

Alameda-Contra Costa Transit District

# **Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015**



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

1600 Franklin Street Oakland, CA 94612



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Alameda-Contra Costa Transit District

# **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2015

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

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Serving Alameda and Contra Costa Counties – Oakland, California

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Year Ended June 30, 2015

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Alameda-Contra Costa Transit District

**James D. Pachan**  
Interim Chief Financial Officer

December 4, 2015

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 ("District") for the fiscal year ended June 30, 2015, in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California.

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

The District's financial records have been audited by our independent certified public accounting firm of Maze and Associates Accountancy Corporation. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended June 30, 2015, are free of material misstatements. The independent certified public accounting firm has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2015.

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, District's organizational chart, and a listing of the members of the Board of Directors (the Board) and the Executive Staff.

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

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

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

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

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

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

### **DISTRICT PROFILE**

The District is a special district organized under the Public Utilities Code of the State of California. It was created on November 6, 1956, when residents of Alameda and Contra Costa counties voted to establish the public transit district and subsequently approved a \$16.5 million bond issue in 1959 enabling the District to buy out the failing privately owned Key System Transit Lines. Operations began October 1, 1960, with service to Alameda County and the Western Region of Contra Costa County.

The District is one of the largest bus-only systems in the State of California and one of the largest bus-only systems 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.

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 because of the significance of their operational or financial relationships with the District.

The District is a participant with Bay Area Rapid Transit (BART) in a joint exercise of power agreement, the East Bay Paratransit Consortium (Consortium), to provide Americans with Disabilities Act (ADA) Paratransit service in Alameda and Western Contra Costa Counties. The Consortium is a joint exercise of power between these entities. The area served encompasses the District/BART coordinated service area. The Consortium has an executive committee comprised of the General Manager (GM) from each District. The Committee, referred to as the Service Review Committee (SRC), approves policy and procedures for the Consortium after policy direction and/or approval is given by the District and BART Boards of Directors. The Boards act as the policy bodies of the Consortium. The District and BART were responsible for 69% and 31% of the expenses, respectively. In Fiscal Year 2014-15, the District incurred excess operating costs of approximately \$11.6 million related to the Consortium.

The District operates two (2) main types of service, East Bay Local Service and Transbay Service. East Bay Local Service consists of two (2) limited stop rapid bus routes, eight (8) major trunk routes, forty-five (45) local routes in Special Transit Service District 1, ten (10) local routes in Special Transit Service District 2 (Southern Alameda County), and seven (7) All-Nighter/Owl routes. In addition, East Bay Local Service also includes supplemental school service, which

provides direct access to junior high schools and senior high schools during the academic year. Transbay Service consists primarily of three (3) all-day routes and twenty-four (24) peak period routes originating from various areas of the East Bay, terminating at the Transbay Terminal in Downtown San Francisco. Also under Transbay are four (4) all-day routes and four peak period routes originating in the East Bay and terminating at locations within San Mateo and Santa Clara Counties.

The District is also a member agency of the Transbay Joint Powers Authority (TJPA), created under State law to develop a new Transbay Transit Center in downtown San Francisco. Construction of this approximately \$3 billion project began in early 2010 and is scheduled for completion sometime in 2017. The new terminal will provide capacity for up to 300 bus departures per hour in a modern, efficient downtown transit terminal. Based on recent ridership studies, the District expects that up to 7,100 passengers per hour will use the new facility by 2030. This number represents nearly double the current demand.

### **GOVERNANCE**

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

Responsibility for the day-to-day management of the District rests with the GM. The District's Executive Staff consists of the following: Chief Operating Officer (COO), Chief Financial Officer (CFO), Chief Planning Engineering & Construction Officer (CPO), Chief Administrative Services Officer (CAO) and Chief Information Services Officer (CIO). An organization chart that illustrates the organizational structure of the District follows later in the introductory section.

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

### **BUDGET PROCESS**

The District's annual budget serves as the foundation for its financial planning and control. The GM and staff prepare and submit the budget to the Board for approval. The annual budget consists of two budgets: an operating budget and a capital budget.

For fiscal year 2015, the District had an approved annual budget of approximately \$763 million with \$350 million dedicated to the operating system and \$413 million approved

for current capital projects. The budget contained 1,967 authorized staff positions fiscal year 14/15 @ mid-year.

It is the responsibility of each department manager to administer its operations in such a manner to ensure that the use of funds is consistent with the goals and programs authorized by the Board and that approved spending levels are not exceeded.

## **FINANCIAL INFORMATION**

### **Fiscal Year Ended June 30, 2015**

The District's performance during FY 2014-15 resulted in a negative \$-211.1 million change in net position. This change in net position was due to the GASB 68 implementation. Compared to the prior year, total revenues increased from \$331.1 million to \$337.7 million, an increase of 2%, and total expenditures increased from \$354.5 million to \$373.3 million, an increase of 5%. A more detailed analysis of revenue and expense variances can be found in the Management's Discussion and Analysis (MD&A) section of this report.

### **Local Economy**

Serving the city of Oakland and the East Bay area and adjacent to San Francisco, the District is directly influenced by the economic conditions of its service territory and the Bay Area. Overall growth in the District's transit ridership is strongly correlated with population and employment growth in the region. The majority of the Districts' operating and maintenance investment is derived from sales and property taxes that results in the District being disproportionately impacted by changes in the economy.

During fiscal year 2015, California's economy continues the robust expansion it began more than 5 years ago and in particular the Bay Area's economy outperformed most other regional areas in the country.

**Strengths:** California has been the single largest source of new jobs in the United States with the San Francisco and San Jose metropolitan areas holding the number one and two spots respectively. Job growth has been broad based across industries, wage categories, and skill levels. Employment in the region is anticipated to grow at 2% with overall unemployment at 4% while taxable sales forecasted to grow slightly above 5% in the short-term. Bank lending has eased and has resulted in increased property values (and tax revenues) and renewed investment in Commercial and Industrial construction. According to Jerry Nickelsburg, a senior economist with the UCLA Anderson Forecast, "The Bay Area will continue to grow much more quickly than the state and the nation, and by the end of 2015, job totals in the Bay Area will be back to the levels of the dot-com period". As of June 2015, the unemployment rate for the San Francisco Bay Area was at 4.1% while the overall unemployment rate for California was 6.3%. (*US Bureau of Labor Statistics*)

**Weaknesses:** Perhaps the single greatest threat facing California and the Bay Area economy, above pension costs and infrastructure needs, is the cost of homes. Excessive home prices and low inventory has not only driven up the cost of doing business by increasing wages and skills

needed to compete for jobs, but also deprives the area of large numbers of lower- and mid-skilled workers. For example, home values in the area in June 2014 ranged from \$309k (low) to \$959k (high); however, in June 2015 this ranged increased from \$353k (low) to \$1.1 million (high) (*Zillow*). Being a dual edge sword, home values are good for the homeowners; however, bad for employees, which could ultimately create a political instability and a dependence on few selected industries that could lead to hypersensitivity in the business cycle.

***Long-term outlook:*** The long-term outlook for the Bay Area economy is stable. Job and population growth is expected to remain stable over the next several years. This should result in financial stability for the District as the majority of the operating revenues are derived from sales and property tax subsidies. Overall ridership is expected to increase with service expansion supported by Measure BB sales tax revenues in 2016 and the commissioning of the East Bay Bus Rapid Transit service in 2018.

### **Long Term Financial Planning**

Long-term financial planning is accomplished in three states at the District: (1) the Long Range Transportation Plan (LRTP), (2) the Short Range Transportation Plan (SRTP), and (3) the Ten-Year Forecast. The LRTP is a 25-30 year plan that is updated every 3-5 years. The LRTP prioritizes the transit infrastructure projects and transit services for the entire region. The SRTP is a ten-year plan that is updated periodically and adopted by the Board. The SRTP refines the schedules and budgets from the LRTP projects that are occurring in the nearer term. The Ten-Year Forecast is updated annually using the current year's budget as the baseline year. The LRTP, the SRTP, and the Ten-Year Forecast use the most recent Adopted Annual Budget as the baseline for the period covered in those plans.

### **Relevant Financial Policies**

Financial policies for the District are the responsibility by the Board and remain in effect until amended by the Board. The District has four significant financial policies: (1) Accounting Policy, (2) Budget Policy, (3) Capital Projects Policy, and (4) Reserve Policy. The Accounting Policy addresses the District's method of accounting, audit schedule, standards of internal controls and audit committee designation. The Budget Policy provides the requirements for submission and approval of a budget and assigns responsibility for budgetary controls. The Capital Projects Policy establishes the process for review of capital projects by the GM and approval by the Board. The Reserve Policy establishes a comprehensive level of cash reserves for the District to withstand economic disruptions as well as unanticipated expenditures.

### **Major Initiatives**

#### **New Service Expansion**

In November 2014, voters of Alameda County approved Measure BB. Measure BB extended the existing sales tax to the year 2045 and increased the sales tax by 0.5% to a total of 1%. The incremental revenue to the District is expected to be approximately \$30 million per year with Measure BB becoming effective in the fourth quarter of fiscal year 2015. A portion of the revenues will be dedicated to Paratransit funding and capital projects. Approximately \$24 million

per year will be allocated for operating and maintenance investments, such as reinstating service that was cancelled as a result of the Great Recession. The New Service Expansion will begin in fiscal year 2016 and will be fully implemented by fiscal year 2017.

#### East Bay Bus Rapid Transit (BRT)

The BRT is the District's largest capital project with a total budget of \$178 million. BRT will bring better transit to one of the East Bay's most diverse corridors through a combination of dedicated transit lanes, level boarding, pre-payment, and other features that has led this technology to be described as "light rail on wheels." The project will break ground in 2016 and expected to be commissioned in late 2017.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the District for its CAFR for the fiscal years ended June 30, 1992 through 2014. GFOA also has presented a **Distinguished Budget Presentation Award** to the District for the fiscal year beginning July 1, 2006. The District has further demonstrated outstanding achievement in financial reporting by receipt of the **Certificate of Excellence for the Investment Policy** from the Association of Public Treasurers of the United States and Canada.

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

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

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

Respectfully Submitted,



James D. Pachan  
Interim Chief Financial Officer



Government Finance Officers Association

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

Presented to

**Alameda-Contra Costa Transit District  
California**

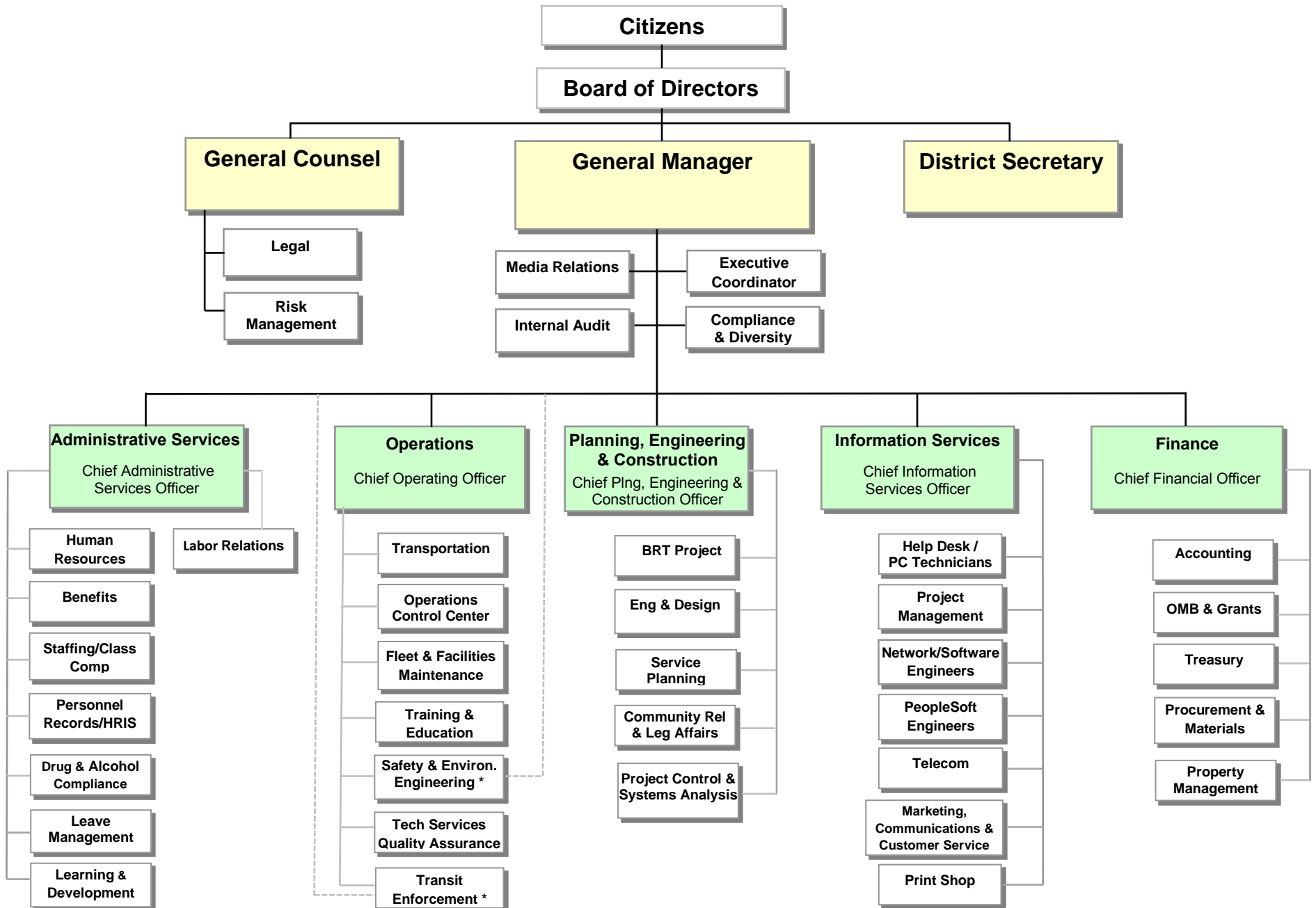
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



# AC Transit District Organizational Chart

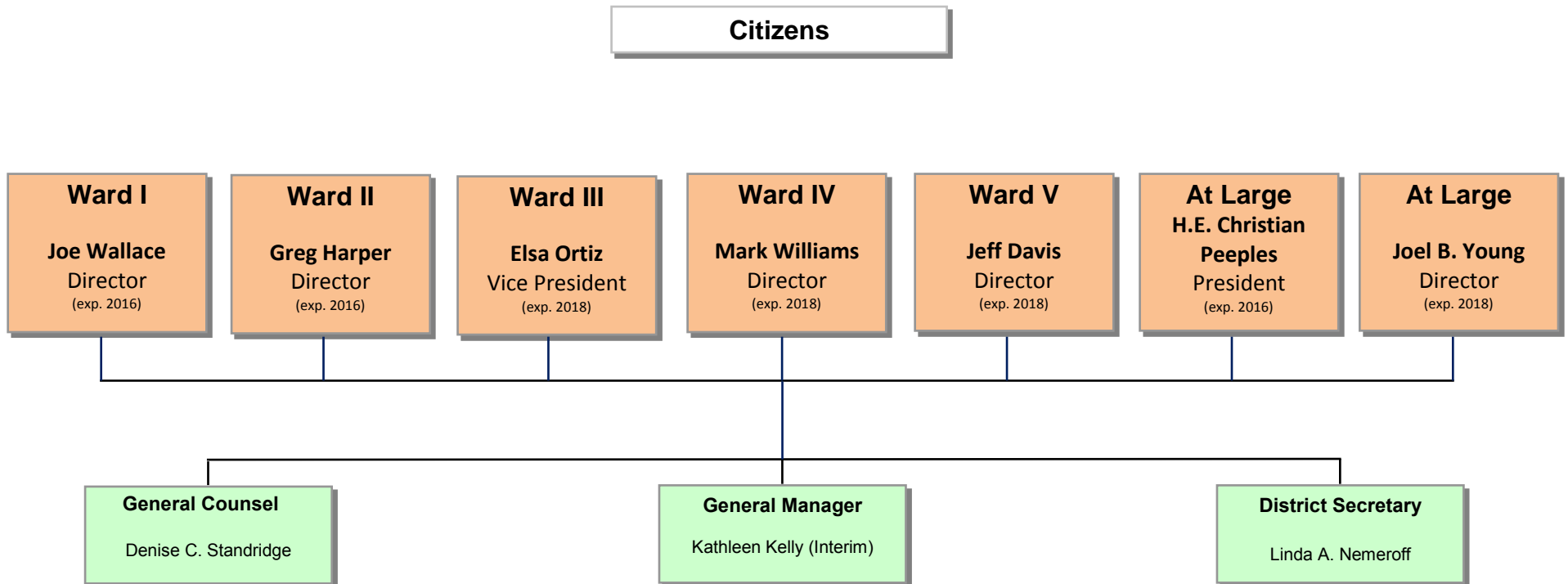


\* Transit Enforcement and Safety/Environmental Engineering report to Operations as well as the General Manager

As of July 2015



# AC Transit District Board of Directors



## **Financial Section**

## INDEPENDENT AUDITOR'S REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of the business-type activities of the Alameda-Contra Costa Transit District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the AC Transit Pension Trust Fund. Those financial statements were audited by other auditors whose report heron has been furnished to us, and our opinion, insofar as it relates to the amounts included for the AC Transit Pension Trust Fund, is based on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and Pension Trust Fund of the District as of June 30, 2015, 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.

