

Alameda-Contra Costa Transit District 1980 Annual Report





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Two Decades

Publicly-owned mass transportation came to the urban East Bay two decades ago, when in Fiscal Year 1959-60 the District's earliest employees began preparing to take over operations from a faltering private carrier on October 1st, 1960.

Back then, the public agency's first move was to expand the fleet—adding 237 “New Look” coaches, bringing the total buses in service to about 600—to serve some 45 million riders in the first year of operation.

In the twenty intervening years the number of buses increased modestly (to about 820 coaches today), but ridership on the wide range of vehicles now in operation—25-seat minibuses up to 69-rider articulated coaches—has risen to some 75 million passengers in urban, inter-urban and suburban bus service.

And in the current fiscal period, preparations to assess and report on two decades of progress was one of the tasks undertaken by AC Transit.

Summing Up

In a climate of growing public awareness of and concern about a worrisome energy situation, the District's continued efforts in this fiscal period helped meet the need for providing more efficient transportation alternatives in the East Bay.

Fiscal Year 1979-80 saw a substantial increase in demand for transit service as AC Transit operated more bus routes—some 200 peak hour routes—over more miles—106,836 scheduled weekday miles—carrying more people—a total of about 75 million passenger trips.

AC Transit continued to press forward with planning and action aimed at: improving and extending bus service; adding new, efficient equipment to the fleet; making bus usage easier and more convenient for all riders, as well as more accessible to handicapped persons; and promoting joint efforts with other Bay Area transit operators to better meet riders' regional needs.



AC Transit General Manager Robert E. Nisbet presents new monthly bus pass to Oakland Mayor Lionel Wilson. The card offers unlimited rides with no need for fare

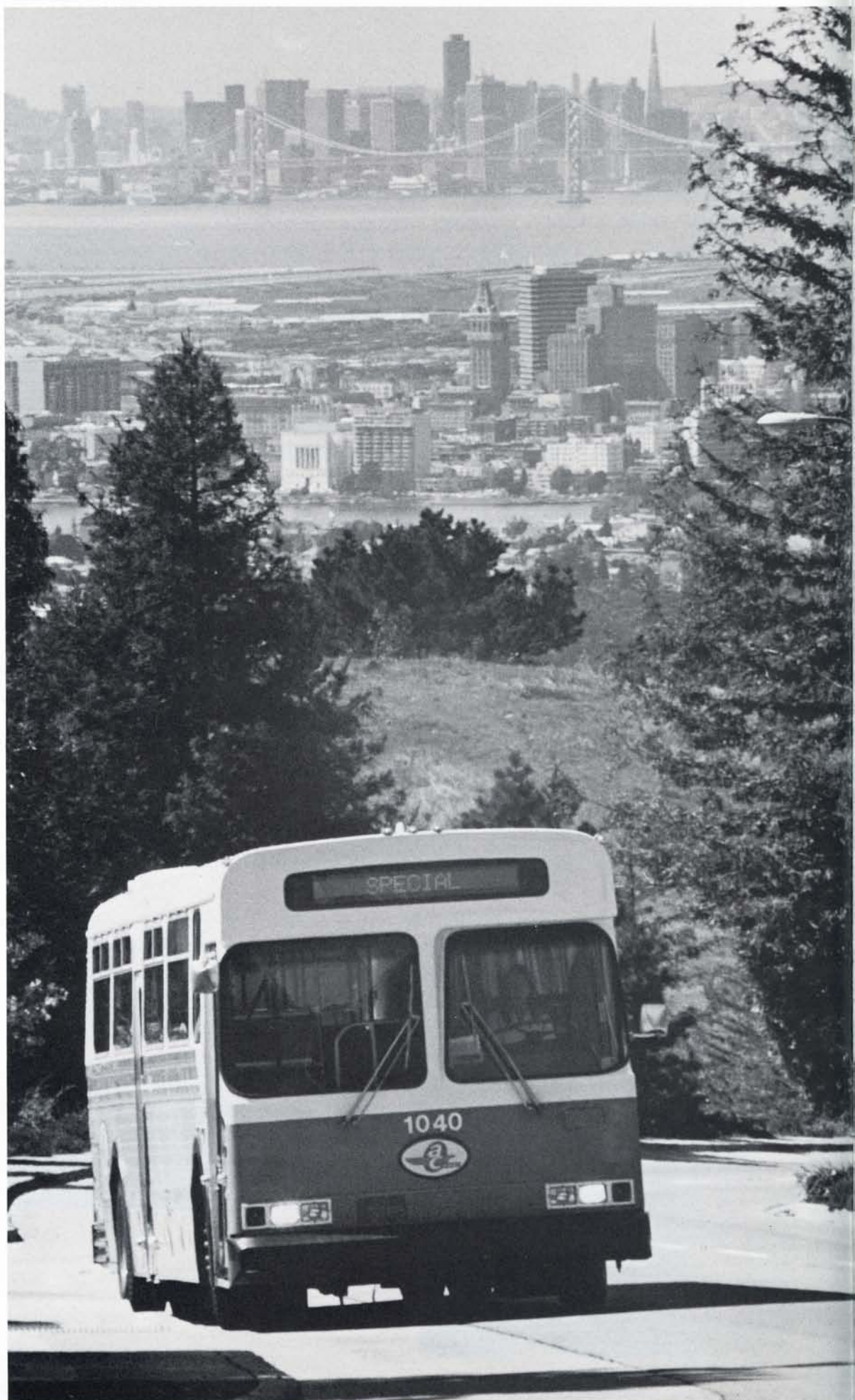
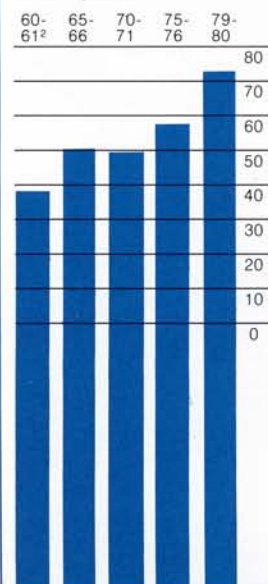
box change or transfers.

