates of participation issuance costs, net	1,295	1,706
Net OPEB asset	-	1,338
Capital assets:		
Nondepreciable	28,392	70,492
Depreciable, net	<u>190,940</u>	<u>171,600</u>
Total capital assets, net	<u>219,332</u>	<u>242,092</u>
Total noncurrent assets	<u>223,115</u>	<u>247,624</u>
TOTAL ASSETS	<u>417,533</u>	<u>386,988</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	17,148	11,081
Accrued salaries and wages	1,361	2,215
Current portion of accrued vacation and sick leave	15,093	14,768
Due to Pension Trust Fund	3,293	2,809
Other accrued liabilities	5,315	4,281
Accrued interest payable	1,314	1,303
Unearned revenue	7,522	5,170
Current portion of OPEB obligation	232	250
Current portion of claims liabilities	12,010	12,312
Current portion of remediation obligations	248	211
Current portion of certificates of participation	<u>1,626</u>	<u>2,951</u>
Total current liabilities	<u>65,162</u>	<u>57,351</u>
NONCURRENT LIABILITIES:		
Accrued vacation and sick leave	7,023	6,659
Net OPEB obligation	2,295	912
Claims liabilities	42,330	36,353
Remediation obligations	1,346	1,197
Certificates of participation	<u>30,616</u>	<u>33,991</u>
Total noncurrent liabilities	<u>83,610</u>	<u>79,112</u>
Total liabilities	<u>148,772</u>	<u>136,463</u>
NET ASSETS		
Invested in capital assets, net of related debt	187,570	207,548
Restricted for capital purchases	46,893	14,897
Restricted for debt service	1,174	1,350
Unrestricted	<u>33,124</u>	<u>26,730</u>
TOTAL NET ASSETS	<u>\$ 268,761</u>	<u>\$ 250,525</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Passenger fares	\$ 49,125	\$ 47,700
Contract services	8,021	9,846
Other	3,408	3,786
Total operating revenues	<u>60,554</u>	<u>61,332</u>
OPERATING EXPENSES:		
Operator wages	58,384	61,115
Other wages	48,328	50,267
Fringe benefits	117,593	116,399
Depreciation and amortization	37,899	35,531
Fuel and oil	18,593	16,209
Other material and supplies	13,913	11,775
Services	20,547	20,261
Insurance	9,262	4,267
Net expenses of joint venture	11,396	8,586
Other	14,164	10,417
Total operating expenses	<u>350,079</u>	<u>334,827</u>
Operating loss	<u>(289,525)</u>	<u>(273,495)</u>
NONOPERATING REVENUES (EXPENSE):		
Operating assistance:		
Property taxes	100,150	94,539
Local sales tax	54,609	51,130
Local funds	60,901	54,883
Federal	32,458	42,715
State	13,193	13,800
Gain (loss) on sale of capital assets	(293)	204
Interest income	585	187
Interest expense	(1,720)	(1,996)
Net nonoperating revenues	<u>259,883</u>	<u>255,462</u>
Loss before capital contributions	<u>(29,642)</u>	<u>(18,033)</u>
CAPITAL CONTRIBUTIONS	<u>47,878</u>	<u>26,663</u>
CHANGE IN NET ASSETS	18,236	8,630
NET ASSETS, beginning of year	<u>250,525</u>	<u>241,895</u>
NET ASSETS, end of year	<u>\$ 268,761</u>	<u>\$ 250,525</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMPARATIVE STATEMENTS OF CASH FLOWS
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 57,146	\$ 57,546
Cash payments to suppliers for goods and services	(72,959)	(72,774)
Cash payments to employees for services	(223,554)	(233,378)
Other operating receipts	5,128	5,476
Net cash used in operating activities	<u>(234,239)</u>	<u>(243,130)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating assistance received	271,834	269,221
Principal paid on notes payable		(7,000)
Interest paid on notes payable	(205)	(205)
Net cash provided by noncapital financing activities	<u>271,629</u>	<u>262,016</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(15,298)	(32,926)
Capital contributions from grants	54,762	17,407
Proceeds from sale of capital assets	(134)	363
Principal paid on certificates of participation	(4,729)	(2,870)
Interest paid on certificates of participation	(1,475)	(1,919)
Net cash provided by (used in) capital and related financing activities	<u>33,126</u>	<u>(19,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments		2,018
Purchase of investments		
Interest received on investments	585	187
Net cash provided by investing activities	<u>585</u>	<u>2,205</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>71,101</u>	<u>1,146</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>60,852</u>	<u>59,706</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 131,953</u></u>	<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)	\$ 129,423	\$ 58,160
Restricted cash and cash equivalents	2,530	2,692
Total cash and cash equivalents reported on the statement of net assets	<u><u>\$ 131,953</u></u>	<u><u>\$ 60,852</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (289,525)	\$ (273,495)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	37,899	35,531
Effect of changes in assets and liabilities:		
Receivables	(632)	1,579
Inventories	189	1,523
Due from Pension Trust Fund	(238)	(3,110)
Prepaid expenses and OPEB asset	1,070	983
Accounts payable and accrued expenses	6,067	(2,777)
Accrued salaries and wages	(854)	34
Accrued vacation and sick leave	325	(1,036)
Unearned revenue	2,352	111
Due to Pension Trust Fund	484	2,610
Other accruals	1,034	(4,095)
Long term liabilities	7,590	(988)
Net cash used in operating activities	<u><u>\$ (234,239)</u></u>	<u><u>\$ (243,130)</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, 2012 AND 2011
(In thousands)