### ***Emphasis of Matters***

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required the restatement of net position as discussed in Note 2 to the financial statements:

Statement No. 68 – Accounting and Financial Reporting for Pensions

Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date

The emphasis of this matter does not constitute modifications to our opinion.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Maze + Associates*

Pleasant Hill, California  
September 28, 2015

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## **Management's Discussion and Analysis**

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## Management's Discussion & Analysis

This discussion and analysis of the Alameda-Contra Costa Transit District's financial performance provides an overview of the District's activities for Fiscal Year 2015 with comparisons to the prior fiscal year.

### Financial Highlights

- At June 30, 2015, total assets were \$520.9 million, an increase of \$23.0 million, or 5 percent, compared to June 30, 2014, when it was \$497.9 million. Total current assets at June 30, 2015 were \$222.4 million, an increase of \$13.9 million, or 7 percent, primarily due to an increase in cash, due to receipt of capital funds in advance of expenditure, offset by decreased capital receivables, due to timing, at year end. Capital assets, net of accumulated depreciation increased by \$9.2 million or 3 percent, to \$296.0 million. Other Non-Current Assets remained stable at \$2.5 million. Due to the implementation of GASB 68, deferred outflows appeared on our financial statements for the first time in the amount of \$32.9 million.
- At June 30, 2015, total liabilities were \$417.7 million, an increase of \$267.0 million, or 177 percent, compared to June 30, 2014 when they were \$150.7 million. Total current liabilities are \$80.8 million, an increase of \$17.9 million, or 29 percent, from June 30, 2014 primarily due to deferred revenues associated with pass through capital programs. Total other non-current liabilities increased by \$252.6 million, or 398 percent, from June 30, 2014 primarily due to the implementation of GASB 68 (see Note 9) in the financial statements.
- For Fiscal Year 2015, operating revenues decreased by \$1.4 million, or -2 percent, to \$67.2 million. There were increases in passenger fares revenues of \$1.5 million; offset by decreases in contract services of \$2.3 million, or -19 percent, and a decrease of \$0.6 million in "other" operating revenues of, or -14 percent. In the case of passenger fares, at the beginning of the current fiscal year, slight decreases were made in some pass fare products, and a new "day pass" was introduced. At June 30, 2014 operating revenues were \$68.6 million.
- In Fiscal Year 2015, total operating expenses were \$371.8 million, an increase of \$19.2 million, or 5 percent, compared to \$352.6 million at June 30, 2014. Expenses increased in all categories with the exception of fuel and outside services. The most significant increases occurred in salary & wages, fringe benefits, due to an increase in service levels, and contractual obligations, and insurance, due to less favorable actuarials and increased premiums, when compared to June 30, 2014 results.
- For Fiscal Year 2015, non-operating revenues were \$270.5 million, which is an increase of \$8.0 million, or 3 percent, compared to Fiscal Year 2014 when it was \$262.5 million. Increases in property taxes, sales taxes and local funds, were partially offset by decreases in Federal and state operating funds, netting out to this overall increase, when compared to June 30, 2014 results.
- At June 30, 2015, net position was \$136.0 million, a decrease of \$211.1 million or, - 61 percent, from June 30, 2014 when net position was \$347 million. The implementation of GASB 68 was the primary cause of this change. For comparative purposes, without the implementation of GASB 68 there would have been an increase to net position of \$6.2 million at June 30, 2015.

### Overview of the Financial Statements

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

### Basic Financial Statements

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

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

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

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

## **Notes to the Financial Statements**

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

## **Other Information**

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

## **Analysis of Basic Financial Statements**

### **Assets:**

- At June 30, 2015, total assets were \$520.9 million, an increase of \$23.0 million or 5 percent, compared to June 30, 2014, which were \$497.9 million. Total current assets at June 30, 2015 were \$ 222.4 million, an increase of \$13.9 million, or 7 percent, over June 30, 2014, when they were \$208.5 million. This increase in current assets is due to an increase in cash of \$27.1 million from a combination of timing and receipt of pass through funds, paid in advance, offset by net lower operating and capital receivables at year end due to timing, and a reduction in inventory of \$2.3 million due to slightly lower stock levels and a lower fuel prices, and pre-paid expense of \$0.7 due to slightly higher insurance premiums. Capital Assets were \$296.0 Million an increase of 9.2 million or 3 percent over June 30, 2014. This is due to the normal annual cycle of property plant and equipment of additions, retirements, and increases in accumulated depreciation. Other non-current Assets comprised of funds restricted for COPS stayed constant at \$2.5 million.

**Alameda-Contra Costa Transit District**  
**Net Position**  
**(in thousands)**  
**Fiscal Year Ended June 30, 2015**

	2015	2014	Change	%
<b>Assets</b>				
Current Assets	\$ 222,378	\$ 208,519	\$ 13,859	7%
Capital Assets	296,031	286,860	9,171	3%
Other Non-Current Assets	2,488	2,488	-	0%
<b>Total Assets</b>	<b>\$ <u>520,897</u></b>	<b>\$ <u>497,867</u></b>	<b>\$ <u>23,030</u></b>	<b><u>5%</u></b>
<b>Deferred Outflows</b>	<b>\$ 32,865</b>	<b>\$ -</b>	<b>\$ 32,865</b>	
<b>Liabilities</b>				
Current Liabilities	\$ 80,818	\$ 62,887	\$ 17,931	29%
Long Term Portion of COPS	20,799	24,338	(3,539)	-15%
Other Non-Current Liabilities	316,117	63,497	252,620	398%
<b>Total Liabilities</b>	<b>\$ <u>417,734</u></b>	<b>\$ <u>150,722</u></b>	<b>\$ <u>267,012</u></b>	<b><u>177%</u></b>
<b>Deferred Inflows</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Net Position</b>				
Invested in Capital Assets, net of related debt	\$ 272,831	\$ 260,221	\$ 12,610	5%
Restricted for Capital Purchases	33,583	44,528	(10,945)	-25%
Restricted for Debt Service	1,505	1,505	-	0%
Unrestricted	(171,891)	40,891	(212,782)	-520%
<b>Total Net Position</b>	<b>\$ <u>136,028</u></b>	<b>\$ <u>347,145</u></b>	<b>\$ <u>(211,117)</u></b>	<b><u>-61%</u></b>
<b>Total Liabilities and Net Position</b>	<b>\$ <u>553,762</u></b>	<b>\$ <u>497,867</u></b>	<b>\$ <u>55,895</u></b>	<b><u>11%</u></b>

**Deferred Outflows:**

- With the implementation of GASB 68 (note 2) the District recorded its first deferred outflow of \$32.9 million.

**Liabilities:**

- At June 30, 2015, total liabilities were \$417.7 million, an increase of \$267.0 million, or 177 percent, compared to June 30, 2014 when they were \$150.7 million. Total current liabilities were \$80.8 million an increase of \$17.9 million, or 29 percent, when compared to June 30, 2014 when it was \$62.9 million. Several factors participated in this net result, including increases in unearned revenue of \$19.5 million due to receipt of pass through funds in advance, an increase in short term PLPD and workers comp of \$7.6 million due to actuarial results, pass through liabilities of \$1.1 million, as well as other categories. The primary offset was attributable to decreases in accounts payable of \$10.6 million due to timing and more prompt invoice submission at year end

Total other non-current liabilities are \$316.1 million, an increase of \$252.6 million or 398 percent from June 30, 2014 when it was \$63.5 million. This is primarily due to the required implementation of GASB 68 which is responsible for \$247.3 million of this increase. The remaining increase is due to a combination of increases in long term other post employment benefits (OPEB), claims liabilities, as well as other categories. There was also a decrease in Pollution remediation of \$ 0.7 million due to the closure of two sites due to a successful long term clean up strategy that included the use of new technology in the past several years.

The long term portion of the COPS, liability is \$20.8 million at June 30, 2015 a decrease of \$3.5 million over the June 30, 2014 balance when the liability was \$24.3 million, due to normal scheduled payments.

**Net Position:**

- At June 30, 2015, net position was \$136.0, a decrease of \$211.1 million, or - 61 percent, from June 30, 2014 when it was \$347.1 million. The 2015 decrease attributable to the implementation of GASB 68 (Note 2), requiring a prior period adjustment to net position of \$217.3 million. The remaining net difference to total net position of \$6.2 million is due to total revenues, including capital contributions, exceeding expenses. This \$6.2 million result is comprised of Operating revenues of \$67.2 million, Non-Operating revenues of \$270.7 million and capital contributions of \$41.8 million, totaling \$379.7 million in revenues, over expenses, including depreciation, of \$373.5 million.

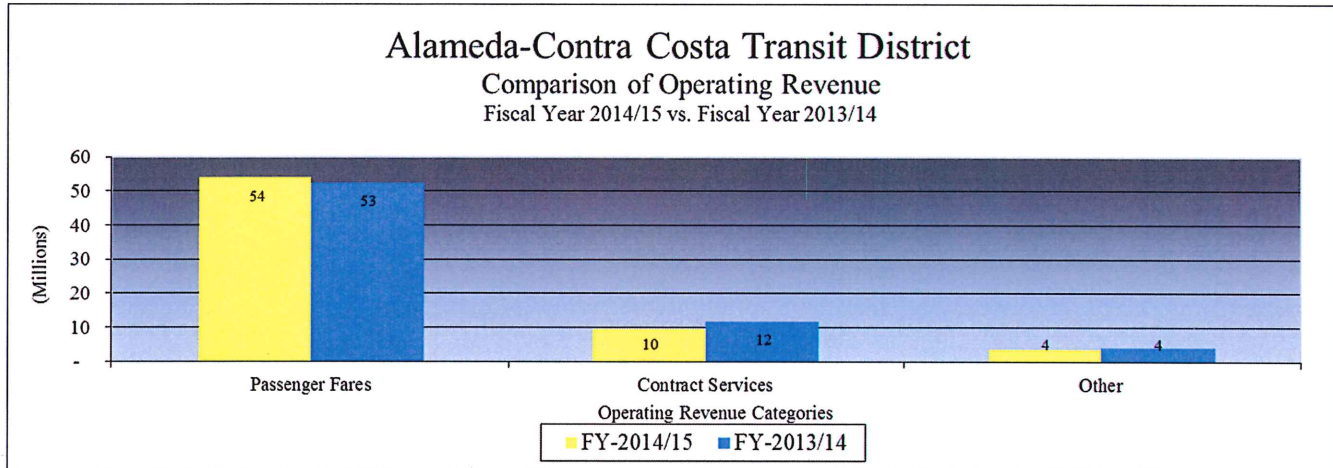
# Revenue and Expense:

## Alameda-Contra Costa Transit District Statement of Revenues, Expenses and Changes in Net Position (in thousands) For the Years Ended June 30, 2015 and June 30, 2014

	2015	2014	Changes	%
<b>Revenues</b>				
<b>Operating Revenues</b>				
Passenger Fares	\$ 54,002	\$ 52,508	\$ 1,494	3%
Contract Services	9,616	11,929	(2,313)	-19%
Other	3,589	4,165	(576)	-14%
<b>Total Operating Revenues</b>	<u>67,207</u>	<u>68,602</u>	<u>\$ (1,395)</u>	<u>-2%</u>
<b>Non-Operating Revenues</b>				
Property Taxes	111,812	105,807	6,005	6%
Local Sales Taxes	70,920	60,280	10,640	18%
Local Funds	71,858	70,234	1,624	2%
Federal	1,682	8,746	(7,064)	-81%
State	13,847	16,853	(3,006)	-18%
Gain (Loss) on sale of capital assets	(216)	(90)	(126)	140%
Interest Income	590	674	-84	-12%
<b>Total Non-Operating Revenues</b>	<u>270,493</u>	<u>262,504</u>	<u>7,989</u>	<u>3%</u>
<b>Total Revenues</b>	<u>337,700</u>	<u>331,106</u>	<u>6,594</u>	<u>2%</u>
<b>Expenses</b>				
<b>Operating Expenses</b>				
Operator Wages	62,154	58,529	3,625	6%
Other Wages	51,018	47,106	3,912	8%
Fringe Benefits	134,236	128,755	5,481	4%
Depreciation	40,587	39,495	1,092	3%
Fuel & Oil	14,471	17,359	(2,888)	-17%
Other Materials & Supplies	11,441	11,345	96	1%
Services	24,984	26,510	(1,526)	-6%
Insurance	13,190	7,115	6,075	85%
Net Expenses of Joint Venture	10,698	8,515	2,183	26%
Other	8,982	7,863	1,119	14%
<b>Total Operating Expenses</b>	<u>371,761</u>	<u>352,592</u>	<u>19,169</u>	<u>5%</u>
<b>Non-Operating Expenses</b>				
Interest Expense	1,515	1,898	(383)	-20%
<b>Total Expenses</b>	<u>373,276</u>	<u>354,490</u>	<u>18,786</u>	<u>5%</u>
<b>Loss before Contributed Capital</b>	<b>(35,576)</b>	<b>(23,384)</b>	<b>(12,192)</b>	<b>52%</b>
<b>Capital Contributions</b>	<u>41,750</u>	<u>51,517</u>	<u>(9,767)</u>	<u>-19%</u>
<b>Change in Net Position</b>	<b>6,174</b>	<b>28,133</b>	<b>(21,959)</b>	<b>-78%</b>
GASB 68 Prior Period Adjustment (Note 2)	(217,291)			
<b>Net Position, beginning of year*</b>	<u>347,145</u>	<u>319,012</u>	<u>28,133</u>	<u>9%</u>
<b>Net Position, end of year</b>	<u><u>\$ 136,028</u></u>	<u><u>\$ 347,145</u></u>	<u><u>\$ (211,117)</u></u>	<u><u>-61%</u></u>

## Operating Revenue:

- For Fiscal Year 2015, operating revenues decreased by \$1.4 million, or - 2 percent, over June 30, 2014 when they were \$68.6 million. At the beginning of the fiscal year the price of the monthly pass decreased by five dollars, a Day Pass” was introduced that eliminated passenger transfers, and there was a slight reduction per trip cost for electronic fare products, yet there were increases in passenger fares revenues of \$1.5 million over Fiscal Year 2014. The increases in passenger fares were offset by decreases in contract services of \$2.3 million are due to a reduction in inter-governmental subsidy for reduced fares, and decreases in “Other” operating revenues of \$0.6 million.



## Non-Operating Revenue:

- For fiscal year 2015, non-operating revenues were \$270.5 million, which is an increase of \$8.0 million, or 3 percent, compared to fiscal year 2014 when it was \$262.5 million. This net increase was primarily comprised of increases in property taxes of \$6.0 million, demonstrating a stronger real estate market, local sales taxes of \$10.6 million, and local funds of \$1.6 million. Offsets to these increases included reductions in federal operating funds of \$7.1 million, State subsidies of \$3.0 million, and smaller reductions in other categories.

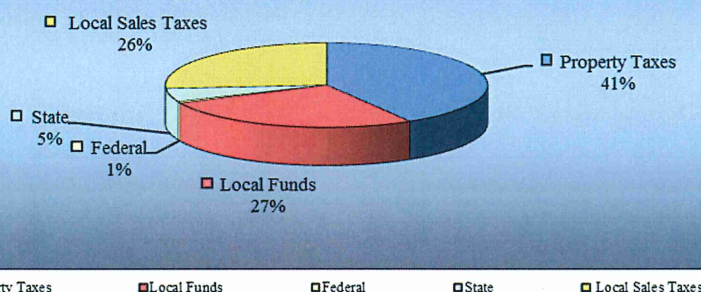
Local sales tax revenues went from \$60.3 million at June 30, 2014 to \$70.9 million as of June 30, 2015, an increase of \$10.6 million, or 18 percent. Increases in this category came from the receipt of 4 months of Measure BB funds, a new voter approved local sales tax increment totaling \$5.8 million as of June 30, 2015, traditional Measure B funds increased by \$1.9 million, as did AB1107 funds by \$1.9 million, demonstrating a stronger retail environment in the region. There was also an increase in Measure J funds of \$1.0 million, due to higher program allocations, over fiscal year ended June 30, 2014.

Local funds were \$71.9 million at June 30, 2015, an increase of \$1.6 million, or 2 percent, over June 30, 2014 when they were \$70.2 million. Local funds include regional measure 2 (RM2), which stayed flat, transportation development act (TDA) funds which increased by \$1.2 million, as well as other local operating assistance funds which had a net increase of \$0.4 million.