Articulated buses at Emeryville Division await afternoon commute-hour crowds.



Passenger Trips (millions)

¹AC Transit began service 10/1/60.
Statistics are annualized, based on nine
months of operation.



Key events of the year included:

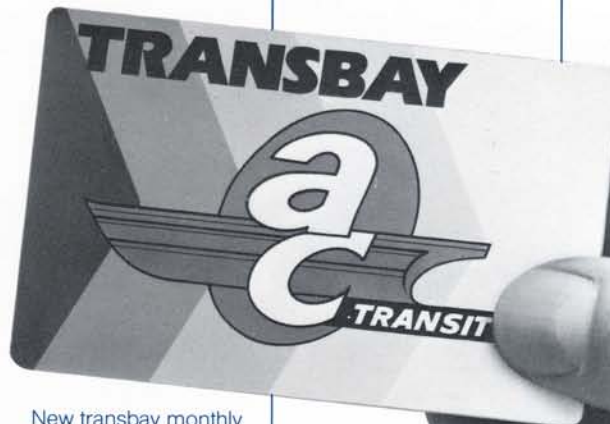
- Ordering 175 new buses, all equipped with wheelchair lifts and efficient, electronic destination signs.
- Introducing monthly passes as a convenience for both local East Bay and transbay bus riders.
- Extending the elderly/handicapped discount ride privilege to 24 hours a day.
- Going from a partial door-to-door Dial-A-Ride configuration in Fremont and Newark to a more efficient and greatly improved totally fixed-route bus service.
- Increasing personnel strength, particularly with a much-needed build-up of bus drivers.
- Committing all available resources to aiding area residents during the shut down of other transportation systems, including a BART work stoppage in September, 1979.
- Adopting a new fare structure based on a 50-cent local and one-dollar minimum transbay rate, with a substantial discount for elderly and handicapped riders.
- Noting (October 20, 1979) the 20th anniversary of passage of the bond issue which made possible public purchase of then privately-held Key System, AC Transit's predecessor; and looking forward to the October 1, 1980, anniversary celebrating two decades of public bus service to East Bay riders.

Serving Riders

Bus ridership was on the increase when the fiscal period began — a time when gasoline prices were on the rise and growing numbers of urban travelers were shifting to public transportation. And all projections during the year indicated that the trend would continue well into the foreseeable future.

Bus riders find the transbay commute even faster since new special

buses-only lane opened at Bay Bridge toll plaza.



New transbay monthly pass offered commuters the "easiest way across the Bay."

To meet increasing demand in the face of rising operating expenses, the District undertook a variety of energetic activities aimed at improving productivity.

For much of the fiscal period, intensive study of suburban service was underway—particularly in Fremont/Newark where a network of fixed route bus service had been supplemented by a door-to-door “Dial-A-Ride.”

By the end of the fiscal year, a totally redesigned system was in place—a more efficient network of fixed-route-only bus service with stops placed within easy reach of virtually every address in the two cities.

In the urban East Bay, service routes and schedules were subjected to close scrutiny, with refinements being made to accommodate more riders through more efficient use of the existing bus fleet. Relatively new 69-passenger articulated buses with the capacity to carry a great many more riders were moved into service on most-heavily patronized lines, yielding substantially improved productivity.

And more than 300 new bus drivers were hired and trained—in concert with even greater emphasis on retraining of all drivers—to keep District buses operating over more miles of service to riders.

Operations

While the number of one-way route miles diminished slightly (down to 2,175 from 2,210 the previous year), total scheduled weekday miles increased by three percent (106,836 compared to 103,496 miles in FY 1978-79). A total of 31.5 million miles were operated during the year—up from just over 30 million miles in fiscal 1978-79.

“Show and Go” Passes

East Bay bus riders were introduced to a local Monthly Pass early in the fiscal year, with introduction of Transbay Monthly Passes following a little later. Rates for the monthly “show-and-go” transit cards were established



William Gamlen, veteran Newark division driver, took top honors in this year's bus rodeo, and went on to represent AC Transit in national competition.