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Passenger fares	\$ 51,323	\$ 49,706
Bart transfers	2,855	2,460
Contract services	4,873	2,332
Advertising	1,174	1,212
Interest income	34	43
Other	2,234	2,786
Total operating revenues	<u>62,493</u>	<u>58,539</u>
SUBSIDIES		
Property taxes	70,882	65,255
Property taxes - Measure VV	29,269	29,284
Local sales tax - Measure B	23,038	21,687
Local sales tax - Measure J	3,522	3,585
Local operating assistance	12,101	13,509
State - AB11107	32,501	30,145
State - AB2972 Home to School	2,225	2,225
State - TDA	52,840	44,635
State - STA	12,780	11,889
State operating assistance other	(20)	1,681
Federal operating assistance	33,111	44,422
Total subsidies	<u>272,249</u>	<u>268,317</u>
Total revenue & subsidies	<u>334,742</u>	<u>326,856</u>
EXPENSES:		
Operator wages	58,384	59,432
Other wages	48,328	49,483
Fringe benefits	78,968	76,916
Pension expense	38,625	37,861
Services	20,547	20,261
Fuel and lubricants	18,593	15,878
Office/printing supplies	535	671
Other materials and supplies	13,378	11,020
Utilities	2,577	2,905
Insurance	9,262	3,859
Expenses of joint venture	24,238	21,849
Other expenses	11,587	7,308
Interest expense	1,847	1,983
Total expenses	<u>326,869</u>	<u>309,426</u>
Net revenues	7,873	17,430
Capital contributions	47,878	26,663
Depreciation	<u>(37,899)</u>	<u>(35,011)</u>
Excess of revenues over expenses	<u>\$17,852</u>	<u>\$9,082</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, 2012
(In thousands)

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:			
Passenger fares	\$ 51,323	\$50,836	\$487
Bart Transfers	2,855	2,436	419
Contract services	4,873	4,898	(25)
Advertising	1,174	1,150	24
Interest income	34	30	4
Other	2,234	2,420	(186)
Total operating revenues	<u>62,493</u>	<u>61,770</u>	<u>723</u>
SUBSIDIES			
Property taxes	70,882	64,589	6,293
Property taxes - Measure VV	29,269	29,335	(66)
Local sales tax - Measure B	23,038	21,613	1,425
Local sales tax - Measure J	3,522	3,527	(5)
Local operating assistance	12,101	15,002	(2,901)
State - AB1107	32,501	31,650	851
State - AB2972 Home to School	2,225	2,225	-
State - TDA	52,840	53,356	(516)
State - STA	12,780	13,601	(821)
State operating assistance other	(20)	-	(20)
Federal operating assistance	33,111	33,381	(270)
Total subsidies	<u>272,249</u>	<u>268,279</u>	<u>3,970</u>
Total revenue & subsidies	<u>334,742</u>	<u>330,049</u>	<u>4,693</u>
EXPENSES:			
Operator wages	58,384	58,167	(217)
Other wages	48,328	48,015	(313)
Fringe benefits	78,968	71,355	(7,613)
Pension expense	38,625	39,160	535
Services	20,547	20,569	22
Fuel and lubricants	18,593	19,361	768
Office/printing supplies	535	716	181
Other materials and supplies	13,378	14,353	975
Utilities	2,577	2,930	353
Insurance	9,262	7,654	(1,608)
Purchased transportation	24,238	24,220	(18)
Other expenses	11,587	11,108	(479)
Interest expense	1,847	1,873	(26)
Total operating expenses	<u>326,869</u>	<u>319,481</u>	<u>(7,440)</u>
Excess of revenues over expenses	7,873	<u>\$10,568</u>	<u>\$12,133</u>
Depreciation and amortization	(37,899)		
Capital contributions	<u>47,878</u>		
Change in net assets	<u>\$17,852</u>		