State revenues, which include state transit assistance (STA), state pass through funds, and AB2972 funds, decreased by \$3.0 million over June 30, 2014, when it was \$16.9 million. In the case of state transit assistance (STA) it should be noted however, for the year ended June 30, 2014 there had been funding swap from Measure B local funds to STA state funds, this was not repeated for the fiscal year ended June 30, 2015 contributing to the reported decrease.

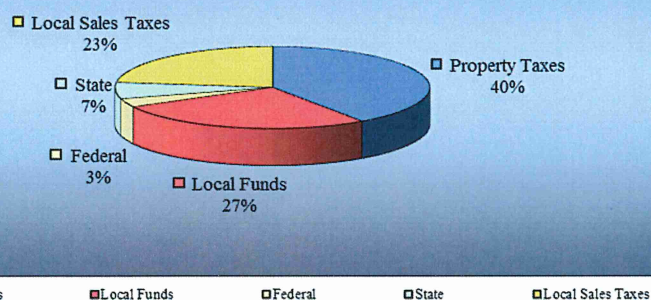
Federal operating funds decreased by \$7.1 million, or – 81 percent, over June 30, 2014 when they were \$8.7 million. This is due to the timing of the federal award cycle where in one fiscal year a smaller portion of the current year award is realized, for ADA related funds, as is the case for June 30, 2015 and in the next fiscal year both the prior and current awards are earned.

### Alameda-Contra Costa Transit District Composition of Non-Operating Revenues - Fiscal Year 2014/15



When comparing the “Composition of Non-Operating Revenue” pie charts from FY-13/14 (below) to FY-14/15 (above) shifts in composition between these fiscal years included Local Sales Tax, as a total of non-operating revenue, increased 3 percent, to 26 percent of the total. Property taxes increase by 1 percent. Decreases included Federal funding by -2 percent, state funding also -2 percent. Local fund stayed constant between these two fiscal years at 27 percent.

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



## Expense Highlights

### Operating Expenses:

- In Fiscal Year 2015, total operating expenses were \$371.8 million, an increase of \$19.2 million or 5 percent compared to \$352.6 million in Fiscal Year 2014.

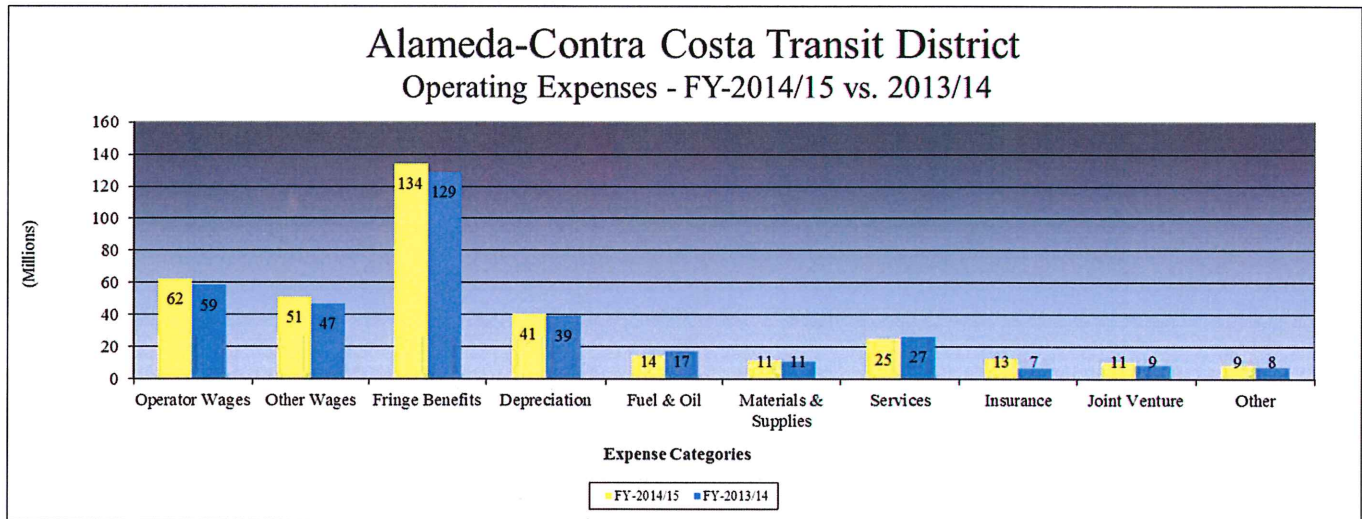
Increases in operating expense categories include operator wages of \$3.6 million due to an contractual wage increase and increased service levels Other salary and wages of \$3.9 million composed of increases in maintenance payroll of \$1.4 million, Salary payroll of \$1.9 million both due to contractual wage increases and slight increases in FTE, Clerical \$0.4 due to increase bus operator training classes during the period.

Fringe benefits increased by \$5.4 million over June 30, 2014, due increases in medical and dental premiums of \$2.7 million, OPEB \$1.1 million, Workers compensation \$1.7 million, and paid time off of \$1.1 million. Offset by decreases in the recognition of pension expense due to the implementation of GASB 68.

Insurance of \$6.1 million, due to an unfavorable automotive and general liability actuarial, \$4.8 million, increased insurance premiums of \$1.1 million, and slightly less recoveries. Net expenses of joint venture increased by \$2.2 million due to the absence of related STA, and STA lifeline funds (\$1.7) because of the timing of the STA funding cycle and a slight increase in paratransit operations expense partially offset by a slight increase in TDA funds.

The category of other expenses increased by \$1.1 million due to election expenses that occurred during the period.

Decreases in operating expenses included Fuel & Oil of \$2.9 million due to continuing drops in fuel prices, and outside services due to overall lower use.



### Non-Operating Expenses:

- In Fiscal Year 2015, non-operating expense was \$1.5 million, compared to \$1.9 million in Fiscal Year 2014, a decrease of \$0.4 million due to a scheduled reduction in interest payments associated with the COPS.

### Capital Program

The District received capital contributions of \$41.8 million in Fiscal Year 2015 compared to \$51.5 million in Fiscal Year 2014, a decrease of \$9.8 million over Fiscal Year 2014. This decrease is not driven by the availability of funds, but rather the funding requirements of existing projects within their normal project lifecycles. The capital contributions came from the following sources, federal \$33.2 million, state \$2.4 million and local \$6.1 million. Naturally, on-going capital investment is crucial to an asset intensive industry such as ours.

Some of the capital acquisitions during the period included:

- Revenue Vehicle Replacement (\$19.9 million)
- Bus Rapid Transit program (\$14.0 million)
- Maintenance Facilities, and buildings rehabilitation (\$1.6 million)
- Hydrogen Facilities (\$1.6 million)
- Photovoltaic Solar Panels (\$0.4 million)
- Information Services/Communications hardware (\$0.6 million)
- Bus Route Improvement Program (\$ 6.7 million)
- Farebox Replacement (0.8 million)

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

## **Debt**

On February 1, 2012 the District issued Refunding Certificates of Participation Series 2012 to take advantage of lower interest rates. The proceeds from the issuance, \$9.8 million, were used to refund the 2001 COPS. At June 30, 2015, the outstanding principal component of the annual lease payment was \$6.9 million. The District plans to repay the obligation over six years, which will conclude by August 2018.

In December 2007, the District issued a \$13.5 million COPS to finance its new Finance Human Resources computer system (FHR Project). The COPS are secured by specified capital assets. At June 30, 2015, the principal component of the annual lease payment was \$4.6 million and the District plans to repay the obligation over ten years, which will conclude by August, 2017.

In February 2009 the District issued a \$15.0 million COPS to help fund the July 2008 purchase of property located at 66<sup>th</sup> avenue in East Oakland. At June 30, 2015, the principal component of the annual lease payment was \$13.2 million. The COPS are secured by specified capital assets and the District plans to repay the obligation over twenty-five years, which will conclude by August 2034.

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

## **Subsequent Events**

- On July 9, 2015 the District received and additional award of \$4.3 million in State of California I Bond funds for use on capital projects.
- On August 20, 2015 the District received notification from the State of California Water Board that we can close our Pollution remediation project at our Emeryville location.
- The District hired a new General Manger in late September 2015.

## **Requests for Information**

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

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## **Basic Financial Statements**

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**STATEMENT OF FUND NET POSITION**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**JUNE 30, 2015**  
(In thousands)

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents (Note 3)	\$103,371
Restricted cash and cash equivalents (Note 3)	55,030
Receivables:	
Federal and local grants:	
Capital	7,315
Planning, operating and other (Note 7)	8,682
Property tax	15,516
Local sales tax	9,524
Other, principally trade receivables	2,802
Total receivables - net	43,839
Due from Pension Trust Fund (Note 5)	4,143
Inventories at average cost	11,606
Prepaid expenses	4,389
Total current assets	222,378

**NONCURRENT ASSETS:**

Restricted for certificates of participation:	
Cash and cash equivalents (Note 3)	2,488
Capital assets (Note 4)	
Nondepreciable	30,486
Depreciable, net	265,545
Total capital assets, net	296,031
Total noncurrent assets	298,519
Total assets	520,897

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related (Note 9)	32,865
Total assets and deferred outflows of resources	553,762

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accrued expenses	6,817
Accrued salaries and wages	2,492
Current portion of accrued vacation and sick leave	14,912
Due to Pension Trust Fund (Note 5)	2,882
Unearned revenue	22,784
Other accrued liabilities	6,516
Accrued interest payable	405
Current portion of claims liabilities (Note 13)	20,404
Current portion of remediation obligations (Note 12)	67
Current portion of certificates of participation (Note 8)	3,539
Total current liabilities	80,818

**NONCURRENT LIABILITIES:**

Accrued vacation and sick leave	8,253
Claims liabilities (Note 13)	45,389
Remediation obligations (Note 12)	952
Certificates of participation (Note 8)	20,799
Net pension liability (Note 9)	247,309
OPEB obligation (Note 10)	14,214
Total noncurrent liabilities	336,916
Total liabilities	417,734

**NET POSITION**

Net investment in capital assets	272,831
Restricted for capital purchases (Note 11)	33,583
Restricted for debt service	1,505
Unrestricted	(171,891)
TOTAL NET POSITION	\$136,028

See accompanying notes to the basic financial statements.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
(In thousands)

**OPERATING REVENUES:**

Passenger fares	\$54,002
Contract services	9,616
Other	3,589
	<hr/>
Total operating revenues	67,207
	<hr/>

**OPERATING EXPENSES:**

Operator wages	62,154
Other wages	51,018
Fringe benefits	134,236
Depreciation (Note 4)	40,587
Fuel and oil	14,471
Other material and supplies	11,441
Services	24,984
Insurance	13,190
Net expenses of joint venture	10,698
Other	8,982
	<hr/>
Total operating expenses	371,761
	<hr/>
Operating loss	(304,554)
	<hr/>

**NONOPERATING REVENUES (EXPENSE):**

Operating assistance:	
Property taxes	111,812
Local sales tax (Note 7)	70,920
Local funds (Note 7)	71,858
Federal (Note 7)	1,682
State (Note 7)	13,847
Loss on sale of capital assets	(216)
Interest income	590
Interest expense	(1,515)
	<hr/>
Net nonoperating revenues	268,978
	<hr/>
Loss before capital contributions	(35,576)
	<hr/>

**CAPITAL CONTRIBUTIONS (Note 6)**

41,750

**CHANGE IN NET POSITION**

6,174

**NET POSITION, beginning of year**

347,145

Prior period adjustment per implementation of GASB 68 (Note 2)

(217,291)

**NET POSITION, end of year**

136,028

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, 2015**  
(In thousands)

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$63,618
Cash payments to suppliers for goods and services	(79,943)
Cash payments to employees for services	(248,858)
Other operating receipts	22,479
Net cash used in operating activities	<u>(242,704)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Operating assistance received	<u>269,056</u>
Net cash provided by noncapital financing activities	<u>269,056</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(50,063)
Capital contributions received	55,231
Proceeds from sale of capital assets	89
Principal paid on certificates of participation	(3,430)
Interest paid on certificates of participation	(1,678)
Net cash used in capital and related financing activities	<u>149</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income	<u>552</u>
Net cash provided by investing activities	<u>552</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>27,053</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>133,836</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$160,889</u></u>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENT OF NET POSITION:</b>	
Unrestricted cash and cash equivalents	\$103,371
Restricted cash and cash equivalents	55,030
Restricted for certificates of participation	2,488
Total cash and cash equivalents reported on the Statement of Net Position	<u><u>\$160,889</u></u>

See accompanying notes to the basic financial statements.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
(In thousands)

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

Operating loss	(\$304,554)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	40,587
Effect of changes in assets and liabilities:	
Receivables	(582)
Inventories	2,275
Due from Pension Trust Fund	(223)
Prepaid expenses	(694)
Net pension liability	(2,847)
Accounts payable and accrued expenses	(10,593)
Accrued salaries and wages	445
Accrued vacation and sick leave	352
Unearned revenue	19,472
Due to Pension Trust Fund	(299)
Other accruals	1,122
Long term liabilities	12,835
Net cash used in operating activities	<u><u>(\$242,704)</u></u>

See accompanying notes to the basic financial statements.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**STATEMENT OF PLAN NET POSITION - PENSION TRUST FUND**  
**DECEMBER 31, 2014**  
**(In thousands)**

**ASSETS**

Contributions receivable (Note 5)	\$3,233
Interest receivable on investments	42
Investments at fair value (Note 3):	
Short-term investments	4,154
Equity securities	60,535
Equity funds	201,163
Fixed income funds	222,933
Global asset allocation funds	49,726
Real estate funds	25,422
Total investments	<u>563,933</u>
Total assets	<u>567,208</u>

**LIABILITIES**

Accrued expenses	50
Due to District (Note 5)	<u>4,052</u>
Total liabilities	<u>4,102</u>

<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$563,106</u></u>
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See accompanying notes to the basic financial statements.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**STATEMENT OF CHANGES IN PLAN NET POSITION - PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
(In thousands)

**ADDITIONS:**

Employer contributions	\$40,384
Investment income:	
Earnings on investments	8,214
Net appreciation in fair value of investments	16,586
Investment expenses	<u>(1,294)</u>
Net investment income	<u>23,506</u>
Total additions	<u>63,890</u>

**DEDUCTIONS:**

Benefit payments	47,410
Administrative expenses	<u>867</u>
Total deductions	<u>48,277</u>

**NET INCREASE**

15,613

**NET POSITION HELD IN TRUST FOR PENSION BENEFITS:**

Beginning of year	<u>547,493</u>
End of year	<u><u>\$563,106</u></u>

See accompanying notes to the basic financial statements.

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**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(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, 2015**

**(1) THE FINANCIAL REPORTING ENTITY (Continued)**

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

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

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

The reserves are reported as non-current.

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

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**Contract Services** – The District entered in to an agreement with San Francisco Bay Area Rapid Transit District's (BART) in which payments are allocated to the District from BART for feeder services to facilitate the coordination of transit service and encourage transit use and improve the quality of transit service. See Note 14 for related party disclosures on the Consortium.

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

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

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

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

- Net investment in capital assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net position – This category represents restrictions on net position externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. At June 30, 2015, the District has restricted net position in the amount of \$1.5 million related to the 2007 Certificates of Participation (COPS) and \$60.7 million for the future acquisition of buses (See Note 11). The net position restricted for debt service are maintained in a reserve fund to service lease payments on the outstanding 2007 COPS.
- Unrestricted net position – This category represents net position of the District, not restricted for any projects or other purposes.

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Deferred Outflows/Inflows of Resources*** – In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Implementation of Governmental Accounting Standards Board (GASB) Pronouncement***

**GASB Statement No. 68** – In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014, therefore, the District implemented this Statement in fiscal year ending June 30, 2015, which required a restatement to the District's financial statements. The financial statements for fiscal year ended June 30, 2014 could not be restated as the information required to do so was not readily available. See Note 9 for additional information.

**GASB Statement No. 70** – In 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Finance Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more than likely than not the government will be required to make a payment on that guarantee. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013, therefore, the District implemented this statement for fiscal year ended June 30, 2015, and had no impact on the financial statements.

**GASB Statement No. 71** – In 2014, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014, therefore, the District implemented this Statement in fiscal year ending June 30, 2015, along with GASB 68 as discussed above.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(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 25% of the portfolio invested in domestic equities, 15% in international equities, 30% in domestic fixed income securities, 10% in global asset allocation funds, 5% in real estate and 5% in private debt. 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, 2015**

**(3) CASH AND INVESTMENTS (Continued)**

**Presentation** - At June 30, 2015 (December 31, 2014 for the Plan), the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	\$160,889
Investments	<u>563,933</u>
Total	<u><u>\$724,822</u></u>
Reported in the Enterprise Fund as:	
Cash and cash equivalents	\$103,371
Restricted cash and cash equivalent	55,030
Restricted - noncurrent	2,488
Reported in the Pension Trust Fund as:	
Investments restricted for payment of accrued pension costs (at December 31, 2014)	<u>563,933</u>
Total	<u><u>\$724,822</u></u>

Fund Investments – Specific Risks

As of June 30, 2015, the District had the following investments and maturities (amounts are in thousands):

Investment Type	Fair Value	Standard & Poor's Rating	Investment Maturities Less Than 1 Year
Money Market Accounts	\$119,327	Not rated	\$119,327

**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 money market mutual funds. There are no credit limits on the securities of U.S. Treasury since these investments are backed by the full faith and credit of the United States government.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(3) CASH AND INVESTMENTS (Continued)**

***Concentration of Credit Risk*** – The District manages this risk by requiring that no more than 20% of its total investment portfolio (with the exception of securities of the U.S. Treasury or U.S. government agencies) be invested in a single security type or with a single financial institution. Disclosure requirements state that any investments in a single security type or held with a single financial institution that are greater than 5% of the District's investments must be disclosed, except for investments in external pools and mutual funds. In fiscal year 2015, the District had \$117,569 million of its investments invested in Wells Fargo Secured Institutional Money Market accounts.