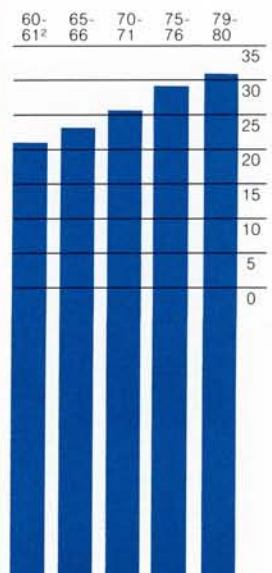


(Below) During BART shutdown, AC Transit beefed up commute hours services to get the transit users home.



Service Miles (millions)

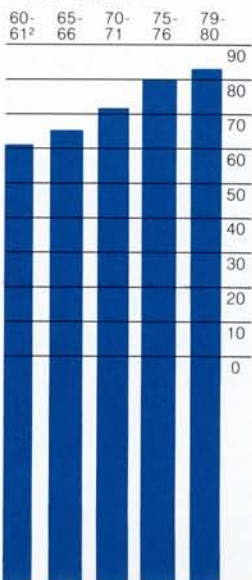
²AC Transit began service 10/1/60.
Statistics are annualized, based on nine
months of operation.





Number of Vehicles (hundreds)

²AC Transit began service 10/1/60.
Statistics are annualized, based on nine
months of operation.



at a level below the amount paid by an average commuter—yielding a discount quickly perceived by riders as a bargain. Some 3,000 AC Transit riders tried the Monthly Pass in the introductory month; and by fiscal year's end, the number of pass users more than doubled—firmly establishing a trend of steady increases in Monthly Pass usage.

Regional Coordination

The potential for intersystem Monthly Passes was a major option under study as AC Transit continued energetic efforts to coordinate with services offered by other San Francisco Bay Area transit operators. This year also saw implementation of free reciprocal transfers between AC Transit and Santa Clara Transit District, enabling riders to move from one system to the other at specified transfer points without payment of additional fares.

Improved Information

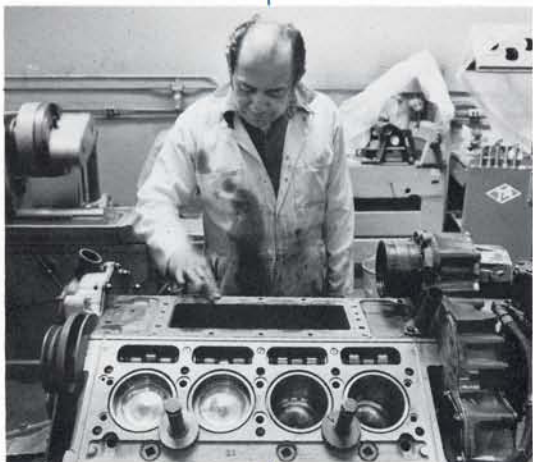
Greatly improved informational materials were made available to District riders this year: particularly a new, color-coded route map that made understanding bus routes much easier. The new map displays bus routes over a subdued rendering of virtually every street in the urban East Bay, enabling riders to see where buses go and also where their destinations and important landmarks are. Additionally, the District printed and distributed some 2.6 million pocket timetables to riders.

Maintenance

The District's Maintenance Department earned its 18th consecutive Fleet Owners Maintenance Efficiency Award this fiscal year. Concurrently the District acquired an 11 acre site in east Oakland for development of a Central Maintenance and District Stores facility—the place where in future years all heavy maintenance will be performed.

Safe Driving

Several safe-driving milestones were reached this year—in a period



Applying a seal to engine blower assembly, 21-year-veteran John Buek nears completion of a major engine overhaul.

Star Warriors center Clifford "Dunker" Ray encouraged use of exact change instead of dollar bills in fare boxes.



when many more miles actually operated on the road resulted in a slight adverse impact on some safety statistics. Newark Division drivers set an all-time high record of an average 96,860 miles per chargeable accidents in August (compared to a District-wide goal of 13,250 miles per mishap). During the year, all Divisions met this safe driving goal in a total of 36 out of 48 possible monthly periods.

Five drivers joined the ranks of the veterans who had achieved 25-Year Safe Driving Awards—bringing the total who've reached this plateau while serving AC Transit riders to 32. And two veteran drivers achieved 30-year Safe Driving Awards in the same period after serving three decades behind the steering wheel without a chargeable accident.

Claims

Paid losses for the year were \$609,702 compared to \$680,128 in the prior year; while recovery for damage to equipment totaled \$95,972 compared to \$89,845 in Fiscal Year 1978-79. Paid losses under the District's permissably self-insured Workers' Compensation program was \$1,063,442 compared to \$1,023,860 the previous year, with recovery up from \$66,179 (FY 1978-79) to \$71,675.75 this year.