See accompanying notes to other supplementary information.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA
BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND - TRANSIT ONLY
FOR THE YEAR ENDED JUNE 30, 2012
(In thousands)

	Special Transit District 1	Special Transit District 2	Total
REVENUES:			
Passenger fares	\$48,377	\$2,946	\$51,323
BART transfers	2,691	164	2,855
Contract services	4,866	7	4,873
Advertising	1,035	139	1,174
Interest income	30	4	34
Other	1,970	264	2,234
Total operating revenues	<u>58,969</u>	<u>3,524</u>	<u>62,493</u>
SUBSIDIES			
Property taxes	56,717	14,165	70,882
Property taxes - Measure VV	29,269	-	29,269
Local sales tax - Measure B	21,307	1,731	23,038
Local sales tax - Measure J	3,522	-	3,522
Local operating assistance	10,135	1,966	12,101
State - AB1107	32,501	-	32,501
State - AB2972 Home to School	2,225	-	2,225
State - TDA	43,638	9,202	52,840
State operating assistance	11,395	1,365	12,760
Federal operating assistance	29,217	3,894	33,111
Total subsidies	<u>239,926</u>	<u>32,323</u>	<u>272,249</u>
Total revenues and subsidies	<u>298,895</u>	<u>35,847</u>	<u>334,742</u>
EXPENSES:			
Operator wages	52,289	6,095	58,384
Other wages	42,608	5,720	48,328
Fringe benefits	70,227	8,742	78,969
Pension	34,349	4,276	38,625
Services	18,114	2,432	20,546
Fuel and lubricants	16,391	2,201	18,592
Office/printing supplies	472	63	535
Bus parts/maintenance supplies	11,792	1,583	13,375
Utilities	2,272	305	2,577
Insurance	8,166	1,096	9,262
Purchased transportation	21,651	2,588	24,239
Other expenses	10,217	1,372	11,589
Interest Expense	1,639	209	1,848
Depreciation	33,414	4,485	37,899
Total expenses	<u>323,601</u>	<u>41,167</u>	<u>364,768</u>
Income (loss) before capital contributions	(24,706)	(5,320)	(30,026)
Capital contributions	47,468	410	47,878
Change in net assets	<u>\$ 22,762</u>	<u>\$ (4,910)</u>	<u>\$ 17,852</u>

See accompanying notes to other supplementary information.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 basic financial statements of the District's budgeted fund is as follows (in thousands):

Increase in net assets on a GAAP basis	\$ 18,236
Perspective differences	<u>(384)</u>
Increase in net assets on a budgetary basis	<u><u>\$ 17,852</u></u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012

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	56

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	57
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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	65
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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	66
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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	70
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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>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>2012</u>
Net Assets:										
Invested in capital assets, net of related debt	\$206,890	\$241,579	\$222,238	\$222,482	\$229,109	\$212,754	\$231,130	\$209,056	\$207,548	\$187,570
Restricted for capital purchases ³	n/a	n/a	n/a	n/a	n/a	15,668	18,342	14,567	14,897	46,893
Restricted for debt service ²	2,013	2,013	1,975	1,975	-	1,350	1,350	1,350	1,350	1,174
Unrestricted	(4,236)	(14,388)	4,658	18,833	35,704	19,184	14,362	16,922	26,730	33,124
Total net assets	<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>	<u>\$268,761</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>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>2012</u>
Farebox	\$40,820	\$43,904	\$43,266	\$47,536	\$48,550	\$49,889	\$52,173	\$53,229	\$50,648	\$49,363
Other Transit Fares	236	325	589	623	827	1,001	120	110	120	55
Bart Transfers	4,931	4,803	4,164	4,624	4,596	5,104	5,301	4,026	2,460	2,855
Contract Service	4,243	4,011	4,250	4,129	4,493	5,279	5,226	5,553	4,849	4,873
Service Funding-Alameda	245	56	-	-	-	-	-	-	-	-
Advertising	1,883	2,086	2,188	2,290	2,394	2,536	2,604	1,250	1,212	1,174
Other Income	2,369	5,102	4,144	3,861	4,476	2,962	3,922	3,234	2,043	2,234
TOTAL	54,727	60,287	58,601	63,063	65,336	66,771	69,346	67,402	61,332	60,554