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

As of June 30, 2015, the book value of the District's cash with Local Banks was \$1.758 million. As of June 30, 2015, \$8 thousand of the District's bank balance was exposed to custodial credit risk, because it was uncollateralized beyond the FDIC insurance of \$250 thousand.

Pension Trust Fund – Specific Risks

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

At December 30, 2014, the Plan did not have any direct investment in fixed income securities.

***Credit Risk*** – For the Plan, fixed income assets are invested in two pooled investment vehicles and with an outside money manager. As of December 31, 2014, \$4.1 million was invested in a short term pooled investment fund managed by State Street Corporation. This fund is not rated.

***Concentration of Credit Risk*** – The Plan also has investments that represent 5% or more of Plan net position as of December 31, 2014. The Plan had no investments in a single issuer that equaled or exceeded 5% of Plan net position.

***Foreign Currency Risk*** – Foreign currency risk is the risk that the changes in foreign exchange rates will affect the fair value of an investment denominated in a foreign currency. The Plan has, or could have, exposure to foreign currencies through its investment in several commingled investments. As of December 31, 2014, investments in international funds totaled \$98.3 million.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(4) CAPITAL ASSETS**

Following is a summary of capital assets at June 30, 2015 (in thousands):

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Non-depreciable capital assets:					
Land	\$28,030			\$656	\$28,686
Work in progress	10,638	\$50,063		(58,901)	1,800
Total	<u>38,668</u>	<u>50,063</u>		<u>(58,245)</u>	<u>30,486</u>
Depreciable capital assets					
Revenue equipment	326,270		(\$31,025)	25,470	320,715
Service vehicles and other equipment	162,642		(34,668)	7,525	135,499
Buildings, structure and improvements	227,053			25,250	252,303
Total	<u>715,965</u>		<u>(65,693)</u>	<u>58,245</u>	<u>708,517</u>
Less accumulated depreciation					
Revenue equipment	(175,376)	(24,960)	30,726		(169,610)
Service vehicles and other equipment	(147,779)	(5,640)	34,662		(118,757)
Buildings, structure and improvements	(144,618)	(9,987)			(154,605)
Total	<u>(467,773)</u>	<u>(40,587)</u>	<u>65,388</u>		<u>(442,972)</u>
Depreciable capital assets, net of accumulated depreciation	<u>248,192</u>	<u>(40,587)</u>	<u>(305)</u>	<u>58,245</u>	<u>265,545</u>
Capital assets, net of accumulated depreciation	<u>\$286,860</u>	<u>\$9,476</u>	<u>(\$305)</u>		<u>\$296,031</u>

**(5) INTERFUND RECEIVABLES/PAYABLES**

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2015 and the Pension Trust Fund is reported as of December 31, 2014; 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, 2015  
(in thousands)

Interfund payable	Interfund receivable	
Pension trust fund	Enterprise fund	\$3,233

December 31, 2014  
(in thousands)

Interfund payable	Interfund receivable	
Pension trust fund	Enterprise fund	\$3,253

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(6) CAPITAL ASSISTANCE**

The District has 18 grant contracts in process with the FTA that provide federal funds for the acquisition of buses, other equipment and improvements. Under the terms of the grants, proceeds from equipment sold or retired are refundable to the federal government in proportion to the original federal capital grant funds used in the purchase. The District has also received allocations of funds generated from net bridge toll revenues of the San Francisco-Oakland Bay Bridge and from PTMISEA grants, see Note 11 (State grants). These funds are received under provisions of the California Streets and Highways Code and are allocated based on claims approved by the MTC. These grants are summarized for the year ended June 30, 2015 as follows (in thousands):

Federal grants	\$33,250
State grants	<u>8,500</u>
	<u><u>\$41,750</u></u>

**(7) OPERATING ASSISTANCE**

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

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

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(7) OPERATING ASSISTANCE (Continued)**

Below is a summary of state and local operating assistance for the year ended June 30, 2015 (in thousands):

Local funds:

Transportation Development Act	\$59,161
Regional Measure 2	12,697
	<u>\$71,858</u>

State operating assistance:

Operating Revenues	\$8,583
Supplementary Service/Welfare to Work	2,225
Pass Thru	3,039
	<u>\$13,847</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.

In 2015, the District began receiving local sales tax revenue under Measure BB. Approved by the voters of Alameda County, Measure BB provides for the collection and distribution by the Alameda County Transportation Authority of an existing one-half percent transaction and use tax scheduled to terminate on March 31, 2022 and the augmentation of the tax by an additional one-half percent. The District is authorized to receive 23.3% of the annual tax collected under the condition that money be used for transportation improvements benefitting Alameda County.

Local sales tax assistance for the year ended June 30, 2015, is summarized below (in thousands):

AB1107	\$38,810
Measure B	21,337
Measure J	4,930
Measure BB	5,843
	<u>\$70,920</u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(7) OPERATING ASSISTANCE (Continued)**

**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, 2015 are summarized below (in thousands):

Job Access Reverse Commute	\$2
Non FTA Federal Revenue	49
Americans with Disabilities program - ADA set aside	1,631
Americans with Disabilities Act paratransit program - lease	1,433
Less amount reported within net expenses of joint venture	<u>(1,433)</u>
	<u><u>\$1,682</u></u>

At June 30, 2015, Federal Section 5307 funds totaling \$8,682 thousand were recorded as a receivable.

**(8) LONG-TERM LIABILITIES**

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2015 (in thousands):

	Original Issue Amount	Balance June 30, 2014	Retirements	Balance June 30, 2015	Amount due within one year
2007 Certificates of Participation					
4%-4.75%, due 08/01/2017	\$13,500	\$5,990	(\$1,395)	\$4,595	\$1,460
Less unamortized premium		85	(27)	58	27
2009A Certificates of Participation					
3%-6.125%, due 08/01/2034	15,000	13,545	(390)	13,155	400
Less unamortized discount		(368)	18	(350)	(18)
2012 Refunding Certificates of Participation					
4%-4.75%, due 08/01/2018	9,840	<u>8,525</u>	<u>(1,645)</u>	<u>6,880</u>	<u>1,670</u>
Total Long-Term Debt		<u>27,777</u>	<u>(\$3,439)</u>	<u>24,338</u>	<u>\$3,539</u>
Less:					
Amount due within one year		<u>(3,439)</u>		<u>(3,539)</u>	
Total Long-Term Debt, net		<u><u>\$24,338</u></u>		<u><u>\$20,799</u></u>	

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(8) LONG-TERM LIABILITIES (Continued)**

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

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

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
2016	\$3,530	\$1,027	\$4,557
2017	3,645	910	4,555
2018	3,770	786	4,556
2019	2,220	696	2,916
2020	465	660	1,125
2021 - 2025	2,690	2,912	5,602
2026 - 2030	3,540	2,029	5,569
2031 - 2035	4,770	766	5,536
Total	24,630	\$9,786	\$34,416
Unamortized premium and discount	(292)		
Total payment	\$24,338		

***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, 2015, is approximately \$33.4 million.

***Arbitrage***

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(9) PENSION PLAN**

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

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

As of December 31, 2014, employee membership in the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	1,909
Terminated employees entitled to benefits but not yet receiving them	212
	<u>2,121</u>
Current employees:	
Vested	1,278
Non-vested	691
	<u>1,969</u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(9) PENSION PLAN (Continued)**

***Actuarial Methods and Assumptions*** – The actuary used the following assumptions and methods in calculating the annual required contributions and the funded status:

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll (14 years remaining as of 1/1/2014) with separate periods of Extraordinary Actuarial Gains or Losses (25 years as of 1/1/2014)
Asset valuation method	5-year smoothed market, 80%/120% corridor around market 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	7.250%
Amortization growth rate	3.00%
Price inflation	3.00%
Salary increases	3.00% plus merit component based on employee classification and years of service
Health Mortality	Sex distinct RP-2000 Combined Mortality with ages set forward on year for ATU/IBEW members and no set-forward for AFSCME/Non-Union members
Disability Mortality	Mortality table for Disabled Participants Receiving Social Security Benefits published by the Pension Benefit Guaranty Corporation (PBGC)

Measurements as of the reporting date are based on the fair value of assets as of December 31, 2014, and the total pension liability as of the valuation date, January 1, 2014, rolled forward to December 31, 2014. There were no significant events between the valuation date and the measurement date.

Mortality rates were based on the Sex distinct RP-2000 Combined Mortality tables with ages set forward one year for ATU/IBEW members and no set-forward for AFSCME/Non-Union members.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007 – December 31, 2010.

The long-term expected rate of return on the pension plan investments was determined using a building block method which estimates expected future rates of return (net of inflation) for each major asset class.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(9) PENSION PLAN (Continued)**

Best estimates of the arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	20%	5.9%
Domestic Small Cap Equity	5%	6.7%
International Equity	15%	6.9%
Emerging Market Equity	5%	9.1%
Fixed Income (Core)	20%	1.4%
Fixed Income (Credit)	10%	2.3%
Emerging Market Debt	5%	5.0%
Global Asset Allocation	10%	4.5%
Real Estate	5%	4.6%
Private Debt	5%	6.6%
	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the total pension liability was 7.25%.

The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining unfunded actuarial liability as a level percentage of payroll over an open (rolling) 12-year period, beginning in 2016.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until at least 2072. As such, the Plan's fiduciary net position is not sufficient to cover the present value of projected benefit payments. However, instead of using a blended discount rate the Plan is using a discount rate of 7.25%. The blended discount rate would have been 7.23% or a difference of .02% (7.23% versus 7.25%). The impact of using the blended rate of 7.23% would have led to an increase in the net pension liability of approximately \$1.5 million (\$248.8 million versus \$247.3 million).

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(9) PENSION PLAN (Continued)**

*Net Pension Liability* - The components of the net pension liability of the District at December 31, 2014 are as follows (in thousands):

Total Pension Liability	\$810,416
Less: Plan Fiduciary Net Position	<u>563,107</u>
District's Net Pension Liability	<u><u>\$247,309</u></u>

Funded ratio (actuarial value of plan assets/AAL)	69.48%
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The changes in the Net Pension Liability for each Plan follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$785,289	\$547,493	\$237,796
Changes for the year:			
Service cost	16,698		16,698
Interest	55,840		55,840
Changes of benefits			
Changes of assumptions			
Difference between expected and actual experience			
Contribution - employer		40,384	(40,384)
Contribution - member			
Net investment income		23,507	(23,507)
Benefit payments	(47,410)	(47,410)	
Administrative expense		(866)	866
Net changes	<u>25,128</u>	<u>15,615</u>	<u>9,513</u>
Balance at 12/31/2014	<u><u>\$810,417</u></u>	<u><u>\$563,108</u></u>	<u><u>\$247,309</u></u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(9) PENSION PLAN (Continued)**

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability as of December 31, 2014, calculating using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate of 1-percent-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$328,863	\$247,309	\$176,973

At December 31, 2014, the District reported deferred outflows of resources related to pensions from the following sources:

	Outflows of Resources
Differences between expected and actual experience	\$0
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	12,724
Total	<u>\$12,724</u>

\$32,865 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year end	Deferred Outflows of Resources
June 30, 2016	\$3,181
June 30, 2017	3,181
June 30, 2018	3,181

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

**ATU Local 192 Benefit Trust**

***Plan Description***

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

***Funding Policy***

The District is required to make contributions to the Trust based on the number of hours worked by active union employees. The establishment and modification of the memorandums of understanding between the District and the respective bargaining units creates the authority under which the District is obligated to make its contributions. For fiscal year 2015, the required contribution rates were as follows:

<u>Bargaining Unit</u>	<u>Contribution Rate</u>
	\$1.10 per hour per employee (will increase to \$1.30 per hour if the Trust's fund falls below \$2 million in assets.)
ATU Local 192	
AFSCME	\$0.91 per hour per employee
IBEW	\$1.04 per hour per employee

***Annual OPEB Cost and Net OPEB Obligation***

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

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

Annual required contribution	\$5,560
Interest on net OPEB obligation	(260)
Adjustment to annual required contribution	<u>280</u>
OPEB cost	5,580
Contributions made	<u>(3,734)</u>
Increase in net OPEB obligation	1,846
Net OPEB obligation - beginning of year	<u>7,013</u>
Net OPEB obligation - end of year	<u><u>\$8,859</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$5,023	36.0%	\$4,619
June 30, 2014	5,189	53.9%	7,013
June 30, 2015	5,580	66.9%	8,859

***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, 2015, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$98,648
Actuarial value of plan assets	<u>2,597</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$96,051</u></u>
Funded ratio (actuarial value of plan assets/AAL)	2.6%
Annual covered payroll (active plan members)	\$125,417
UAAL as a percentage of annual covered payroll	76.6%

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

***Actuarial Methods and Assumptions***

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

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

In the actuarial valuation as of June 30, 2015, 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 4%, an inflation rate of 3.5%, a healthcare cost trend rate of 9.5% for fiscal year grading down 0.5% each year to 5.0% for fiscal year 2023 and beyond.

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

**Retiree Benefits Non-Trust Plan**

***Plan Description***

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

***Funding Policy***

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

***Annual OPEB Cost and Net OPEB Obligation***

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

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

Annual required contribution	\$4,411
Interest on net OPEB obligation	128
Adjustment to annual required contribution	<u>(174)</u>
OPEB cost	4,365
Contribution made	<u>(2,214)</u>
Increase in net OPEB obligation	2,151
Net OPEB obligation - beginning of year	<u>3,204</u>
Net OPEB obligation - end of year	<u><u>\$5,355</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$2,506	74.7%	\$1,758
June 30, 2014	3,454	58.1%	3,204
June 30, 2015	4,365	50.7%	5,355

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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

***Funded Status and Funding Progress***

The unfunded actuarial accrued liability is being amortized as a level dollar of expected payroll on an open basis over thirty years, beginning July 1, 2007. As of June 30, 2015, the funded status of the plan was as follows (in thousands):

Actuarial accrued liability (AAL)	\$52,400
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$52,400</u>
 Funded ratio (actuarial value of plan assets/AAL)	 0%
Annual covered payroll (active plan members)	\$7,754
UAAL as a percentage of annual covered payroll	675.8%

***Actuarial Methods and Assumptions***

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

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

In the actuarial valuation as of June 30, 2015, 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 4.0%, an inflation rate of 3.2%, a healthcare cost trend rate of 9.5% for fiscal year 2015 grading down 0.5% each year to 5.0% for fiscal year 2023 and beyond, and a dental and vision cost rate of 3.0%.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(11) COMMITMENTS**

***PTMISEA Grants***

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

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

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

The District also acts a pass-through agency for the Transbay Joint Powers Authority (the TJPA) for various transportation projects such as the Transbay Transit Center.

In fiscal year 2015, the District not receive any funding however \$4,885 thousand for the purchases of buses and Transit Access Improvement projects.

The following table shows the changes in activity related to the PTMISEA grant funds during the fiscal year as well as the remaining commitment as of June 30, 2015 (in thousands):

Total Allocations as of June 30, 2014	Less Allocations Passed-through to TJPA as of June 30, 2014	Total Allocations received in FY 2015	Cumulative Expenses Incurred through June 30, 2015	Interest Income	Commitment at June 30, 2015
\$87,051	(\$6,024)	\$0	\$47,472	\$28	\$33,583

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(12) CONTINGENCIES**

***Lease and Use Agreement for the Temporary Terminal and Transit Center***

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

Projected contributions are scheduled as follow (in thousands):

	<u>Payments</u>
2016	\$4,626
2017	987
2018	960
2019	934
2020	1,090
2021 - 2025	5,505
2026 - 2030	6,168
2031 - 2034	4,110

***Claims and Potential Litigation***

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

***Pollution Remediation***

The District has an estimated \$1.019 million in liabilities for the monitoring and potential clean-up costs for pollution remediation obligations. The District has several locations where soil and groundwater has been contaminated.

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(13) RISK MANAGEMENT**

As of June 30, 2015 the District has the following coverages:

Type of Coverage	Deductible	Coverage Limit
General Liability	\$1,000,000	\$2,000,000 per occurrence with excess up to \$55,000,000
Workers' Compensation	1,000,000	Statutory Limit
Property, Boiler and Machinery, 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, 2015, the actuarial estimates based on the 75<sup>th</sup> percentile discounted at 3% to 3.5% to estimate its liability for worker's compensation and the public liability claims were \$50.1 million and \$15.7 million, respectively.