Affirmative Action

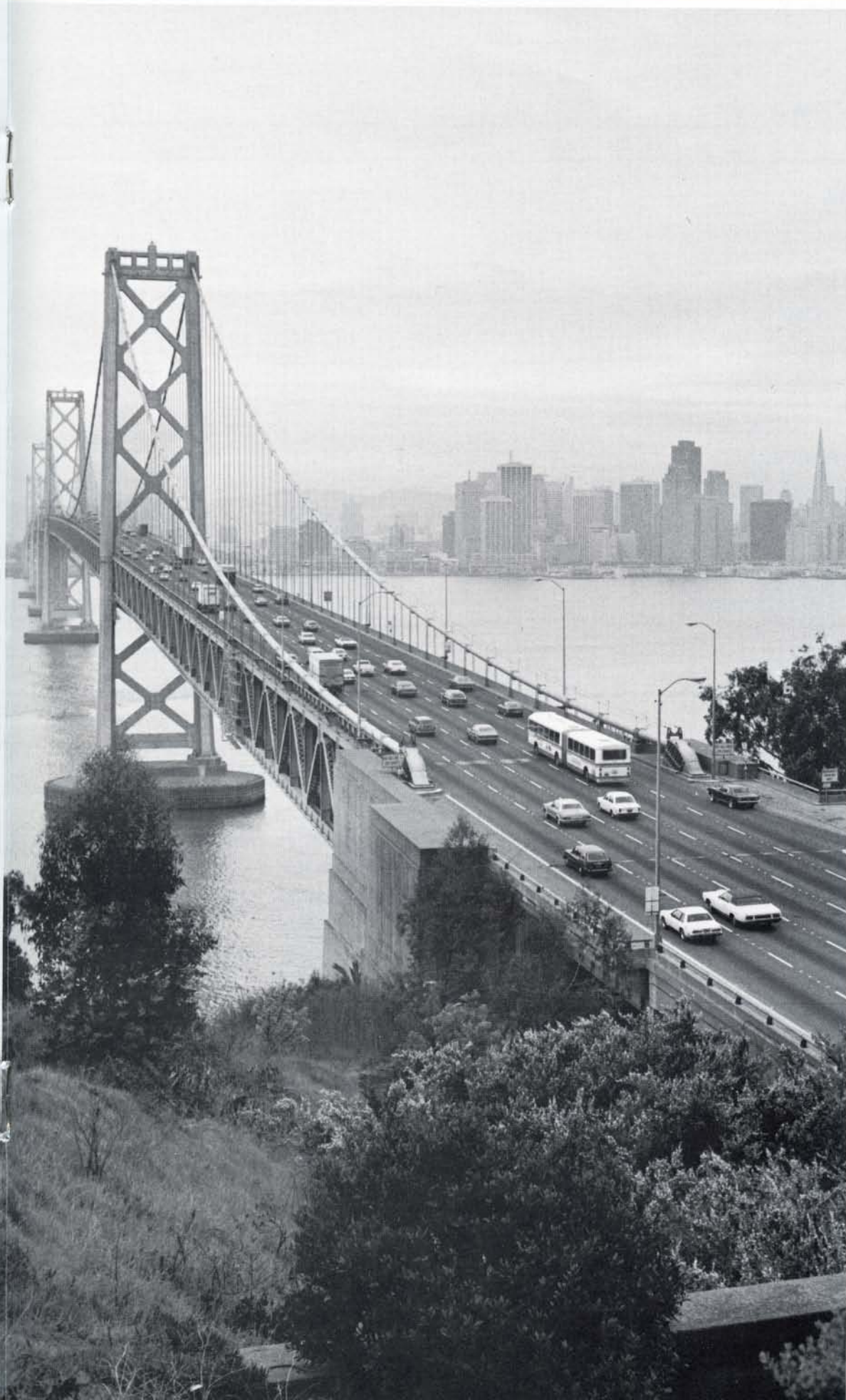
The District continued to pursue its policy of making Affirmative Action a primary consideration in all aspects of hiring and employment. In addition to updating all affirmative action policies in this regard, the District also continued strengthening its Minority Business Enterprise Program which, this year, exceeded the goals established for MBE participation in AC Transit acquisition activities.



(Left) Robert L. Copes and John Zorman Jr. achieved 30 years driving with no chargeable accidents; both started driving in 1946.

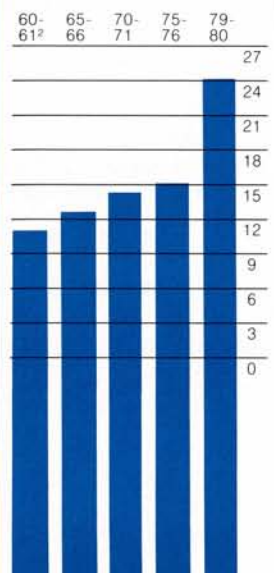
(Right) One of the District's many dedicated drivers, Nancy Skowbow has been at the wheel of a bus for four years.





