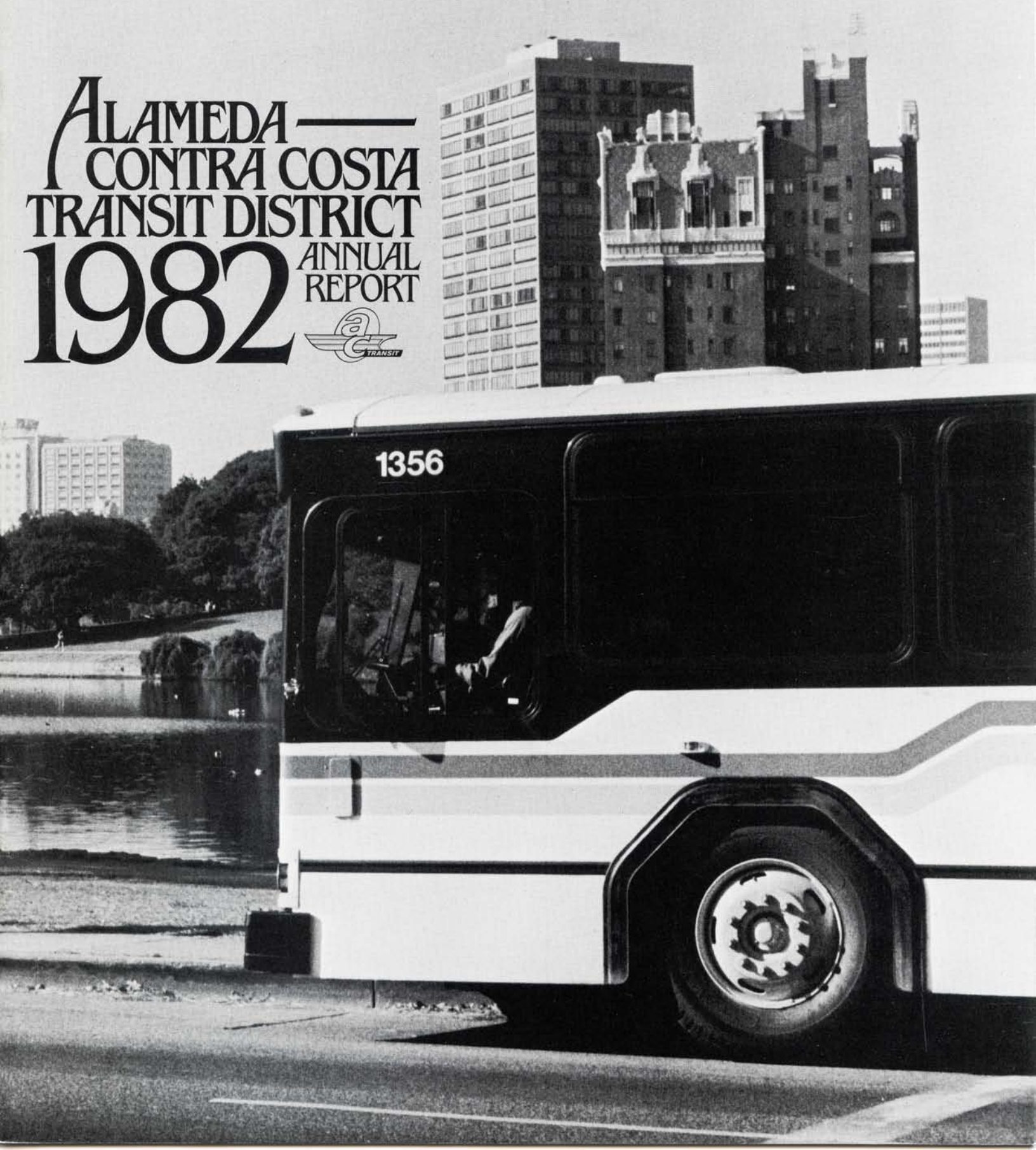
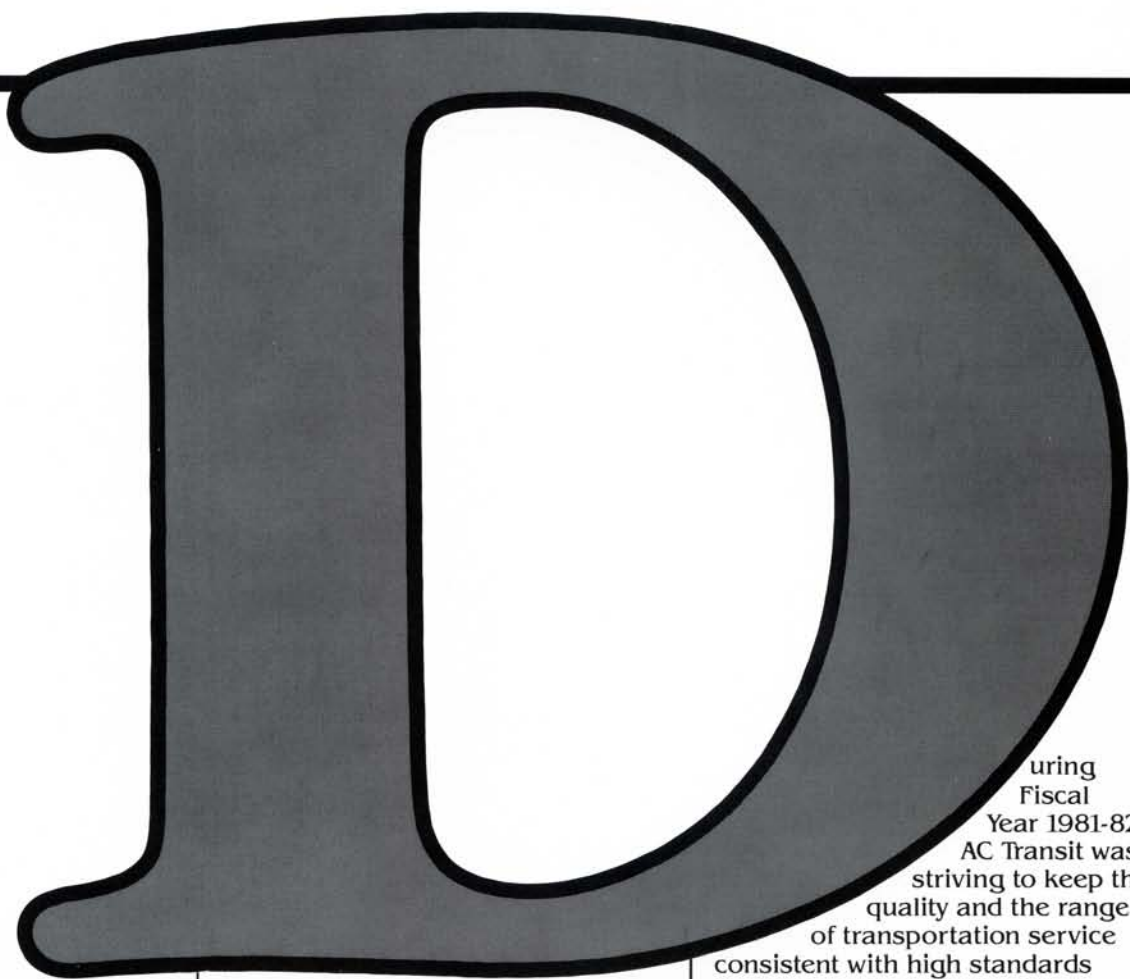