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

	Workers' Compensation Liability	Public Liability	Dental Liability	Total
Balance at June 30, 2013	\$43,669	\$11,695	\$117	\$55,481
Claims and changes in estimates	12,888	3,691	4,347	20,926
Claim Payments	(11,159)	(4,390)	(4,464)	(20,013)
Balance at June 30, 2014	45,398	10,996		56,394
Claims and changes in estimates	14,446	8,517	4,698	27,661
Claim Payments	(9,719)	(3,845)	(4,698)	(18,262)
Balance at June 30, 2015	<u>\$50,125</u>	<u>\$15,668</u>		<u>\$65,793</u>

The classification of the current and long-term portion of the self-insurance liabilities for the year ended June 30, 2015 are summarized as follows (in thousands):

	Current	Long-term	Total
Workers' compensation liability	\$12,558	\$37,567	\$50,125
Public liability	7,846	7,822	15,668
	<u>\$20,404</u>	<u>\$45,389</u>	<u>\$65,793</u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**(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 2015, the District incurred expenses of \$27.199 million related to the Consortium.

**Required Supplementary Information  
(Other than MD&A - Unaudited)**

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**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' PENSION PLAN (UNAUDITED)**  
**YEAR ENDED DECEMBER 31, 2014**  
(In Thousands)

**Pension Plan**

**(1) Schedule of Changes in the Employer's Net Pension Plan Liability and Related Ratio**

**Total Pension Liability**

Service cost	\$16,698
Interest	55,840
Changes benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments, including refunds of member contributions	(47,410)
<b>Net changes in total Pension Liability</b>	<b>25,128</b>

<b>Total Pension Liability - beginning</b>	<b>785,289</b>
<b>Total Pension Liability - ending</b>	<b>\$810,417</b>

**Plan Fiduciary net position**

Contributions - employer	\$40,384
Contributions - member	
Net investment income	23,508
Benefit payments, including refunds of member contributions	(47,410)
Administrative expense	(867)
<b>Net change in Plan Fiduciary Net Position</b>	<b>15,615</b>

<b>Plan Fiduciary Net Position - beginning</b>	<b>547,493</b>
<b>Plan Fiduciary Net Position - ending</b>	<b>\$563,108</b>

<b>Net Pension Liability - ending</b>	<b>\$247,309</b>
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<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>69.48%</b>
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Covered employee payroll	\$129,310
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Net pension liability as a percentage of covered employee payroll	191.25%
---	---------

*Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available*

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' PENSION PLAN (UNAUDITED)**  
**YEAR ENDED DECEMBER 31, 2014**  
(In Thousands)

**Pension Plan (Continued)**

**(2) Schedule of Employer's Contribution**

Year ended June 30	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution s deficiency (excess)	Covered- employee payroll *	Contributions as a percentage of covered employee payroll
2005	\$20,196	\$20,196		\$117,267	17.22%
2006	22,033	22,033		120,487	18.29%
2007	24,987	24,987		124,908	20.00%
2008	27,246	27,246		129,935	20.97%
2009	33,279	33,279		135,196	24.62%
2010	38,461	38,461		136,127	28.25%
2011	38,312	38,312		126,536	30.28%
2012	38,374	38,374		126,239	30.40%
2013	39,151	39,151		130,592	29.98%
2014	40,384	40,384		129,310	31.23%

\* Payroll amounts prior to 2014 are based on projected pensionable payroll from the actuarial valuation reports. 2014 payroll is based on total actual calendar year covered payroll, provided by the Plan.

**(3) Notes to Required Supplemental Information** - The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll (14 years remaining as of 1/1/2014) with separate periods of Extraordinary Actuarial Gains or Losses (25 years as of 1/1/2014)
Asset valuation method	5-year smoothed market, 80%/120% corridor around market 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	7.250%
Amortization growth rate	3.00%
Price inflation	3.00%
Salary increases	3.00% plus merit component based on employee classification and years of service
Health Mortality	Sex distinct RP-2000 Combined Mortality with ages set forward on year for ATU/IBEW members and no set-forward for AFSCME/Non-Union members
Disability Mortality	Mortality table for Disabled Participants Receiving Social Security Benefits published by the Pension Benefit Guaranty Corporation (PBGC)

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' PENSION PLAN (UNAUDITED)**  
**YEAR ENDED DECEMBER 31, 2014**  
(In Thousands)

**Pension Plan (Continued)**

**(4) Schedule of Investment Returns**

	<u>2014</u>	<u>2013</u>
Annual Money - Weighted Rate of Return,		
Net of Investment Expense	4.5%	15.1%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ALAMEDA-CONTRA COSTA TRANSIT EMPLOYEES' POST EMPLOYEMENT BENEFITS**  
**OTHER THAN PENSION (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2015**  
(In Thousands)

**Post Employment Benefits Other than Pension**

**(1) ATU Local 192 Benefits Trust**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percent of Payroll
June 30, 2013	\$6,237	\$81,355	\$75,118	8%	\$110,995	68%
July 1, 2013	3,868	88,291	84,423	4%	105,636	80%
July 1, 2014	2,597	98,648	96,051	3%	125,417	77%

**(2) Retiree Benefits Non-Trust Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percent of Payroll
June 30, 2013	-	\$31,930	\$31,930	0%	\$117,641	27%
July 1, 2013	-	41,193	41,193	0%	108,473	38%
July 1, 2014	-	52,400	52,400	0%	\$7,754	676%

## **Other Supplementary Information**

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**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**COMPARATIVE SCHEDULES OF FUND NET POSITION**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**JUNE 30, 2015 AND 2014**  
(In thousands)

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$103,371	\$91,210
Restricted cash and cash equivalents	55,030	40,138
Receivables:		
Federal and local grants:		
Capital	7,315	20,796
Planning, operating and other	8,682	7,910
Property tax	15,516	7,001
Local sales tax	9,524	17,748
Other, principally trade receivables	2,802	2,220
Total receivables - net	<u>43,839</u>	<u>55,675</u>
Due from Pension Trust Fund	4,143	3,920
Inventories at average cost	11,606	13,881
Prepaid expenses	4,389	3,695
Total current assets	<u>222,378</u>	<u>208,519</u>
<b>NONCURRENT ASSETS:</b>		
Restricted for certificates of participation:		
Cash and cash equivalents	2,488	2,488
Capital assets:		
Nondepreciable	30,486	38,668
Depreciable, net	<u>265,545</u>	<u>248,192</u>
Total capital assets, net	<u>296,031</u>	<u>286,860</u>
Total noncurrent assets	<u>298,519</u>	<u>289,348</u>
Total assets	<u>520,897</u>	<u>497,867</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related (Note 9)	<u>32,865</u>	
Total assets and deferred outflows of resources	<u>553,762</u>	<u>497,867</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	6,817	17,410
Accrued salaries and wages	2,492	2,047
Current portion of accrued vacation and sick leave	14,912	14,560
Due to Pension Trust Fund	2,882	3,181
Other accrued liabilities	6,516	5,394
Accrued interest payable	405	597
Unearned revenue	22,784	3,312
Current portion of claims liabilities	20,404	12,820
Current portion of remediation obligations	67	127
Current portion of certificates of participation	<u>3,539</u>	<u>3,439</u>
Total current liabilities	<u>80,818</u>	<u>62,887</u>
<b>NONCURRENT LIABILITIES:</b>		
Accrued vacation and sick leave	8,253	8,022
Claims liabilities	45,389	43,574
Remediation obligations	952	1,684
Certificates of participation	20,799	24,338
Net pension obligation	247,309	
OPEB obligation	<u>14,214</u>	<u>10,217</u>
Total noncurrent liabilities	<u>336,916</u>	<u>87,835</u>
Total liabilities	<u>417,734</u>	<u>150,722</u>
<b>NET POSITION</b>		
Net investment in capital assets	272,831	260,221
Restricted for capital purchases	33,583	44,528
Restricted for debt service	1,505	1,505
Unrestricted	<u>(171,891)</u>	<u>40,891</u>
	<u>\$136,028</u>	<u>\$347,145</u>
<b>TOTAL NET POSITION</b>		

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**  
(In thousands)

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES:</b>		
Passenger fares	\$54,002	\$52,508
Contract services	9,616	11,929
Other	3,589	4,165
Total operating revenues	<u>67,207</u>	<u>68,602</u>
<b>OPERATING EXPENSES:</b>		
Operator wages	62,154	58,529
Other wages	51,018	47,106
Fringe benefits	134,236	128,755
Depreciation	40,587	39,495
Fuel and oil	14,471	17,359
Other material and supplies	11,441	11,345
Services	24,984	26,510
Insurance	13,190	7,115
Net expenses of joint venture	10,698	8,515
Other	8,982	7,863
Total operating expenses	<u>371,761</u>	<u>352,592</u>
Operating loss	<u>(304,554)</u>	<u>(283,990)</u>
<b>NONOPERATING REVENUES (EXPENSE):</b>		
Operating assistance:		
Property taxes	111,812	105,807
Local sales tax	70,920	60,280
Local funds	71,858	70,234
Federal	1,682	8,746
State	13,847	16,853
Gain (loss) on sale of capital assets	(216)	(90)
Interest income	590	674
Interest expense	(1,515)	(1,898)
Net nonoperating revenues	<u>268,978</u>	<u>260,606</u>
Loss before capital contributions	<u>(35,576)</u>	<u>(23,384)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>41,750</u>	<u>51,517</u>
<b>CHANGE IN NET POSITION</b>	6,174	28,133
<b>NET POSITION beginning of year</b>	347,145	319,012
Prior period adjustment per implementation of GASB 68 (Note 2)	<u>(217,291)</u>	
<b>NET POSITION end of year</b>	<u><u>\$136,028</u></u>	<u><u>\$347,145</u></u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**COMPARATIVE SCHEDULES OF CASH FLOWS**  
**BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**  
(In thousands)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$63,618	\$58,687
Cash payments to suppliers for goods and services	(79,943)	(79,128)
Cash payments to employees for services	(248,858)	(222,276)
Other operating receipts	<u>22,479</u>	<u>3,155</u>
Net cash used in operating activities	<u>(242,704)</u>	<u>(239,562)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating assistance received	269,056	278,430
Interest paid on notes payable	<u>-</u>	<u>(205)</u>
Net cash provided by noncapital financing activities	<u>269,056</u>	<u>278,225</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(50,063)	(49,161)
Capital contributions from grants	55,231	51,133
Proceeds from sale of capital assets	89	130
Principal paid on certificates of participation	(3,430)	(1,650)
Interest paid on certificates of participation	<u>(1,678)</u>	<u>(1,221)</u>
Net cash provided by (used in) capital and related financing activities	<u>149</u>	<u>(769)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	<u>552</u>	<u>361</u>
Net cash provided by investing activities	<u>552</u>	<u>361</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>27,053</u>	<u>38,255</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>133,836</u>	<u>131,953</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$160,889</u></u>	<u><u>\$170,208</u></u>
<b>SUMMARY OF CASH AND CASH EQUIVALENTS AND INVESTMENTS REPORTED ON THE STATEMENT OF NET POSITION:</b>		
Cash and cash equivalents (unrestricted)	\$103,371	\$95,891
Restricted cash and cash equivalents	<u>57,518</u>	<u>74,317</u>
Total cash and cash equivalents reported on the statement of net position	<u><u>\$160,889</u></u>	<u><u>\$170,208</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (304,554)	\$ (272,970)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	40,587	35,420
Effect of changes in assets and liabilities:		
Receivables	(582)	402
Inventories	2,275	(1,201)
Net pension liability	(223)	(324)
Prepaid expenses	(694)	424
Due to retirement system	(2,847)	
Accounts payable and accrued expenses	(10,593)	(4,635)
Accrued salaries and wages	445	267
Accrued vacation and sick leave	352	(119)
Unearned revenue	19,472	(1,967)
Due to Pension Trust Fund	(299)	149
Other accruals	1,122	(511)
Long term liabilities	<u>12,835</u>	<u>5,503</u>
Net cash used in operating activities	<u><u>\$ (242,704)</u></u>	<u><u>\$ (239,562)</u></u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**BUDGETARY BASIS - BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND - TRANSIT ONLY**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**  
(In thousands)

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Passenger fares	\$56,470	\$54,945
Bart transfers	3,240	6,322
Contract services	6,338	5,608
Advertising	1,969	1,822
Interest income	68	64
Other	1,596	1,880
Total operating revenues	<u>69,681</u>	<u>70,641</u>
SUBSIDIES		
Property taxes	82,418	76,564
Property taxes - Measure VV	29,394	29,244
Local sales tax - Measure B	26,447	24,327
Local sales tax - Measure BB	5,843	
Local sales tax - Measure J	4,930	3,940
Local operating assistance	15,164	14,741
State - AB11107	38,810	36,912
State - AB2972 Home to School	2,225	2,225
State - TDA	62,868	61,262
State - STA	9,934	13,628
State operating assistance other	3,039	4,025
Federal operating assistance	3,115	10,178
Total subsidies	<u>284,187</u>	<u>277,046</u>
Total revenue and subsidies	<u>353,868</u>	<u>347,687</u>
EXPENSES:		
Operator wages	62,155	58,530
Other wages	51,017	47,107
Fringe benefits	96,976	88,897
Pension expense	37,260	39,859
Services	24,984	26,509
Fuel and lubricants	14,472	17,359
Office/printing supplies	630	529
Other materials and supplies	13,591	13,695
Utilities	2,750	2,898
Insurance	13,191	7,115
Expenses of joint venture	27,198	26,081
Other expenses	3,670	2,176
Interest expense	993	1,240
Total expenses	<u>348,887</u>	<u>331,995</u>
Net revenues	4,981	15,692
Capital contributions	41,751	51,517
Depreciation	<u>(40,588)</u>	<u>(39,495)</u>
Excess of revenues over expenses	<u>\$6,144</u>	<u>\$27,714</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, 2015**  
(In thousands)

	<u>Actual</u>	<u>Final Budget</u>	<u>Final Budget Positive (Negative)</u>
<b>OPERATING REVENUES:</b>			
Passenger fares	\$ 56,470	\$56,775	(\$305)
Bart Transfers	3,240	3,600	(360)
Contract services	6,338	5,600	738
Advertising	1,969	1,977	(8)
Interest income	68	70	(2)
Other	1,596	1,990	(394)
Total operating revenues	<u>69,681</u>	<u>70,012</u>	<u>(331)</u>
<b>SUBSIDIES</b>			
Property taxes	82,418	80,842	1,576
Property taxes - Measure VV	29,394	29,241	153
Local sales tax - Measure B	26,447	26,000	447
Local sales tax - Measure BB	5,843	4,853	990
Local sales tax - Measure J	4,930	4,475	455
Local operating assistance	15,164	12,600	2,564
State - AB1107	38,810	38,143	667
State - AB2972 Home to School	2,225	2,225	-
State - TDA	62,868	64,460	(1,592)
State - STA	9,934	9,840	94
State operating assistance other	3,039		3,039
Federal operating assistance	3,115	7,533	(4,418)
Total subsidies	<u>284,187</u>	<u>280,212</u>	<u>3,975</u>
Total revenue & subsidies	<u>353,868</u>	<u>350,224</u>	<u>3,644</u>
<b>EXPENSES:</b>			
Operator wages	62,155	62,838	683
Other wages	51,017	53,196	2,179
Fringe benefits	96,976	86,584	(10,392)
Pension expense	37,260	39,780	2,520
Services	24,984	23,709	(1,275)
Fuel and lubricants	14,472	18,306	3,834
Office/printing supplies	630	621	(9)
Other materials and supplies	13,591	14,390	799
Utilities	2,750	2,615	(135)
Insurance	13,191	10,000	(3,191)
Purchased transportation	27,198	26,211	(987)
Other expenses	3,670	4,119	449
Interest expense	993	1,140	147
Total operating expenses	<u>348,887</u>	<u>343,509</u>	<u>(5,378)</u>
Excess of revenues over expenses	<u>4,981</u>	<u>\$6,715</u>	<u>(\$1,734)</u>
Depreciation and amortization	(40,588)		
Capital contributions	<u>41,751</u>		
Change in net position	<u>\$6,144</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, 2015**  
(In thousands)

	<u>Special Transit District 1</u>	<u>Special Transit District 2</u>	<u>Total</u>
REVENUES:			
Passenger fares	\$53,794	\$2,676	\$56,470
BART transfers	3,086	154	3,240
Contract services	6,338		6,338
Advertising	1,740	229	1,969
Interest income	60	8	68
Other	1,413	183	1,596
	<u>66,431</u>	<u>3,250</u>	<u>69,681</u>
Total operating revenues			
SUBSIDIES			
Property taxes	66,557	15,861	82,418
Property taxes - Measure VV	29,394		29,394
Local sales tax - Measure B	24,460	1,987	26,447
Local sales tax - Measure BB	5,164	679	5,843
Local sales tax - Measure J	4,930		4,930
Local operating assistance	11,372	3,792	15,164
State - AB1107	34,281	4,529	38,810
State - AB2972 Home to School	2,225		2,225
State - TDA	51,700	11,168	62,868
State - STA	8,601	1,333	9,934
State operating assistance	3,039		3,039
Federal operating assistance	2,797	318	3,115
	<u>244,520</u>	<u>39,667</u>	<u>284,187</u>
Total subsidies			
Total revenues and subsidies	<u>310,951</u>	<u>42,917</u>	<u>353,868</u>
EXPENSES:			
Operator wages	55,871	6,284	62,155
Other wages	45,091	5,926	51,017
Fringe benefits	86,512	10,464	96,976
Pension	33,240	4,020	37,260
Services	22,435	2,549	24,984
Fuel and lubricants	12,791	1,681	14,472
Office/printing supplies	557	73	630
Bus parts/maintenance supplies	12,012	1,579	13,591
Utilities	2,431	319	2,750
Insurance	11,659	1,532	13,191
Purchased transportation	22,126	5,072	27,198
Other expenses	3,243	426	3,669
Interest Expense	879	115	994
Depreciation	35,873	4,715	40,588
	<u>344,720</u>	<u>44,755</u>	<u>389,475</u>
Total expenses			
Income (loss) before capital contributions	(33,769)	(1,838)	(35,607)
Capital contributions	39,554	2,197	41,751
Change in net position	<u>\$5,785</u>	<u>\$359</u>	<u>\$6,144</u>

See accompanying notes to other supplementary information.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

***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, 2015 basic financial statements of the District's budgeted fund is as follows (in thousands):

Decrease in net position on GAAP basis	\$211,117
Perspective differences	<u>(234,064)</u>
Decrease in net position on the budgetary basis	<u><u>(22,947)</u></u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

***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.

<b>CONTENTS</b>	<b>PAGE</b>
<b>FINANCIAL TRENDS</b>	<b>70</b>

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

<b>REVENUE CAPACITY</b>	<b>71</b>
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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.