Fare Revenue (millions of dollars)

²AC Transit began service 10/1/60.
Statistics are annualized, based on nine months of operation.



Combined Balance Sheet (Note A)

June 30, 1980 and 1979

Assets	1980	1979
Current assets:		
Cash:		
On hand and in commercial accounts	\$ 1,042,196	\$ 120,661
Time deposits	28,500,000	22,200,000
Short-term investments, at amortized cost (approximates market)	24,647,147	22,981,906
Accounts receivable and accrued revenues (Notes B and C):		
Federal operating assistance	9,873,942	2,270,339
Federal capital grants	3,028,903	1,444,076
Contract service, local transportation funds, property tax proceeds	3,068,371	1,703,292
Materials and supplies, at cost	1,045,531	761,308
Prepaid expenses	164,545	215,589
Total current assets	71,370,635	51,697,171
Deposits for purchase of land	2,154,500	—
Property, plant and equipment at cost (note b):		
Land	3,504,131	2,239,600
Buildings, structures and improvements	1,591,770	1,579,537
Revenue equipment	39,630,363	35,428,954
Shop, office and other equipment and service vehicles	3,959,771	4,187,973
Acquisitions in progress	205,903	1,806,821
	48,891,938	45,242,885
Less accumulated depreciation	23,697,598	21,446,940
Total property, plant and equipment	25,194,340	23,795,945
Total assets	\$98,719,475	\$75,493,116
Liabilities and Capital		
Current liabilities:		
Accounts payable	\$ 3,006,831	\$ 2,083,839
Salaries, wages and vacations (Note A)	3,953,517	3,527,804
Accrued pension costs (Note A)	25,431,373	18,372,747
Other accrued liabilities	1,510,071	672,007
Advances under grants (Note C):		
State toll bridge funds	5,317,051	2,093,331
Local transportation funds	1,834,735	1,199,669
Local sales tax funds (AB 1107)	2,000,000	—
Self-insurance reserves (Note A):		
Public liability and property damage	590,000	570,000
Workers' compensation	2,020,000	1,460,000
Amount due within one year on general obligation bonds	1,400,000	1,150,000
Total current liabilities	47,063,578	31,129,397
General obligation bonds, due serially to 1980, interest at 1% and 3.25%, less amounts due within one year	—	1,400,000
Capital (Notes A, D and F):		
District equity	32,886,979	25,901,842
Contributed capital:		
Federal grants	14,974,566	14,675,552
State toll bridge funds	1,769,173	1,507,756
Local transportation funds	2,025,179	878,569
Total capital	51,655,897	42,963,719
Total liabilities and capital	\$98,719,475	\$75,493,116

See accompanying notes.

Combined Statement of Revenues, Expenses and Capital (Note A)

Years ended June 30, 1980 and 1979

	1980	1979
Revenues:		
Fare box	\$24,925,456	\$21,350,404
Contract service	4,291,712	3,299,325
Other operating revenues	472,579	782,241
Property taxes for operations	10,836,429	7,572,537
Operating assistance:		
Local sales tax (AB 1107) (Note C)	10,100,000	—
Local transportation funds (Note C)	17,524,715	18,834,826
Federal (Note B)	9,882,721	11,821,204
State	943,100	2,963,175
Interest, less amounts allocated to accrued pension costs (Notes A and D)	3,507,472	1,672,896
	<u>82,484,184</u>	<u>68,296,608</u>
Expenses:		
Operators wages	28,507,444	25,306,670
Other wages	11,792,331	9,607,506
Fringe benefits	19,471,831	16,891,402
Services	2,362,033	1,269,738
Fuel and oil	6,473,812	3,212,562
Other materials and supplies	3,826,411	2,801,705
Insurance	1,120,931	1,012,692
Leases and rentals	524,777	482,730
Other expenses (Note E)	2,063,320	638,512
Interest and fees on bonded debt	23,251	60,687
	<u>76,166,141</u>	<u>61,284,204</u>
Excess of revenues over expenses before depreciation and cumulative effect of change in accounting principle	<u>6,318,043</u>	<u>7,012,404</u>
Depreciation	<u>2,250,658</u>	<u>1,876,499</u>
Excess of revenues over expenses before cumulative effect of change in accounting principle	<u>4,067,385</u>	<u>5,135,905</u>
Cumulative effect on prior years (to June 30, 1978) of change in method of accounting for vacation expense (Note A)	<u>—</u>	<u>2,408,044</u>
Excess of revenues over expenses	<u>4,067,385</u>	<u>2,727,861</u>
Capital (Notes A, D and F):		
Balance at beginning of year	42,963,719	31,894,911
Property taxes applied to redemption of bond principal	1,358,334	1,141,667
Capital grant funds for acquisition of assets:		
Federal grants (note b)	1,627,648	5,791,758
State toll bridge funds (note c)	376,280	1,401,838
Local transportation funds (note c)	1,262,531	5,684
Balance at end of year	<u><u>\$51,655,897</u></u>	<u><u>\$42,963,719</u></u>

See accompanying notes.