NONOPERATING REVENUES

Property Taxes	49,623	59,365	60,520	73,078	77,655	83,138	87,365	96,610	94,539	100,151
State Funding	4,063	3,422	3,808	11,386	14,678	13,600	14,079	2,225	13,800	14,985
Sales Tax (AB1107)	32,410	28,526	29,729	31,990	33,180	33,833	30,767	27,767	30,145	32,501
Sales Tax TDA ⁴	36,806	46,490	48,259	52,533	53,299	53,017	46,310	54,458	54,883	52,840
Capital Contribution - Fed & State	37,648	35,543	17,482	22,592	36,267	31,402	42,627	8,238	26,664	47,878
Operating Assistance										
Federal Sec. 8 & 9	39,283	37,207	35,083	32,263	25,690	12,088	48,162	55,175	44,421	45,212
Measure "B" ¹	22,178	20,246	20,818	22,722	23,288	23,868	20,733	19,723	17,400	23,038
Measure "J" ²	1,468	1,506	1,273	1,377	1,609	1,489	1,472	3,528	3,585	3,522
Prop. 111-STA	3,171	3,077	4,036	5,238	6,991	3,968	9,103	0	0	0
Interest Income	653	466	1,171	2,123	3,104	2,741	1,690	130	187	585
ADA Paratransit Service ³	3,832	4,627	5,646	6,289	5,627	7,860	9,370	0	0	0
TOTAL	231,135	240,475	227,825	261,591	281,388	267,004	311,678	267,854	285,624	320,712

**REVENUES &
SUBSIDIES**

\$285,862	\$300,762	\$286,426	\$324,654	\$346,724	\$333,775	\$381,024	\$335,256	\$346,956	\$381,266
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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>	
2003	0.326	0.180	0.506	0.199	0.237	0.058	0.494	1.000
2004	0.329	0.167	0.496	0.208	0.226	0.070	0.504	1.000
2005	0.324	0.157	0.481	0.210	0.236	0.073	0.519	1.000
2006	0.332	0.070	0.402	0.293	0.228	0.077	0.598	1.000
2007	0.314	0.065	0.379	0.310	0.236	0.075	0.621	1.000
2008	0.313	0.064	0.377	0.295	0.258	0.070	0.623	1.000
2009	0.315	0.058	0.373	0.065	0.225	0.253	0.543	1.000
2010	0.321	0.054	0.375	0.065	0.216	0.25	0.531	1.000
2011	*	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*	*

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>	
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
2012	0.153	0.036	0.188	0.670	0.041	0.101	0.812	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 2012 Transportation Fact Book"

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

SALES TAX (AB 1107) RECEIPTS ¹

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
2011-12	344,169,564

LOCAL TRANSPORTATION FUNDS ²

	<u>ALAMEDA COUNTY</u>	<u>CONTRA COSTA COUNTY</u>	<u>TOTAL</u>
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
2011-12	65,188,207	38,486,598	103,674,805

Notes:

¹ AB1107 Sales Tax receipts are shared by AC Transit, San Francisco Municipal Railways and Bay Area Rapid Transit. AC Transit received \$32.5 million in the fiscal year 2012

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 2012, AC Transit received \$44.3 million from Alameda County and \$5.3 million from Contra Costa County.

Source: Metropolitan Transportation Commission State Board of Equalization

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

ALAMEDA COUNTY									
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Utility and Unsecured Property ¹	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2012	138,442,842	27,114,991	18,540,107	1,412,736	2,506,623	14,447,692	6,560,413	195,904,578	1.00

CONTRA COSTA COUNTY							
Fiscal Year	Real Property ²	Personal Property ²	Total	Less: Tax-Exempt Property	Net Assessed Value	Total Direct Tax Rate	
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	
2012	144,914,804	3,464,048	148,378,852	4,756,022	143,622,830	1.00	

Notes:

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

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

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

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

ALAMEDA COUNTY

Fiscal Year	County Direct Rate	Overlapping Rates					Total ¹
	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	
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
2012	1.0000	0.0063	0.0018	0.0176	0.1273	0.0584	1.2114

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	
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
2012	1.0000	0.0000	0.0024	0.0114	0.1070	0.0127	1.1335

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, 2012
(in thousands)**

ALAMEDA COUNTY

Taxpayer	2012			2003		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Pacific Gas & Electric Co.	\$ 1,505,810	1	0.82 %	\$ 899,352	2	0.73 %
AT&T California	478,460	2	0.26	874,210	3	0.71
Kaiser Foundation Hospitals	409,387	3	0.22			
Kaiser Foundation Health Plan, Inc.	352,000	4	0.19			
Bayer Healthcare LLC	269,118	5	0.15			
SCI Limited Partnership	261,128	6	0.14	232,145	8	0.19
Northern California Industrial Portfolio, In	260,891	7	0.14			
Pacific Commons Retail LLC	237,973	8	0.13			
Stoneridge Properties	232,441	9	0.13			
OCC Venture LLC	230,646	10	0.12			
New United Motor Manufacturing, Inc.				1,005,339	1	0.82
Sun Microsystems Inc.				369,857	4	0.30
Cutter Laboratories				313,942	5	0.25
Calwest Industrial Properties, LLC				282,926	6	0.23
Oakland City Center LLC				254,074	7	0.21
Cingular Wireless				217,277	9	0.18
WB Bernal, LLC				209,248	10	0.17
	<u>\$ 4,237,854</u>		<u>2.30 %</u>	<u>\$ 4,658,370</u>		<u>3.79 %</u>

CONTRA COSTA COUNTY

Taxpayer	2012			2003		
	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value	Secured Assessed Value	Rank	Percentage of Total Secured Assessed Value
Chevron USA	\$ 3,307,693	1	2.44 %	\$ 2,219,962	1	2.20 %
Equilon/Shell Oil Co.	2,039,793	2	1.50	1,284,827	2	1.27
Pacific Gas & Electric	1,783,548	3	1.31	783,310	3	0.78
Tosco Corporation	1,446,999	4	1.07	612,486	5	0.61
Tesoro Refining & Marketing	1,247,334	5	0.92	409,047	8	0.41
Sunset Land Company	762,120	6	0.56			
AT & T/Pacific Bell	598,732	7	0.44	733,047	4	0.73
Seeno Construction Co.	553,995	8	0.41	421,799	7	0.42
Shappell Industries, Inc.	453,687	9	0.33			
Calpine/Delta Energy Center LLC	429,866	10	0.32	593,840	6	0.59
WFB Real Estate				354,470	9	0.35
GMAC Commercial				347,779	10	0.34
	<u>\$ 12,623,767</u>		<u>9.30 %</u>	<u>\$ 7,760,567</u>		<u>7.70 %</u>

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

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT
PRINCIPAL EMPLOYERS
JUNE 30, 2012
(in thousands)**

ALAMEDA COUNTY

Employer	Type of Business	Number of Employees 2012 ¹	Rank	Percentage of Total County Employment	Number of Employees 2003 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		<u>62,010</u>		<u>9.33</u>	<u>72,248</u>		<u>9.57</u>

CONTRA COSTA COUNTY

Taxpayer	2012 ³			2005 ^{5,7}		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
John Muir Health	2,200	1	0.46%			
Kaiser Foundation Hospital	2,000	2	0.42%			
Chevron Corporation	1,329	3	0.28%	5,000	1	1.03%
Target Corporation	1,262	4	0.26%	3,400	2	0.70%
Walmart Stores, Inc.	1,150	5	0.24%			
Contra Costa Newspapers, Inc.	1,140	6	0.24%			
Doctors Medical Center	937	7	0.19%	900	8	0.19%
Shell/Martinez Refinery	900	8	0.19%	1,000	6	0.21%
Bio-Rad Laboratories	900	9	0.19%			
Texaco Inc	800	10	0.17%			
Kaiser Foundation Hospital				2,300	3	0.48%
John Muir Medical Center				1,900	4	0.39%
John Muir/Mt. Diablo Medical Center				1,500	5	0.31%
USS Posco Industries				975	7	0.20%
Bank of the West				800	9	0.17%
Aetna Health Services				600	10	0.12%
All Others	465,281			465,825		
	<u>477,899 ⁴</u>		<u>2.64%</u>	<u>484,200 ⁶</u>		<u>3.80%</u>