<b>DEBT CAPACITY</b>	<b>79</b>
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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.

<b>ECONOMIC AND DEMOGRAPHIC INFORMATION</b>	<b>80</b>
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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.

<b>OPERATING INFORMATION</b>	<b>85</b>
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These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> <sup>3</sup>
<b>Net Position:</b>										
Net invested in capital assets,	\$222,482	\$229,109	\$212,754	\$231,130	\$209,056	\$207,548	\$187,570	\$202,095	\$260,221	\$272,831
Restricted for capital purchases <sup>2</sup>	n/a	n/a	15,668	18,342	14,567	14,897	46,893	74,531	44,528	33,583
Restricted for debt service <sup>1</sup>	1,975	-	1,350	1,350	1,350	1,350	1,174	1,605	1,505	1,505
Unrestricted	18,833	35,704	19,184	14,362	16,922	26,730	33,124	40,781	40,891	(171,891)
<b>Total net position</b>	<b>\$243,290</b>	<b>\$264,813</b>	<b>\$248,956</b>	<b>\$265,184</b>	<b>\$241,895</b>	<b>\$250,525</b>	<b>\$268,761</b>	<b>\$319,012</b>	<b>\$347,145</b>	<b>\$136,028</b>

Notes:

<sup>1</sup> Restricted amounts relate to payments on the Certificates of Participation.

<sup>2</sup> Restricted for capital purchases was required starting FY 2011.

<sup>3</sup> Net Position for FY 2015 was reduced by the Net Pension Obligation required by GASB 68

Source: Office of Controller, AC Transit

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

**OPERATING REVENUES**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Farebox	\$47,536	\$48,550	\$49,889	\$52,173	\$53,229	\$50,648	\$49,363	\$50,357	\$54,945	\$56,470
Other Transit Fares	623	827	1,001	120	110	120	55	207		
Bart Transfers	4,624	4,596	5,104	5,301	4,026	2,460	2,855	2,460	6,322	3,240
Contract Service	4,129	4,493	5,279	5,226	5,553	4,849	4,873	5,826	5,607	6,338
Service Funding-Alameda	-	-	-	-	-	-	-	-	-	-
Advertising	2,290	2,394	2,536	2,604	1,250	1,212	1,174	1,819	1,821	1,969
Other Income	3,861	4,476	2,962	3,922	3,234	2,043	2,234	3,953	1,880	1,596
<b>TOTAL</b>	<b>63,063</b>	<b>65,336</b>	<b>66,771</b>	<b>69,346</b>	<b>67,402</b>	<b>61,332</b>	<b>60,554</b>	<b>64,622</b>	<b>70,575</b>	<b>69,613</b>

**NONOPERATING REVENUES**

Property Taxes	73,078	77,655	83,138	87,365	96,610	94,539	100,151	108,798	105,807	111,812
State Funding	11,386	14,678	13,600	14,079	2,225	13,800	14,985	26,117	19,878	15,198
Sales Tax (AB1107)	31,990	33,180	33,833	30,767	27,767	30,145	32,501	34,812	36,912	38,810
Sales Tax TDA <sup>4</sup>	52,533	53,299	53,017	46,310	54,458	54,883	52,840	57,282	61,264	62,868
Capital Contribution - Fed & State	22,592	36,267	31,402	42,627	8,238	26,664	47,878	64,014	51,517	41,751
Operating Assistance										
Federal Sec. 8 & 9	32,263	25,690	12,088	48,162	55,175	44,421	45,212	28,486	24,920	18,279
Measure "B" <sup>1</sup>	22,722	23,288	23,868	20,733	19,723	17,400	23,038	24,657	24,328	26,447
Measure "BB" <sup>5</sup>										5,843
Measure "J" <sup>2</sup>	1,377	1,609	1,489	1,472	3,528	3,585	3,522	3,978	3,940	4,930
Prop. 111-STA	5,238	6,991	3,968	9,103	-	-	-	-	-	-
Interest Income	2,123	3,104	2,741	1,690	130	187	585	764	64	68
ADA Paratransit Service <sup>3</sup>	6,289	5,627	7,860	9,370	-	-	-	-	-	-
<b>TOTAL</b>	<b>261,591</b>	<b>281,388</b>	<b>267,004</b>	<b>311,678</b>	<b>267,854</b>	<b>285,624</b>	<b>320,712</b>	<b>348,908</b>	<b>328,630</b>	<b>326,006</b>

**REVENUES &  
SUBSIDIES**

<b>\$324,654</b>	<b>\$346,724</b>	<b>\$333,775</b>	<b>\$381,024</b>	<b>\$335,256</b>	<b>\$346,956</b>	<b>\$381,266</b>	<b>\$413,530</b>	<b>\$399,205</b>	<b>\$395,619</b>
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Notes:

<sup>1</sup> Sales Tax-Measure "B" is administered by Alameda County Transportation Authority

<sup>2</sup> Sales Tax-Measure "J" is administered by Contra Costa County Transportation Authority

<sup>3</sup> There were no ADA Paratransit Service Revenues during FY 2010-2011

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

<sup>5</sup> Sales Tax-Measure "BB" is administered by Alameda County Transportation Authority

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>	
2006	0.332	0.070	0.402	0.293	0.228	0.077	0.598	1.000
2007	0.314	0.065	0.379	0.310	0.236	0.075	0.621	1.000
2008	0.313	0.064	0.377	0.295	0.258	0.070	0.623	1.000
2009	0.315	0.058	0.373	0.065	0.225	0.253	0.543	1.000
2010	0.321	0.054	0.375	0.065	0.216	0.25	0.531	1.000
2011	0.328	0.049	0.377	0.065	0.221	0.243	0.529	1.000
2012	0.325	0.046	0.371	0.284	0.256	0.089	0.629	1.000
2013	0.325	0.038	0.363	0.286	0.262	0.089	0.637	1.000
2014	*	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*	*

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> <sup>1</sup>	<u>TOTAL</u>	<u>LOCAL</u> <sup>2</sup>	<u>STATE</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
2006	0.163	0.052	0.215	0.617	0.056	0.112	0.785	1.000
2007	0.159	0.061	0.220	0.609	0.070	0.101	0.780	1.000
2008	0.168	0.062	0.230	0.646	0.058	0.066	0.770	1.000
2009	0.173	0.057	0.230	0.617	0.076	0.077	0.770	1.000
2010	0.164	0.044	0.208	0.621	0.007	0.164	0.792	1.000
2011	0.158	0.033	0.191	0.627	0.043	0.139	0.809	1.000
2012	0.153	0.036	0.188	0.670	0.041	0.101	0.812	1.000
2013	0.152	0.033	0.185	0.651	0.082	0.082	0.815	1.000
2014	0.158	0.045	0.203	0.644	0.081	0.072	0.797	1.000
2015	0.159	0.037	0.196	0.653	0.052	0.099	0.804	1.000

Notes:

\* - Not Available

<sup>1</sup> Other miscellaneous revenue includes interest income, advertising income and other non-operating income.

<sup>2</sup> Includes sales and use tax revenue.

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

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

SALES TAX (AB 1107) RECEIPTS <sup>1</sup>

2005-06	255,922,812
2006-07	265,437,528
2007-08	270,100,824
2008-09	245,780,556
2009-10	222,061,988
2010-11	270,405,651
2011-12	344,169,564
2012-13	339,957,670
2013-14	367,991,334
2014-15	378,664,574

LOCAL TRANSPORTATION FUNDS <sup>2</sup>

	<u>ALAMEDA COUNTY</u>	<u>CONTRA COSTA COUNTY</u>	<u>TOTAL</u>
2005-06	62,869,170	35,040,997	97,910,167
2006-07	63,918,498	35,180,377	99,098,875
2007-08	63,873,885	35,017,978	98,891,863
2008-09	55,643,496	35,080,119	90,723,615
2009-10	50,359,342	28,866,624	79,225,966
2010-11	52,185,762	32,700,534	84,886,296
2011-12	65,188,207	38,486,598	103,674,805
2012-13	66,773,139	42,343,841	109,116,980
2013-14	70,647,277	50,300,617	120,947,894
2014-15	77,022,649	48,246,414	125,269,063

Notes:

<sup>1</sup> AB1107 Sales Tax receipts are shared by AC Transit, San Francisco Municipal Railways and Bay Area Rapid Transit. AC Transit received \$38.8 million in the fiscal year 2015

<sup>2</sup> The distribution of Local Transportation Funds derived from a one-quarter percent (1/4%) Retail Sales Tax is based on population. For fiscal year 2015, AC Transit received \$53.1 million from Alameda County and \$5.9 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)**

<b>ALAMEDA COUNTY</b>									
<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural Property</b>	<b>Institutional Property</b>	<b>Utility and Unsecured Property<sup>1</sup></b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2006	115,620,542	20,968,026	16,482,414	1,181,328	1,884,812	13,061,858	4,206,190	164,992,790	1.00
2007	129,127,345	22,467,714	17,022,667	1,225,484	2,023,259	13,001,842	4,312,765	180,555,546	1.00
2008	140,379,422	24,458,944	17,854,260	1,360,579	2,203,804	13,629,455	4,880,956	195,005,508	1.00
2009	146,399,031	25,895,769	19,172,805	1,466,409	2,263,501	14,086,040	5,115,665	204,167,890	1.00
2010	139,524,668	27,086,816	19,319,349	1,499,707	2,437,587	14,398,367	5,476,280	198,790,214	1.00
2011	137,082,662	26,746,547	19,385,756	1,435,643	2,450,098	14,454,882	5,793,021	195,762,567	1.00
2012	138,442,842	27,114,991	18,540,107	1,412,736	2,506,623	14,447,692	6,560,413	195,904,578	1.00
2013	140,479,280	27,958,514	19,450,625	1,412,563	2,599,792	15,321,277	6,549,698	200,672,353	1.00
2014	149,092,989	29,348,915	20,120,895	1,456,520	2,689,140	15,633,013	7,566,667	210,774,805	1.00
2015	161,954,196	29,475,074	20,596,312	1,501,740	2,871,593	15,748,875	8,858,490	223,289,300	1.00

<b>CONTRA COSTA COUNTY</b>							
<b>Fiscal Year</b>	<b>Real Property<sup>2</sup></b>	<b>Personal Property<sup>2</sup></b>	<b>Total</b>	<b>Less: Tax-Exempt Property</b>	<b>Net Assessed Value</b>	<b>Total Direct Tax Rate</b>	
2006	130,458,278	3,235,764	133,694,042	2,568,829	131,125,213	1.00	
2007	145,844,300	3,408,666	149,252,966	2,729,501	146,523,465	1.00	
2008	158,953,496	3,592,778	162,546,274	3,101,166	159,445,108	1.00	
2009	158,825,416	3,714,884	162,540,300	3,721,464	158,818,836	1.00	
2010	149,232,578	3,518,009	152,750,587	4,106,372	148,644,215	1.00	
2011	145,251,206	3,388,408	148,639,614	4,495,004	144,144,610	1.00	
2012	144,914,804	3,464,048	148,378,852	4,756,022	143,622,830	1.00	
2013	146,175,023	3,550,351	149,725,374	4,916,847	144,808,527	1.00	
2014	152,094,496	3,117,109	155,211,605	5,081,776	150,129,829	1.00	
2015	165,375,782	3,381,581	168,757,363	5,245,692	163,511,671	1.00	

Notes:

<sup>1</sup> The utility and unsecured rolls are not available by property type.

<sup>2</sup> 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 <sup>1</sup>
	County General	County Special Districts	Local Special Districts	Agency Districts	Schools	Cities	
2006	1.0000	0.0027	0.0012	0.0127	0.0871	0.0517	1.1554
2007	1.0000	0.0031	0.0013	0.0166	0.0834	0.0546	1.1590
2008	1.0000	0.0031	0.0015	0.0216	0.0862	0.0524	1.1648
2009	1.0000	0.0035	0.0018	0.0249	0.0987	0.0520	1.1809
2010	1.0000	0.0042	0.0015	0.0195	0.1164	0.0582	1.1998
2011	1.0000	0.0052	0.0017	0.0179	0.1163	0.0582	1.1993
2012	1.0000	0.0063	0.0018	0.0176	0.1273	0.0584	1.2114
2013	1.0000	0.0048	0.0016	0.0159	0.1289	0.0560	1.2072
2014	1.0000	0.0054	0.0015	0.0240	0.1346	0.0529	1.2184
2015	1.0000	0.0054	0.0022	0.0183	0.1393	0.0546	1.2198

**CONTRA COSTA COUNTY**

Fiscal Year	County Direct Rate	Overlapping Rates					Total
	Countywide Rate <sup>2</sup>	County Special Districts	Local <sup>3</sup> Special Districts	Agency Districts	Schools	Cities	
2006	1.0000	0.0000	0.0017	0.0107	0.0564	0.0127	1.0815
2007	1.0000	0.0000	0.0014	0.0137	0.0649	0.0126	1.0926
2008	1.0000	0.0000	0.0013	0.0158	0.0684	0.0130	1.0985
2009	1.0000	0.0000	0.0013	0.0192	0.0691	0.0131	1.1027
2010	1.0000	0.0000	0.0015	0.0167	0.0911	0.0126	1.1219
2011	1.0000	0.0000	0.0026	0.0114	0.1070	0.0127	1.1337
2012	1.0000	0.0000	0.0024	0.0114	0.1070	0.0127	1.1335
2013	1.0000	0.0000	0.0024	0.0096	0.1070	0.0144	1.1334
2014	1.0000	0.0000	0.0024	0.0155	0.1168	0.0122	1.1469
2015	1.0000	0.0000	0.0021	0.0131	0.1254	0.0125	1.1531

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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, 2015  
(in thousands)**

**ALAMEDA COUNTY**

<b>Taxpayer</b>	<b>2015</b>			<b>2006</b>		
	<b>Secured Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Secured Assessed Value</b>	<b>Secured Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Secured Assessed Value</b>
Pacific Gas & Electric Co.	\$ 1,708,209	1	0.81 %	\$ 1,064,114	1	0.69 %
Russell City Energy Company, LLC	502,100	2	0.24			
Apple Computer Inc	463,722	3	0.22			
Tesla Motors Inc.	462,439	4	0.22			
AT&T California	392,059	5	0.19	497,523	3	0.32
Kaiser Foundation Health Plan Inc	369,787	6	0.17			
Kaiser Foundation Hospitals	369,441	7	0.17			
BRE Properties Inc	289,033	8	0.14			
PSB Northern California Industrial Portfoli	287,180	9	0.14			
Bayer Healthcare LLC	281,257	10	0.13	218,818	8	0.14
New United Motor Manufacturing, Inc.				996,672	2	0.64
Sun Microsystems Inc.				437,790	4	0.28
Calwest Industrial Properties, LLC				262,182	5	0.17
SCI Limited Partnership 1				246,693	6	0.16
Chiron Corp				233,289	7	0.15
Catellus Development Corporation				212,911	9	0.13
Stoneridge Properties				208,254	10	0.13
	<u>\$ 5,125,227</u>		<u>2.43 %</u>	<u>\$ 4,378,246</u>		<u>2.81 %</u>