Combined Statement of Changes in Financial Position (Note A)

Years ended June 30, 1980 and 1979

	1980	1979
Sources of working capital:		
Operations:		
Excess of revenues over expenses before depreciation and cumulative effect of change in accounting principle	\$ 6,318,043	\$ 7,012,404
Cumulative effect on prior years of change in method of accounting for vacation expense	—	(2,408,044)
Total from operations	<u>6,318,043</u>	<u>4,604,360</u>
Property taxes applied to redemption of bond principal	1,358,334	1,141,667
Capital grant funds for acquisition of assets	<u>3,266,459</u>	<u>7,199,280</u>
	<u>10,942,836</u>	<u>12,945,307</u>
Application of working capital:		
Current installments due on bonded debt	1,400,000	1,150,000
Deposits for purchase of land	2,154,500	—
Acquisition of property, plant and equipment	<u>3,649,053</u>	<u>7,303,071</u>
	<u>7,203,553</u>	<u>8,453,071</u>
Increase in working capital	<u>\$ 3,739,283</u>	<u>\$ 4,492,236</u>
Changes in the components of working capital:		
Current assets:		
Cash	\$ 7,221,535	\$ 6,462,956
Short-term investments	1,665,241	6,613,368
Receivables	10,553,509	(4,884,224)
Materials and supplies	284,223	200,605
Prepaid expenses	(51,044)	112,076
	<u>19,673,464</u>	<u>8,504,781</u>
Current liabilities:		
Accounts payable and accrued liabilities	2,186,769	3,328,896
Accrued pension costs	7,058,626	5,295,821
Advances under grants	5,858,786	(4,736,172)
Self-insurance reserves	580,000	74,000
Amount due within one year on general obligation bonds	<u>250,000</u>	<u>50,000</u>
	<u>15,934,181</u>	<u>4,012,545</u>
Increase in working capital	<u>\$ 3,739,283</u>	<u>\$ 4,492,236</u>

See accompanying notes.

Notes to Combined Financial Statements

June 30, 1980

A. Summary of accounting policies

Basis of presentation

The accompanying financial statements include the combined financial position, results of operations and changes in financial position of Alameda-Contra Costa Transit District, Special Transit Service Districts No. 1 and No. 2 and other areas in which the District has contracted to provide transit service.

The District has contracted to provide transit service for the Bay Area Rapid Transit District and several cities and other areas in Contra Costa County. The allocated cost of providing such service, less related operating revenue, is funded from local transportation funds, federal operating assistance and, for B.A.R.T.D. express service, by direct reimbursement which is recorded as contract service revenue.

Property, plant and equipment

Property, plant and equipment is depreciated on the straight-line method over the estimated useful lives of the assets which are as follows:

Buildings, structures and improvements	10-35 years
Revenue equipment	15 years
Shop, office and other equipment and service vehicles	5-20 years

Self-insurance reserves

The District is self-insured for public liability and property damage up to \$75,000 and workers' compensation claims up to \$100,000 for any one occurrence. Claims in excess of these amounts are insured with commercial carriers. It is the District's policy to provide, in each period, reserves to cover the estimated charges for the self-insured portion of these claims.

Pensions

The District has a noncontributory pension plan covering all union employees and provides similar retirement benefits for nonunion employees. The pension contributions (provisions in the financial statements) are based on percentages of gross payroll determined annually by the Board of Directors. The District has adopted a contribution program which provides for normal cost of the plans plus amortization of prior service cost over a period of forty years. The total pension contribution for the year ended June 30, 1980 was \$6,280,000 (1979—\$5,583,000) plus an allocation of interest earned on District investments in the amount of \$2,738,000 (1979—\$1,446,000).

The excess of prior service cost of the plans over balance sheet pension accruals at January 1, 1980, the date of the most recent actuarial valuations, was approximately \$45,000,000 and the excess of the actuarially computed value of vested benefits over balance sheet pension accruals was approximately \$23,000,000.

The District is eligible to receive an annual apportionment of local transportation funds (Note C) only if it continues to implement a plan, approved by the Metropolitan Transportation Commission, which will fully fund the plans over a forty-year period.

Vacation pay

Effective July 1, 1978, the District adopted the policy of accruing vacation pay as earned by its employees. Previously, vacation pay was charged to expense when paid. The new policy was adopted to more accurately reflect employment costs and liabilities. The cumulative effect of the change on prior years (to June 30, 1978) has been included in the statement of revenues and expenses for the year ended June 30, 1979 in the amount of \$2,408,044.

Contributed capital

The District periodically receives federal grants from the Urban Mass Transportation Administration of the U.S. Department of Transportation and state toll bridge revenues and local transportation funds (Notes B and C) for the acquisition of buses and other equipment and improvements. Capital grant funds earned, less the related portion of depreciation on

the assets, are credited to contributed capital. Advances received on capital grants are recorded as liabilities until the funds are expended for capital acquisitions.