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 663,600 for 2011 and 719,700 for 2002 (Source: Employee Development Department)

³ Rich's Everyday Sales Prospecting Directory (2012) - Contra Costa County

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

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

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

⁷ Principal Employer information for 2003 is not available

Source: Harris Infosource April 2011; State of California EDD 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	-	-	-
2012	2,358,081	2,300,192	97.55	2.45	-	-

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
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	35,096	1,720,375	99.96
2007	1,967,771	1,886,919	95.89	79,229	1,966,148	99.92
2008	2,077,283	1,971,251	94.90	101,904	2,073,155	99.80
2009	2,061,930	1,975,895	95.83	76,796	2,052,691	99.55
2010	1,964,724	1,909,306	97.18	44,102	1,953,408	99.42
2011	1,932,504	1,896,819	98.15	21,497	1,918,316	99.27
2012	1,973,646	1,918,653	97.21	-	1,918,653	97.21

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
2003	\$ 21,996	\$ -	\$ 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	-	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%	1.541%
2011	36,656	-	36,656	0.019%	1.428%
2012	30,616	-	30,616	0.016%	1.179%

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 statement

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
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	1,509,240	72,757,457	48,087	11.3
2011	1,510,271	- ¹	- ¹	10.8
2012	1,532,137	- ¹	- ¹	9.5

CONTRA COSTA COUNTY

Fiscal Year	Population	Total Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2012	1,065,117	N/A ¹	N/A ¹	9.4%

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, 2012**

2010 -11 Appropriations Limit, Budgetary Purposes	\$352,945,192
Change in Consumer Price Index	2.51
Weighted Average Change in Population	1.0072
Total Adjustment Factor (rounded)	1.0325
Annual adjustment in dollars (rounded)	11,707,192
2011-12 Appropriations Limit	\$364,652,384

Source: Office of Controller, AC Transit

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

<u>FARE CATEGORY</u> ¹	<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>2012</u>
<u>LOCAL CASH</u>										
Adult	\$1.50	\$1.50	\$1.50	\$1.75	\$1.75	\$1.75	\$2.00	\$2.00	\$2.00	\$2.10
Youth (13-17)	0.75	0.75	0.75	0.85	0.85	0.85	1.00	1.00	1.00	1.05
Child (5-12)	0.75	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	0.75	0.75	0.75	0.85	0.85	0.85	1.00	1.00	1.00	1.05
<u>LOCAL PASSES</u>										
Adult	50	60	60	70	70	70	80	80	80	80
Youth/Child (5-17)	15	15	15	15	15	15	15	15	15	20
Sr/Disabled	15	20	20	20	20	20	20	20	20	20
10-ride pass										
Adult	13	15	15	17.5	17.5	17.5	20	20	20	n/a
Sr/Dis/Youth	6.5	7.5	7.5	8.5	8.5	8.5	10	10	10	n/a
BART-to-Bus Transfer										
Adult	1.25	1.25	1.25	1.5	1.5	1.5	1.75	1.75	1.75	1.85
Sr/Dis/Youth ³	0.55	0.55	0.55	0.65	0.65	0.65	0.75	0.75	0.75	0.8
Sports Special	2	2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	n/a
<u>TRANSBAY BASIC CASH</u>										
Adult	3	3	3	3.5	3.5	3.5	4.00	4.00	4.00	4.20
Youth (13-17)	1.5	1.5	1.5	1.7	1.7	1.7	2.00	2.00	2.00	2.10
Child (5-12)	1.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.5	1.5	1.5	1.7	1.7	1.7	2.00	2.00	2.00	2.10
<u>TRANSBAY BASIC PASS</u>										
Adult	85	100	100	116	116	116	132.5	132.5	132.5	151.2
10-ride pass										
Adult	26	30	30	35	35	35	n/a	n/a	n/a	n/a
Sr/Dis/Youth	13	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sports Special	3	3.5	3.5	3.5	3.5	3.5	n/a	n/a	n/a	n/a
<u>TRANSBAY LONG DISTANCE CASH</u>										
Adult	3.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Youth (13-17)	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Child (5-12)	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
10-ride pass										
Adult	28	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Dis/Youth	14	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSBAY LONG DISTANCE PASS</u>										
Adult	95	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSFER FEE See Note</u> ²	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

Notes:

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

² Valid for 2 hours and a 1-use only.