**CONTRA COSTA COUNTY**

<b>Taxpayer</b>	<b>2015</b>			<b>2006</b>		
	<b>Secured Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Secured Assessed Value</b>	<b>Secured Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Secured Assessed Value</b>
Chevron USA	\$ 3,130,185	1	2.25 %	\$ 5,335,671	1	4.31 %
Equilon Enterprises LLC	1,557,464	2	0.99	3,348,828	2	2.70
Tesoro Refining & Marketing	1,308,207	3	0.83	1,611,115	3	1.30
Tosco Corporation	991,047	4	0.63	1,547,328	4	1.25
NRG Delta LLC	823,896	5	0.53			
SDC 7	701,572	6	0.45			
First Walnut Creek Mutual	521,434	7	0.33	401,015	10	0.32
Sierra Pacific Properties Inc.	426,368	8	0.27			
Fairways 340 LLC	336,382	9	0.21			
MCD-RCCA-El Cerrito LLC	319,869	10	0.20			
Pacific Gas & Electric				982,301	5	0.79
Sunset Land Company				698,878	6	0.56
Delta Energy Co				476,200	7	0.38
SBC Communications, Inc.				465,893	8	0.38
Posco				411,890	9	0.33
	<u>\$ 10,116,424</u>		<u>6.69 %</u>	<u>\$ 15,279,119</u>		<u>12.32 %</u>

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

**ALAMEDA-CONTRA COSTA COUNTY TRANSIT DISTRICT  
PRINCIPAL EMPLOYERS  
JUNE 30, 2015  
(in thousands)**

**ALAMEDA COUNTY**

Employer	Type of Business	Number of Employees 2015 <sup>1</sup>	Rank	Percentage of Total County Employment	Number of Employees 2006 <sup>1</sup>	Rank	Percentage of Total County Employment <sup>2</sup>
University of California Berkeley (including Berkeley National Labs) <sup>6</sup>	Education	23,962	1	3.07%	12970		1.00
Kaiser Permanente Medical Group Inc. <sup>6</sup>	Health Care	18,450	2	2.36%	5450		6.00
State of California <sup>6</sup>	State Government	8,930	3	1.14%	-		20+
County of Alameda <sup>7</sup>	Local Government	8,868	4	1.14%	9740		2.00
Chevron Corporation <sup>6</sup>	Energy	6,361	5	0.81%	-		20+
Safeway Inc. <sup>6</sup>	Supermarkets & Other Grocery	6,270	6	0.80%	3590		10.00
United States Postal Service <sup>6</sup>	Mailing and Shipping	5,948	7	0.76%	6500		5.00
John Muir Health <sup>6</sup>	Health Care	5,857	8	0.75%	-		20+
Wells Fargo Bank <sup>6</sup>	Financial Services	5,400	9	0.69%	-		20+
City of Oakland <sup>6</sup>	Local Government	5,055	10	0.65%	4290		10.00
Total		<u>95,101</u>		<u>12.17%</u>	<u>0</u>		<u>34.00%</u>

**CONTRA COSTA COUNTY**

Taxpayer	2015 <sup>3</sup>			2007 <sup>5</sup>		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
Chevron Corporation	10,000+	1	1.92%	7,100	1	1.30 %
Bayer Healthcare Pharmaceuticals	500-999	T-2	0.14%			
Bio-Rad Laboratories	500-999	T-2	0.14%	1,100	8	0.20 %
C&H Sugar Co. Inc.	500-999	T-2	0.14%			
Conoco Phillips Rodeo Refinery	500-999	T-2	0.14%			
Macy's	500-999	T-2	0.14%			
Nordstrom	500-999	T-2	0.14%			
Safeway	500-999	T-2	0.14%			
Shell Oil Products	500-999	T-2	0.14%			
Tesoro Golden Eagle Refinery	500-999	T-2	0.14%			
Kaiser Permanente				5,000	2	1.00 %
AT&T				3,150	3	0.60 %
Kaiser Foundation Hospital				2,300	4	0.50 %
John Muir Medical Center				1,900	5	0.40 %
John Muir/Mt. Diablo Medical Center				1,500	6	0.30 %
24 Hour Fitness				1,200	7	0.20 %
Doctors Medical Center	504,950			1,000	9	0.20 %
USS Posco Industries				975	10	0.20 %
All Others				489,925		
	<u>521,700 <sup>4</sup></u>		<u>3.21%</u>	<u>515,150 <sup>6</sup></u>		<u>4.70%</u>

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> Percentage calculated based on Alameda County's Employment of 780,500 for 2015 and 698,600 for 2006 (Source: Employment Development Department)

<sup>3</sup> East Bay - EDA

<sup>4</sup> State of California Employment Development Department, 2015 annual

<sup>5</sup> State of California Employment Development Department, 2007 annual, not adjusted

<sup>6</sup> Information from InfoGroup USA as of January 1, 2015. Information as of June 30, 2015 is not available, except for County of Alameda employer.

<sup>7</sup> Information from County of Alameda's database as of June 30, 2015.

Source: InfoGroup USA for 2015 employment data and San Francisco Business Times Book of Lists 2007 for 2005 employment data

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

**ALAMEDA COUNTY**

Fiscal Year	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>2</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	55,708	2,320,150	99.68
2012	2,358,081	2,300,192	97.55	47,711	2,347,903	99.57
2013	2,402,703	2,359,713	98.21	34,652	2,394,365	99.65
2014	2,539,344	2,503,557	98.59	25,316	2,528,873	99.59
2015	2,711,822	2,675,977	98.68			

**CONTRA COSTA COUNTY**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>3</sup>		Collections in Subsequent Years <sup>3</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount <sup>3</sup>	Percentage of Levy <sup>3</sup>
2006	1,720,978	1,685,279	97.93	38,380	1,723,659	100.16
2007	1,967,771	1,886,919	95.89	80,328	1,967,247	99.97
2008	2,077,283	1,971,251	94.90	105,163	2,076,414	99.96
2009	2,061,930	1,975,895	95.83	84,386	2,060,281	99.92
2010	1,964,724	1,909,306	97.18	53,318	1,962,624	99.89
2011	1,932,504	1,896,819	98.15	32,419	1,929,238	99.83
2012	1,973,646	1,918,653	97.21	50,606	1,969,259	99.78
2013	1,974,838	1,953,215	98.91	16,222	1,969,437	99.73
2014	2,083,810	2,072,121	99.44	13,293	2,085,414	100.08
2015	2,286,998	2,266,716	99.11		2,266,716	99.11

Notes:

<sup>1</sup> Taxes levied for the fiscal year are based on the original charge and are not adjusted for any value changes that may reduce or increase taxes levied and impact percentage of levy collections, including collections to be greater than one hundred percent.

<sup>2</sup> Data only available beginning fiscal year 2012.

<sup>3</sup> Revised

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

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

<b>Fiscal Year</b>	<b>Certificates of Participation</b>	<b>ACTC</b>	<b>Premiums and Discounts</b>	<b>Total Primary Government</b>	<b>Percentage of Taxable Assessed Value <sup>1</sup></b>	<b>Per Capita <sup>2</sup></b>
2006	19,245	-	(456)	18,789	0.006%	0.739%
2007	18,070	25,000	(418)	42,652	0.005%	0.690%
2008	30,360	25,000	(122)	55,238	0.008%	1.156%
2009	42,765	15,000	(581)	57,184	0.012%	1.612%
2010	40,335	7,000	(552)	46,783	0.013%	1.811%
2011	37,465	-	(523)	36,942	0.011%	1.435%
2012	32,735	-	(265)	32,470	0.010%	1.251%
2013	31,085	-	(274)	30,811	0.009%	1.174%
2014	28,060	-	(283)	27,777	0.008%	1.044%
2015	24,630		(292)	24,338	0.006%	0.900%

Notes:

<sup>1</sup> See Schedule of Assessed Value of Taxable Property for taxable assessed value.

<sup>2</sup> See Schedule of Demographic and Economic Statistics for population data

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

Source: Office of Controller, AC Transit

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

**ALAMEDA COUNTY**

<b>Fiscal Year</b>	<b>Population</b>	<b>Total Personal Income (amounts expressed in thousands) <sup>2</sup></b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate <sup>3</sup></b>
2006	1,462,371	\$ 68,719,715	\$ 47,574	4.6
2007	1,470,622	71,893,560	49,387	4.8
2008	1,484,085	74,305,916	50,302	6.1
2009	1,497,799	69,974,222	46,695	11.1
2010	1,510,271	72,757,457	48,087	11.3
2011	1,517,756	75,908,145	49,617	10.8
2012	1,530,176	85,017,099	54,683	9.5
2013	1,548,681	85,173,987	53,798	7.4
2014	1,573,254	90,631,392	56,261	5.8
2015	1,599,888	- <sup>1</sup>	- <sup>1</sup>	4.6

**CONTRA COSTA COUNTY**

<b>Fiscal Year</b>	<b>Population <sup>4</sup></b>	<b>Total Personal Income (amounts expressed in thousands) <sup>2</sup></b>	<b>Per Capita Personal Income <sup>5</sup></b>	<b>Unemployment Rate <sup>3</sup></b>
2006	1,025,436	55,318,933	55,241	4.5
2007	1,035,097	58,043,926	57,881	4.7
2008	1,048,185	59,914,142	57,874	6.3
2009	1,061,325	55,781,843	56,703	10.8
2010	1,073,055	57,700,398	55,455	11.3
2011	1,056,064	60,778,678	59,053	11.0
2012	1,065,117	66,544,007	61,638	9.4
2013	1,074,702	69,375,880 <sup>#</sup>	63,403 <sup>#</sup>	7.3
2014	1,087,008	N/A <sup>1</sup>	N/A <sup>1</sup>	6.0
2015	1,102,871	N/A <sup>1</sup>	N/A <sup>1</sup>	6.2

Notes:

<sup>#</sup> Estimated

<sup>1</sup> Data not yet published.

<sup>2</sup> Dollar estimates are in current dollars (not adjusted for inflation); Per Capita Personal Income was computed using Census Bureau's midyear population estimates, which differ from the population column of this page.

<sup>3</sup> Unemployment rates reflected as of June of each year

<sup>4</sup> California Department of Finance Estimate for January 1 of each year.

<sup>5</sup> U.S. Department of Commerce - Bureau of Economic Analysis (thousands)

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
APPROPRIATIONS LIMITATION CALCULATION  
For the Fiscal Year Ending June 30, 2015**

2013 -14 Appropriations Limit, Budgetary Purposes	\$406,271,801
Change in Consumer Price Index	-0.23
Weighted Average Change in Population	1.0123
Total Adjustment Factor (rounded)	1.1199
Annual adjustment in dollars (rounded)	4,924,014
2014-15 Appropriations Limit	\$411,195,815

Source: Office of Controller, AC Transit

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

<u>FARE CATEGORY <sup>1</sup></u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u><b>LOCAL CASH</b></u>										
<u><b>LOCAL SINGLE RIDE</b></u>										
Adult	\$1.75	\$1.75	\$1.75	\$2.00	\$2.00	\$2.00	\$2.10	\$2.10	\$2.10	\$2.10
Youth (5-18)	0.85	0.85	0.85	1.00	1.00	1.00	1.05	1.05	1.05	1.05
Child (0-4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	0.85	0.85	0.85	1.00	1.00	1.00	1.05	1.05	1.05	1.05
<u><b>LOCAL PASSES</b></u>										
Adult	70	70	70	80	80	80	80	80	80	75
Youth/Child (5-18)	15	15	15	15	15	15	20	20	20	20
Sr/Disabled	20	20	20	20	20	20	20	20	20	20
10-ride pass										
Adult	17.5	17.5	17.5	20	20	20	n/a	n/a	n/a	n/a
Sr/Dis/Youth	8.5	8.5	8.5	10	10	10	n/a	n/a	n/a	n/a
BART-to-Bus Transfer										
Adult	1.5	1.5	1.5	1.75	1.75	1.75	1.85	1.85	1.85	1.85
Sr/Dis/Youth <sup>3</sup>	0.65	0.65	0.65	0.75	0.75	0.75	0.8	0.8	0.8	0.8
Sports Special	2.5	2.5	2.5	2.5	2.5	2.5	n/a	n/a	n/a	n/a
<u><b>TRANSBAY BASIC CASH</b></u>										
Adult	3.5	3.5	3.5	4.00	4.00	4.00	4.20	4.20	4.20	4.20
Youth (5-18)	1.7	1.7	1.7	2.00	2.00	2.00	2.10	2.10	2.10	2.10
Child (0-4)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	1.7	1.7	1.7	2.00	2.00	2.00	2.10	2.10	2.10	2.10
<u><b>TRANSBAY BASIC PASS</b></u>										
Adult	116	116	116	132.5	132.5	132.5	151.2	151.2	151.2	151.2
<u><b>CLIPPER FARES AND PASSES <sup>4</sup></b></u>										
<u><b>LOCAL CASH</b></u>										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.00
Youth/Child (5-18)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$1.00
Sr/Disabled	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$1.00
<u><b>LOCAL DAY PASSES</b></u>										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$5.00
Youth/Child (5-18)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50
Sr/Disabled	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.50
<u><b>TRANSBAY SINGLE RIDE</b></u>										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$4.20
Youth/Child (5-18)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.10
Sr/Disabled	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$2.10
<u><b>LOCAL 31-DAY PASS</b></u>										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$75.00
Youth/Child (5-18)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$20.00
Sr/Disabled	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u><b>TRANSBAY 31-DAY PASS</b></u>										
Adult	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$151.20
Youth/Child (5-18)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sr/Disabled	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<u>TRANSFER FEE See Note <sup>2</sup></u>	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	n/a

Notes:

<sup>1</sup> Effective Sept. 2003, Child Fare was eliminated and became part of Youth Fare.

<sup>2</sup> Valid for 2 hours and a 1-use only. This Transfer fee was eliminated in July 2014

<sup>3</sup> Bart-to-Bus transfer is a \$0.25 credit toward all fares

<sup>4</sup> Clipper fares were implemented in FY 2014-2015

Source: Office of Controller, AC Transit

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
MISCELLANEOUS STATISTICS  
June 30, 2015**

EMPLOYEES: 2,024 (1,720 in Vehicle Operations, which includes 1,352 drivers;  
368 in Maintenance; and 230 in General Administration)

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

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

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

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

PASSENGER TRIPS - 174,022 average weekday (56 million annually) <sup>4</sup>

**Youth . . . (13-17)** . . . . . 21 percent of riders <sup>4</sup>

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

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

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

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

FLEET - Total Buses: 593. Weekday Peak Hour Requirement: 466. Basic Service: 288  
ADA Accessible Buses: 593

MILEAGE - Annual Total Vehicle Miles - 21,082,930 miles

Notes:

<sup>1</sup> Contra Costa County

<sup>2</sup> San Mateo County Express Bus Service.

<sup>3</sup> Contract Service with a consortium led by AC Transit.