Changes in contributed capital for the years ended June 30, 1980 and 1979 are as follows:

	Federal grants	State toll bridge funds	Local transportation funds
Balances, June 30, 1978	\$ 9,974,882	\$ 163,954	\$ 946,532
1979 transactions:			
Capital grant funds earned	5,791,758	1,401,838	5,684
Depreciation charges included in expenses, transferred from District equity	(1,091,088)	(58,036)	(73,647)
Balances, June 30, 1979	14,675,552	1,507,756	878,569
1980 transactions:			
Capital grant funds earned	1,627,648	376,280	1,262,531
Depreciation charges included in expenses, transferred from District equity	(1,328,634)	(114,863)	(115,921)
Balances, June 30, 1980	\$14,974,566	\$1,769,173	\$2,025,179

B. Federal grants

Federal operating assistance

The District was allocated a total of up to \$9,873,942 of federal operating assistance for the year ending June 30, 1980 pursuant to Sections 5 and 9 of the Urban Mass Transportation Act of 1974, which amount has been accrued as the estimated reimbursement for eligible operating expenses during the year and is subject to final audit by the Metropolitan Transportation Commission and the Urban Mass Transportation Administration.

Federal operating assistance funds are apportioned to the local urbanized area and are distributed to individual transit operators by the Metropolitan Transportation Commission after approval by the Urban Mass Transportation Administration.

Federal capital grants

At June 30, 1980, buses and other equipment with a cost of \$28,587,000 had been purchased under federal grant contracts. Under the terms of the grants, proceeds from equipment sold during its useful life in proportion to the related federal capital grant funds are refundable to the federal government unless reinvested in like equipment.

The District has seven grant contracts in process with the Urban Mass Transportation Administration which provide federal funds for the acquisition of buses and other equipment and improvements. Budgeted capital additions applicable to the grant projects are \$51,609,192. The related federal participation is \$39,564,378 of which \$19,604,218 had been earned at June 30, 1980. At June 30, 1980, the District has committed to purchase equipment at a cost of approximately \$2,500,000 in connection with these projects.

C. State and local assistance

Local transportation funds

Pursuant to the Transportation Development Act of 1971, the District has received an apportionment of local transportation funds generated within Alameda and Contra Costa Counties to meet, in part, its operating and capital requirements. The funds are apportioned based on an annual claim filed by the District and approved by the Metropolitan Transportation Commission.

Local sales tax (AB 1107)

Certain local sales tax funds are apportioned based on annual claims filed by the District and approved by the Metropolitan Transportation Commission. The District was allocated and received \$10,100,000 of such funds for the year ending June 30, 1980. The District also received an additional \$2,000,000 which has been recorded as an advance at June 30, 1980.

State toll bridge funds

Under the provisions of the California Streets and Highways Code, the District has received an allocation of state transportation funds generated from toll bridge net revenues of the San Francisco Bay Bridges to meet certain of its capital requirements. The funds are apportioned based on claims approved by the Metropolitan Transportation Commission.

D. District reserves

The Board of Directors has authorized the appropriation of portions of available funds for the replacement of facilities and equipment and other future expenditures. The amounts available and appropriated at June 30, 1980 and 1979 are as follows:

	1980	1979
Available funds:		
Cash	\$29,542,196	\$22,320,661
Short-term investments	24,647,147	22,981,906
Receivables	15,971,216	5,417,707
Less current liabilities	70,160,559	50,720,274
	47,063,578	31,129,397
	\$23,096,981	\$19,590,877
Appropriated as follows:		
Restricted Fund	10,811,188	6,500,000
Facilities and Equipment Replacement Fund	600,000	3,100,000
Improvement Allowance Fund	1,134,261	—
Unemployment Compensation Fund	580,320	—
Building Fund	4,500,000	—
Working capital	5,471,212	9,990,877
	\$23,096,981	\$19,590,877

The appropriated funds are to be used for the following purposes:

Restricted Fund—to meet unusual or otherwise necessary expenditures

for repair, improvements to or replacement of essential elements of the District's facilities or for operating requirements.

Facilities and Equipment Replacement Fund—for the purpose of meeting the District's contractual and related responsibilities as a recipient of federal, state and regional capital grants.

Improvement Allowance Fund—to fund the cost of preliminary engineering, environmental impact studies, preparation of capital grant applications, professional and technical service agreements and the procurement of equipment and material related to capital improvements which initially may not be reimbursable by Federal grants.

Unemployment Compensation Fund—to be used to provide for the potential unemployment liabilities which may result in the event of curtailment of services to or deannexation of District 2.

Building Fund—to assist in meeting the District's potential financial requirements associated with the purchase, construction or rehabilitation of an existing building to provide adequate permanent accommodations for the District's General Offices consistent with the Master Facilities Improvement Program. Interest earned on investment of available funds is allocated to the District reserves.