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

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
MISCELLANEOUS STATISTICS
June 30, 2012**

EMPLOYEES: 1,902 (1,632 in Vehicle Operations, which includes 1,283 drivers;
394 in Maintenance; and 225 in General Administration)

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

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

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

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

PASSENGER TRIPS - 174,022 average weekday (54 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: 637. Weekday Peak Hour Requirement: 449. Basic Service: 290
ADA Accessible Buses: 637

MILEAGE - Annual Total Vehicle Miles - 22,617,614 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 2011-12

Source: Office of Controller, AC Transit

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

Operating Revenues

	<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>2012</u>
Passenger fares	\$41,056	\$44,230	\$43,855	\$48,159	\$49,377	\$50,890	\$52,173	\$53,229	\$50,648	\$51,323
Contract service	9,174	8,814	8,414	8,753	9,089	10,383	10,646	9,689	7,520	7,728
Other	4,497	7,244	6,332	6,151	6,870	5,498	6,527	4,484	3,164	3,408
Total operating revenues	\$ 54,727	\$ 60,288	\$ 58,601	\$ 63,063	\$ 65,336	\$ 66,771	\$ 69,346	\$ 67,402	\$ 61,332	\$ 62,459

Non-operating revenues

Property taxes	\$ 49,623	\$ 59,365	\$ 60,520	\$ 73,078	\$ 77,655	\$ 83,138	\$ 87,365	\$ 96,610	\$ 94,539	\$ 100,151
Local sales tax	56,056	50,278	51,820	56,090	58,077	59,191	52,972	51,018	51,130	26,560
Local funds ¹	36,806	46,490	48,259	52,533	53,299	53,017	58,164	54,458	54,883	12,101
Federal	40,881	37,207	35,083	32,996	31,317	19,948	57,532	53,502	44,421	33,111
State	7,335	6,499	7,844	16,624	21,670	17,567	11,328	2,225	13,800	100,326
Gain on sale of capital assets								1,441	204	
Interest income	653	466	1,171	2,290	3,104	2,741	1,690	130	187	34
Total non- operating revenues	\$191,354	\$200,305	\$204,697	\$233,611	\$245,122	\$235,602	\$269,051	\$259,384	\$259,164	\$272,283

Total Revenues

	\$246,081	\$260,593	\$263,298	\$296,674	\$310,458	\$302,373	\$338,397	\$326,786	\$320,496	\$334,742
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Expenses

Operator wages	61,474	59,916	57,762	60,141	63,044	66,108	67,436	67,206	61,115	58,384
Other wages	49,691	45,917	46,158	48,807	52,526	55,221	59,252	56,751	50,267	48,328
Fringe benefits	93,384	81,274	83,539	95,775	96,971	103,646	112,939	122,016	116,399	117,593
Depreciation and amortization	22,985	29,362	34,451	30,938	36,994	34,465	37,805	38,990	35,531	37,899
Fuel and oil	7,616	8,126	10,344	14,126	14,928	19,400	17,721	13,581	16,209	18,593
Other material and supplies	10,000	7,792	9,728	9,925	11,858	12,585	15,752	13,895	11,775	13,913
Services	14,732	14,538	15,397	16,560	18,733	22,516	22,125	20,064	20,261	20,547
Insurance	6,889	5,141	4,291	7,073	7,029	8,807	5,150	6,983	4,267	9,262
Net expenses of joint venture	12,686	12,445	11,132	12,567	11,282	13,233	13,564	9,263	10,292	24,238
Interest expense	973	1,372	1,708	1,928	1,726	2,403	3,077	2,425	1,996	1,847
Other	8,577	5,716	6,603	7,007	10,111	11,248	9,975	7,139	10,417	14,164
Total expenses	\$289,007	\$271,599	\$281,113	\$304,847	\$325,202	\$349,632	\$364,796	\$358,313	\$338,529	\$364,768

Income (Loss) before capital contributions	\$ (42,926)	\$ (11,006)	\$ (17,815)	\$ (8,173)	\$ (14,744)	\$ (47,259)	\$ (26,399)	\$ (31,527)	\$ (18,033)	\$ (30,026)
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CAPITAL CONTRIBUTIONS	37,648	35,543	17,482	22,592	36,267	31,402	42,627	8,238	26,663	47,878
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CHANGE IN NET ASSETS	\$ (5,278)	\$ 24,537	\$ (333)	\$ 14,419	\$ 21,523	\$ (15,857)	\$ 16,228	\$ (23,289)	\$ 8,630	\$ 17,852
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Notes:

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

Source: Office of Controller, AC Transit

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

OPERATING EXPENSES (excluding depreciation & amortization)

	<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>2012</u>
Operator Wages	\$61,474	\$59,916	\$57,762	\$59,146	\$63,044	66,108	67,436	67,206	61,115	58,384
Other Wages	49,691	45,917	46,158	48,808	52,526	55,221	59,252	56,751	50,265	48,328
Fringe Benefits	93,384	81,274	83,539	95,775	96,971	103,646	112,939	122,016	120,217	117,593
Fuel and Oil	7,616	8,126	10,344	14,126	14,928	19,400	17,721	13,581	16,209	18,593
Other Materials/Supplies	10,000	7,792	9,728	9,926	11,858	12,585	15,752	13,895	11,777	13,913
Services	14,732	14,538	15,397	16,560	18,733	22,516	22,125	20,064	20,063	20,547
Insurance	6,889	5,141	4,291	7,073	7,029	8,807	5,150	6,983	4,266	9,262
Leases & Rentals	662	592	564	456	342	385	403	336	567	559
Purchased Transportation - ADA	16,518	17,073	16,778	18,122	11,282	13,233	13,564	9,263	14,579	11,396
Other	6,262	5,184	6,124	6,550	11,369	10,863	9,511	6,803	9,850	13,605
TOTAL	<u>267,228</u>	<u>245,553</u>	<u>250,685</u>	<u>276,542</u>	<u>288,082</u>	<u>312,764</u>	<u>323,853</u>	<u>316,898</u>	<u>308,908</u>	<u>312,180</u>

NONOPERATING ITEMS

Loss/(Gain) on Disposal of Personal Property and Equipment	-46	-62	-85	-7	-1,600	-2,110	61	-1,441	-204	293
Interest	973	1,372	1,708	1,752	1,726	2,403	3,077	2,425	1,983	1,720
TOTAL	<u>927</u>	<u>1,310</u>	<u>1,623</u>	<u>1,745</u>	<u>126</u>	<u>293</u>	<u>3,138</u>	<u>984</u>	<u>1,779</u>	<u>2,013</u>
GRAND TOTAL	<u>\$268,155</u>	<u>\$246,863</u>	<u>\$252,308</u>	<u>\$278,287</u>	<u>\$288,208</u>	<u>\$313,057</u>	<u>\$326,991</u>	<u>\$317,882</u>	<u>\$310,687</u>	<u>\$314,193</u>

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>
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	37.8%	27.4%	6.6%	10.7%	3.4%	2.6%	13.8%	-2.3%	100.0%
2011	*	*	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*	*	*

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>
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%
2012	34.2%	37.7%	6.6%	10.4%	0.8%	3.0%	3.7%	3.7%	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>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>2012</u>
<u>Revenue Vehicle Statistics</u>										
Active Fleet Size	774	685	614	626	678	646	646	643	604	637
Maximum Peak Vehicles	648	624	499	505	508	512	518	518	475	436
Average Age of Active Revenue Vehicles (Yrs)	9.4	6.4	6.6	7.9	8.5	8.0	8.0	8.0	9.0	9.3
<u>General Operating Statistics</u>										
Vehicle miles (000's)	27,128	25,636	24,180	24,617	25,122	25,044	25,971	25,283	22,496	21,557
Platform hours (000's)	2,215	2,064	1,941	1,974	1,981	2,044	2,074	2,025	1,832	1,763
Miles per hour	12.2	12.4	12.5	12.5	12.7	12.3	12.5	12.5	12.3	12.2
Revenue vehicle fuel: Gallons (000's)	7,286	6,678	6,357	6,333	6,666	6,638	6,868	6,789	5,822	5,618
<u>Ridership Statistics</u>										
Unlinked Passengers (000's)	62,058	64,456	64,409	66,963	66,970	65,194	60,468	61,369	57,333	53,643
Passengers per hour	28.0	31.2	33.2	33.9	33.8	31.9	29.2	30.3	31.3	30.4
<u>Reliability</u>										
Collision accidents	38	22	15	21	17	29	29	48	33	32
Miles between accidents (000's)	713.9	1,165.3	1,612.0	1,172.2	1,477.8	863.6	895.6	526.7	681.7	673.7

Notes:

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