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

<sup>5</sup> NTD Report 2013-14

Source: Office of Controller, AC Transit

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

	<b>Vehicle Operations</b>	<b>Vehicle Maintenance</b>	<b>Non Vehicle Maintenance</b>	<b>Capital Labor</b>	<b>General &amp; Administration</b>	<b>Total Permanent Employees</b>	<b>Total Part-Time Employees</b>	<b>Total Employees</b>
2006	1,462	403	50	1	286	2,202	10	2,212
2007	1,409	396	63	1	287	2,156	7	2,163
2008	1,464	415	48	1	296	2,224	11	2,235
2009	1,429	405	46	1	266	2,147	11	2,158
2010	1,361	377	44	1	249	2,032	6	2,038
2011	1,332	325	45	0	234	1,936	6	1,942
2012	1,276	349	45	0	223	1,893	9	1,902
2013	1,333	341	48	0	243	1,965	9	1,974
2014	1,352	368	52	1	240	2,013	9	2,022
2015	1,408	346	39	0	231	2,024	7	2,031

Source: National Transit Database Report

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

**Operating Revenues**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> <sup>2</sup>
Passenger fares	\$48,159	\$49,377	\$50,890	\$52,173	\$53,229	\$50,648	\$51,323	\$52,976	\$52,508	\$54,002
Contract service	8,753	9,089	10,383	10,646	9,689	7,520	7,728	8,335	11,929	9,616
Other	6,151	6,870	5,498	6,527	4,484	3,164	3,408	5,772	4,165	3,589
<b>Total operating revenues</b>	<b>\$ 63,063</b>	<b>\$ 65,336</b>	<b>\$ 66,771</b>	<b>\$ 69,346</b>	<b>\$ 67,402</b>	<b>\$ 61,332</b>	<b>\$ 62,459</b>	<b>\$ 67,083</b>	<b>\$ 68,602</b>	<b>\$ 67,207</b>

**Non-operating revenues**

Property taxes	\$ 73,078	\$ 77,655	\$ 83,138	\$ 87,365	\$ 96,610	\$ 94,539	\$ 100,151	\$ 108,799	\$ 105,807	\$ 111,812
Local sales tax	56,090	58,077	59,191	52,972	51,018	51,130	26,560	28,634	60,280	70,920
Local funds <sup>1</sup>	52,533	53,299	53,017	58,164	54,458	54,883	12,101	15,329	70,234	71,858
Federal	32,996	31,317	19,948	57,532	53,502	44,421	33,111	13,157	8,746	1,682
State	16,624	21,670	17,567	11,328	2,225	13,800	100,326	118,211	16,853	13,847
Gain on sale of capital assets					1,441	204			(90)	(216)
Interest income	2,290	3,104	2,741	1,690	130	187	34	72	674	590
<b>Total non-operating revenues</b>	<b>\$233,611</b>	<b>\$245,122</b>	<b>\$235,602</b>	<b>\$269,051</b>	<b>\$259,384</b>	<b>\$259,164</b>	<b>\$272,283</b>	<b>\$284,202</b>	<b>\$262,504</b>	<b>\$270,493</b>

**Total Revenues**

	<b>\$296,674</b>	<b>\$310,458</b>	<b>\$302,373</b>	<b>\$338,397</b>	<b>\$326,786</b>	<b>\$320,496</b>	<b>\$334,742</b>	<b>\$351,285</b>	<b>\$331,106</b>	<b>\$337,700</b>
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**Expenses**

Operator wages	60,141	63,044	66,108	67,436	67,206	61,115	58,384	58,525	58,529	62,154
Other wages	48,807	52,526	55,221	59,252	56,751	50,267	48,328	46,361	47,106	51,018
Fringe benefits	95,775	96,971	103,646	112,939	122,016	116,399	117,593	116,850	128,755	134,236
Depreciation and amortization	30,938	36,994	34,465	37,805	38,990	35,531	37,899	35,420	39,495	40,587
Fuel and oil	14,126	14,928	19,400	17,721	13,581	16,209	18,593	18,613	17,359	14,471
Other material and supplies	9,925	11,858	12,585	15,752	13,895	11,775	13,913	13,277	11,345	11,441
Services	16,560	18,733	22,516	22,125	20,064	20,261	20,547	26,592	26,510	24,984
Insurance	7,073	7,029	8,807	5,150	6,983	4,267	9,262	11,529	7,115	13,190
Net expenses of joint venture	12,567	11,282	13,233	13,564	9,263	10,292	24,238	26,754	8,515	10,698
Interest expense	1,928	1,726	2,403	3,077	2,425	1,996	1,847	654	1,898	1,515
Other	7,007	10,111	11,248	9,975	7,139	10,417	14,164	8,132	7,863	8,982
<b>Total expenses</b>	<b>\$304,847</b>	<b>\$325,202</b>	<b>\$349,632</b>	<b>\$364,796</b>	<b>\$358,313</b>	<b>\$338,529</b>	<b>\$364,768</b>	<b>\$362,707</b>	<b>\$354,490</b>	<b>\$373,276</b>

Income (Loss) before capital contributions	\$ (8,173)	\$ (14,744)	\$ (47,259)	\$ (26,399)	\$ (31,527)	\$ (18,033)	\$ (30,026)	\$ (11,422)	\$ (23,384)	\$ (35,576)
<b>CAPITAL CONTRIBUTIONS</b>	<b>22,592</b>	<b>36,267</b>	<b>31,402</b>	<b>42,627</b>	<b>8,238</b>	<b>26,663</b>	<b>47,878</b>	<b>64,014</b>	<b>51,517</b>	<b>41,750</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 14,419</b>	<b>\$ 21,523</b>	<b>\$ (15,857)</b>	<b>\$ 16,228</b>	<b>\$ (23,289)</b>	<b>\$ 8,630</b>	<b>\$ 17,852</b>	<b>\$ 52,592</b>	<b>\$ 28,133</b>	<b>\$ 6,174</b>

Notes:

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

<sup>2</sup> Prior Period Adjustment per implementation of GASB 68 of \$217,291,000 not included in Change in net position for 2015

Source: Office of Controller, AC Transit

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>NTD - MB/DO <sup>1</sup></b>										
Fare Revenue	\$47,659	\$49,622	\$50,328	\$51,786	\$53,236	\$50,670	\$57,121	\$58,234	\$64,403	\$63,595
Operating Cost	253,303	268,964	283,791	295,513	299,691	284,897	294,246	292,493	300,279	316,885
Fair Box Recovery	18.82%	18.45%	17.73%	17.52%	17.76%	17.79%	19.41%	19.91%	21.45%	20.07%
<b>NTD - MB/PT <sup>2</sup></b>										
Fare Revenue	0	0	0	0	0	0	0	575	622	540
Operating Cost	0	0	0	0	0	0	0	2,725	3,423	3,025
Fair Box Recovery								21.10%	18.17%	17.85%
<b>NTD - DR/PT <sup>3</sup></b>										
Fare Revenue	\$1,311	\$1,303	\$1,951	\$2,059	\$2,119	\$2,526	\$2,798	\$1,856	\$1,850	\$1,913
Operating Cost	17,106	18,011	26,136	30,245	31,291	33,501	35,959	26,237	26,663	27,732
Fair Box Recovery	7.66%	7.23%	7.46%	6.81%	6.77%	7.54%	7.78%	7.07%	6.94%	6.90%
<b>NTD - DR/PT BART <sup>4</sup></b>										
Fare Revenue								\$834	\$831	\$860
Operating Cost								10,545	10,564	11,031
Fair Box Recovery	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.91%	7.87%	7.80%
<b>Grand Total</b>										
Fare Revenue	\$48,970	\$50,925	\$52,279	\$53,845	\$55,355	\$53,196	\$59,919	\$61,499	\$67,706	\$66,908
Operating Cost	270,409	286,975	309,927	325,758	330,982	318,398	330,205	332,000	340,929	358,673
Fair Box Recovery	18.11%	17.75%	16.87%	16.53%	16.72%	16.71%	18.15%	18.52%	19.86%	18.65%

<sup>1</sup> Revenue pertains to Motorbus - Directly Operated

<sup>2</sup> Revenue pertains to Motorbus - Purchased Transportation (Dumbarton Service)

<sup>3</sup> Revenue pertains to Motorbus - Directly Operated Purchased Transportation

<sup>4</sup> Revenue pertains to Motorbus - Directly Operated Purchased Transportation - Bay Area Rapid Transit (BART)

Source: National Transit Database Report

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

**OPERATING EXPENSES (excluding depreciation & amortization)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operator Wages	\$59,146	\$63,044	66,108	67,436	67,206	61,115	58,384	58,526	58,529	62,154
Other Wages	48,808	52,526	55,221	59,252	56,751	50,265	48,328	46,363	47,106	51,018
Fringe Benefits	95,775	96,971	103,646	112,939	122,016	120,217	117,593	116,849	128,755	134,236
Fuel and Oil	14,126	14,928	19,400	17,721	13,581	16,209	18,593	18,613	17,359	14,471
Other Materials/Supplies	9,926	11,858	12,585	15,752	13,895	11,777	13,913	12,393	11,345	11,441
Services	16,560	18,733	22,516	22,125	20,064	20,063	20,547	26,593	26,510	24,984
Insurance	7,073	7,029	8,807	5,150	6,983	4,266	9,262	11,529	7,115	13,190
Leases & Rentals	456	342	385	403	336	567	559	475		
Purchased Transportation - ADA	18,122	11,282	13,233	13,564	9,263	14,579	11,396	2,249	8,515	10,698
Other	6,550	11,369	10,863	9,511	6,803	9,850	13,605	7,367	7,863	8,982
<b>TOTAL</b>	<b>276,542</b>	<b>288,082</b>	<b>312,764</b>	<b>323,853</b>	<b>316,898</b>	<b>308,908</b>	<b>312,180</b>	<b>300,957</b>	<b>313,097</b>	<b>331,174</b>

**NONOPERATING ITEMS**

Loss/(Gain) on Disposal of Personal Property and Equipment	(7)	(1,600)	(2,110)	61	(1,441)	(204)	293	1,175	(90)	(216)
Interest	1,752	1,726	2,403	3,077	2,425	1,983	1,720	1,338	1,898	1,515
<b>TOTAL</b>	<b>1,745</b>	<b>126</b>	<b>293</b>	<b>3,138</b>	<b>984</b>	<b>1,779</b>	<b>2,013</b>	<b>2,513</b>	<b>1,808</b>	<b>1,299</b>
<b>GRAND TOTAL</b>	<b>\$278,287</b>	<b>\$288,208</b>	<b>\$313,057</b>	<b>\$326,991</b>	<b>\$317,882</b>	<b>\$310,687</b>	<b>\$314,193</b>	<b>\$303,470</b>	<b>\$314,905</b>	<b>\$332,473</b>

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 &amp; WAGES</u>	<u>FRINGE BENEFITS</u>	<u>SERVICES</u>	<u>MATERIALS &amp; SUPPLIES</u>	<u>UTILITIES</u>	<u>CASUALTY &amp; LIABILITY COSTS</u>	<u>PURCHASED TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES</u>
2006	39.8%	26.3%	5.9%	11.3%	3.2%	2.5%	13.4%	-2.4%	100.0%
2007	39.0%	26.8%	6.1%	11.6%	3.4%	2.4%	13.0%	-2.3%	100.0%
2008	38.2%	25.7%	6.3%	12.8%	3.4%	2.2%	13.7%	-2.3%	100.0%
2009	38.2%	26.7%	6.6%	11.3%	3.5%	2.3%	14.0%	-2.5%	100.0%
2010	37.8%	27.4%	6.6%	10.7%	3.4%	2.6%	13.8%	-2.3%	100.0%
2011	37.4%	27.6%	6.6%	11.4%	3.3%	2.6%	13.3%	-2.2%	100.0%
2012	36.2%	27.8%	6.9%	11.7%	3.2%	2.2%	13.8%	-1.8%	100.0%
2013	34.5%	26.2%	7.1%	11.2%	3.1%	2.4%	13.7%	1.8%	100.0%
2014	*	*	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*	*	*

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

<u>YEAR</u>	<u>SALARIES &amp; WAGES</u>	<u>FRINGE BENEFITS</u>	<u>SERVICES</u>	<u>MATERIALS &amp; SUPPLIES</u>	<u>UTILITIES</u>	<u>CASUALTY &amp; LIABILITY COSTS</u>	<u>PURCHASED TRANSPORTATION</u>	<u>OTHER</u>	<u>TOTAL OPERATING EXPENSES</u>
2006	40.1%	35.2%	6.1%	8.9%	1.0%	2.6%	4.6%	1.5%	100.0%
2007	40.3%	33.8%	7.5%	4.1%	5.2%	2.5%	3.1%	3.4%	100.0%
2008	38.7%	33.3%	7.2%	4.0%	6.2%	2.8%	4.2%	3.6%	100.0%
2009	39.1%	34.9%	6.8%	4.9%	5.5%	1.6%	4.2%	3.0%	100.0%
2010	39.1%	38.5%	6.3%	4.4%	4.3%	2.2%	2.9%	2.3%	100.0%
2011	36.1%	38.9%	6.5%	9.1%	0.9%	1.4%	4.7%	2.4%	100.0%
2012	34.2%	37.7%	6.6%	10.4%	0.8%	3.0%	3.7%	3.7%	100.0%
2013	30.0%	36.7%	8.4%	10.0%	0.9%	3.6%	6.1%	4.3%	100.0%
2014	33.7%	41.1%	7.6%	9.2%	0.9%	2.3%	2.7%	2.5%	100.0%
2015	34.2%	40.5%	7.8%	6.7%	0.9%	4.0%	3.2%	2.7%	100.0%

Notes:

\* - Not Available

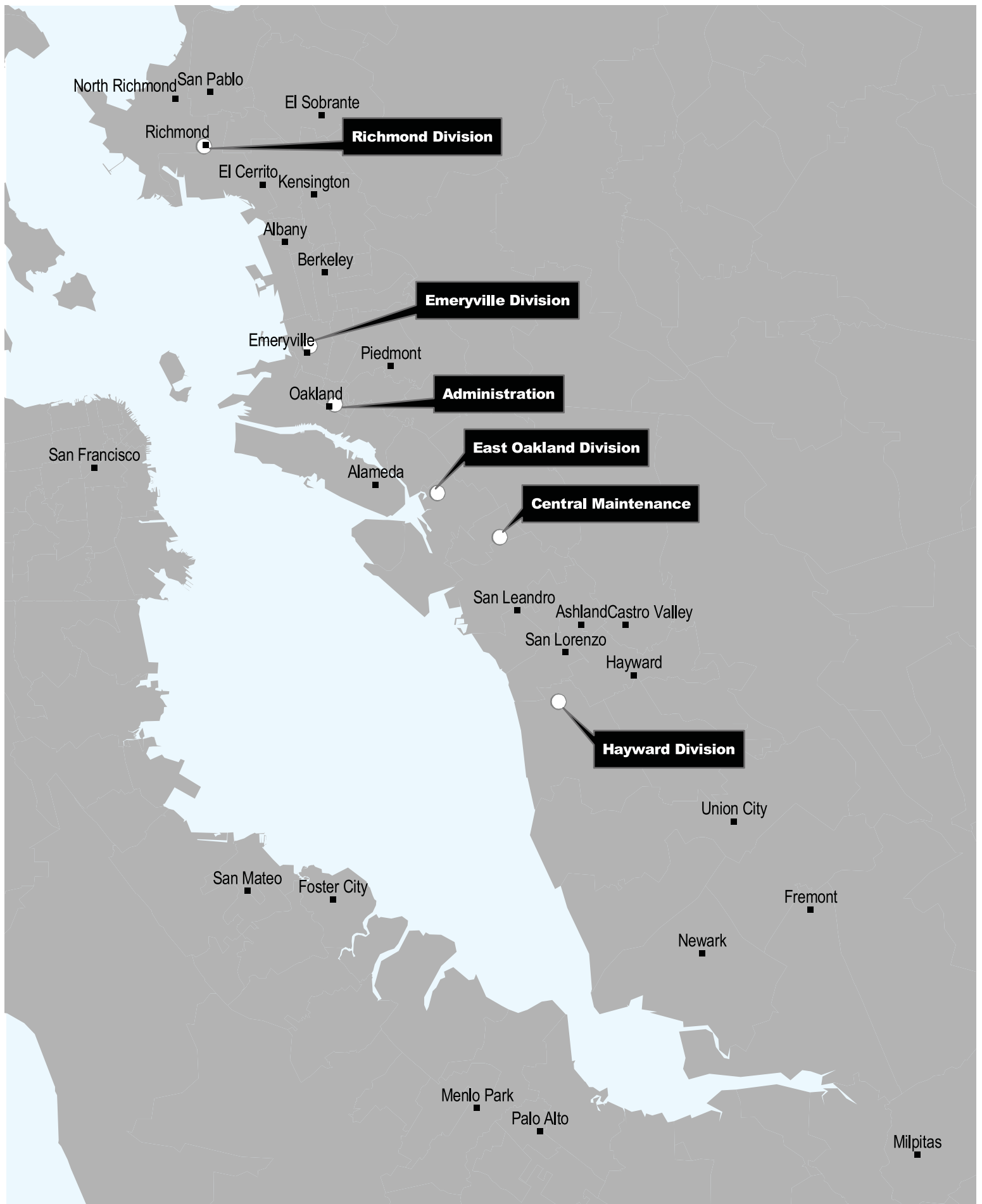
Source: The American Public Transportation Association, "APTA 2015 Transit Fact Book"

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Revenue Vehicle Statistics</u>										
Active Fleet Size	626	678	646	646	643	604	637	611	576	593
Maximum Peak Vehicles	505	508	512	518	518	475	436	438	465	466
Average Age of Active Revenue Vehicles (Yrs)	7.9	8.5	8.0	8.0	8.0	9.0	9.3	8.1	7.3	8.3
<u>General Operating Statistics</u>										
Vehicle miles (000's)	24,617	25,122	25,044	25,971	25,283	22,496	21,556	21,557	21,735	22,083
Platform hours (000's)	1,974	1,981	2,044	2,074	2,025	1,832	1,763	1,762	1,787	1,842
Miles per hour	12.5	12.7	12.3	12.5	12.5	12.3	12.2	12.2	12.2	12.0
Revenue vehicle fuel: Gallons (000's)	6,333	6,666	6,638	6,868	6,789	5,822	5,618	5,650	5,423	5,358
<u>Ridership Statistics</u>										
Unlinked Passengers (000's)	66,963	66,970	65,194	60,468	61,369	57,333	53,643	53,721	55,740	54,987
Passengers per hour	33.9	33.8	31.9	29.2	30.3	31.3	30.4	30.5	31.2	29.9
<u>Reliability</u>										
Collision accidents	21	17	29	29	48	33	32	35	49	63
Miles between accidents (000's)	1,172.2	1,477.8	863.6	895.6	526.7	681.7	673.6	615.9	443.6	350.5

Notes:

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



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



Photo by Howard Der