E. Litigation

In September 1979, the District received a preliminary adverse ruling in a class action lawsuit before a U.S. District Court which alleged discrimination in certain of its hiring, training and promotional practices between 1972 and 1979. On September 16, 1980 the court granted final approval to a class action consent decree resolving the litigation. Under the terms of the consent decree, the District, while denying any violation of equal employment opportunity laws, agreed to make a good faith effort to achieve certain hiring and training goals and to provide individual financial relief to certain members of the class. The District's maximum exposure for such financial relief is \$385,000, which amount, plus an estimated liability for plaintiffs' legal fees, has been accrued and charged to operations for the year ended June 30, 1980.

The District is involved in various other claims and litigation arising in the ordinary course of business. None of these is expected to have a significant effect on its operations or financial condition.

F. Special transit service districts and contract service areas

Revenue, expense and capital for Special Transit Service Districts No. 1 and No. 2 and contract service areas for the year ended June 30, 1980 are summarized below. Combined depreciation on all District revenue equipment and maintenance facilities is allocated to the respective Transit Service Districts and contract service areas based on mileage. Indirect operating expenses are allocated based on direct costs. The operating loss applicable to the B.A.R.T.D. Contract Service (\$186,684) is equivalent to the depreciation charge on buses used in providing that service. B.A.R.T.D. is not charged for such depreciation since the buses were acquired with federal capital grant funds and local transportation funds received from B.A.R.T.D.

F. Special transit service districts and contract service areas (continued)

	Special transit service districts				Contract service areas				
	Combined	District No. 1	District No. 2	B.A.R.T.D. Express	City of Concord	City of Pleasant Hill	Town of Moraga	Eastern Contra Costa County	Western Contra Costa County
Revenues:									
Fares, charter and other	\$25,398,035	\$23,915,549	\$ 441,825	\$ 722,367	\$ 163,729	\$ 23,011	\$ 63,460	\$ 67,121	\$ 973
Contract service	4,291,712	—	—	4,291,712	—	—	—	—	—
Property taxes for operations	10,836,429	9,844,478	991,951	—	—	—	—	—	—
Operating assistance:									
Local transportation funds	17,524,715	12,570,331	1,875,646	—	1,365,506	248,857	766,975	434,392	263,008
Federal	9,882,721	8,796,558	678,887	—	—	—	—	407,276	—
Sales tax (AB 1107)	10,100,000	10,100,000	—	—	—	—	—	—	—
State	943,100	943,100	—	—	—	—	—	—	—
Interest	3,507,472	3,039,575	467,897	—	—	—	—	—	—
	<u>82,484,184</u>	<u>69,209,591</u>	<u>4,456,206</u>	<u>5,014,079</u>	<u>1,529,235</u>	<u>271,868</u>	<u>830,435</u>	<u>908,789</u>	<u>263,981</u>
Expenses (allocated)									
including depreciation	<u>78,416,799</u>	<u>64,715,852</u>	<u>4,695,876</u>	<u>5,200,763</u>	<u>1,529,235</u>	<u>271,868</u>	<u>830,435</u>	<u>908,789</u>	<u>263,981</u>
Excess of revenues over expenses (expenses over revenues)	<u>4,067,385</u>	<u>4,493,739</u>	<u>(239,670)</u>	<u>(186,684)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Capital:									
Balance at beginning of year	42,963,719	35,418,409	4,789,702	2,283,759	72,535	137,161	230,725	29,381	2,047
Property taxes applied to redemption of bond principal	1,358,334	1,358,334	—	—	—	—	—	—	—
Capital grant funds for acquisition of assets:									
Federal grant funds	1,627,648	1,627,648	—	—	—	—	—	—	—
State toll bridge funds	376,280	376,280	—	—	—	—	—	—	—
Local transportation funds	1,262,531	1,262,531	—	—	—	—	—	—	—
Balance at end of year	<u>\$51,655,897</u>	<u>\$44,536,941</u>	<u>\$4,550,032</u>	<u>\$2,097,075</u>	<u>\$ 72,535</u>	<u>\$137,161</u>	<u>\$230,725</u>	<u>\$ 29,381</u>	<u>\$ 2,047</u>

ARTHUR YOUNG

ARTHUR YOUNG & COMPANY
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OAKLAND, CALIFORNIA 94612

The Board of Directors
Alameda-Contra Costa Transit District

We have examined the accompanying combined balance sheets of Alameda-Contra Costa Transit District at June 30, 1980 and 1979 and the related combined statements of revenues, expenses and capital and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our report dated October 5, 1979, our opinion on the June 30, 1979 financial statements was qualified as being subject to the effects of such adjustments, if any, as might have been required had the outcome of certain litigation been known. As explained

in Note E, the litigation has been resolved by a consent decree and the estimated financial exposure has been charged to operations for the year ended June 30, 1980. Accordingly, our present opinion on the June 30, 1979 financial statements, as presented herein, does not include the qualification.

In our opinion, the statements mentioned above present fairly the combined financial position of Alameda-Contra Costa Transit District at June 30, 1980 and 1979 and the combined results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period subsequent to the change, with which we concur, made as of July 1, 1978, in the method of accounting for vacation expense as described in Note A to the financial statements.

Arthur Young & Company

December 19, 1980

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