# ALAMEDA — CONTRA COSTA TRANSIT DISTRICT 1982 ANNUAL REPORT





During Fiscal Year 1981-82, AC Transit was striving to keep the quality and the range of transportation service consistent with high standards established over the District's two-decade history while still dealing with the harsh financial realities of the early 1980s.

Events and accomplishments of note during the period include:

- ◆ Implementation of a sweeping set of dollar-saving service consolidations and improvements concurrent with a reduction in force—all achieved with virtually no adverse impact on ridership.

- ◆ Introduction of monthly passes for youth, senior citizens and handicapped riders and—in an inter-system first for Bay Area transit operators—a joint pass good on AC Transit's Transbay (and local) service and also honored for trips on San Francisco Municipal Railway.

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◆ Undertaking installation of electronic fareboxes which yielded efficiencies and productivity improvements.

◆ Introduction of a Customer Relations office to provide an effective internal communications channel for the public.

◆ Acquisition of a site in Hayward suitable for development of a modern operating division and maintenance training facility.

◆ Introduction of a revised, greatly simplified transfer policy which yielded substantial dollar savings and reduced passenger-driver misunderstandings.

◆ Substantial improvements in the quality of service provided by the Telephone Information Center.

## Equipment & Facilities

In this period, much of the attention of District staff was focused on capital programs.

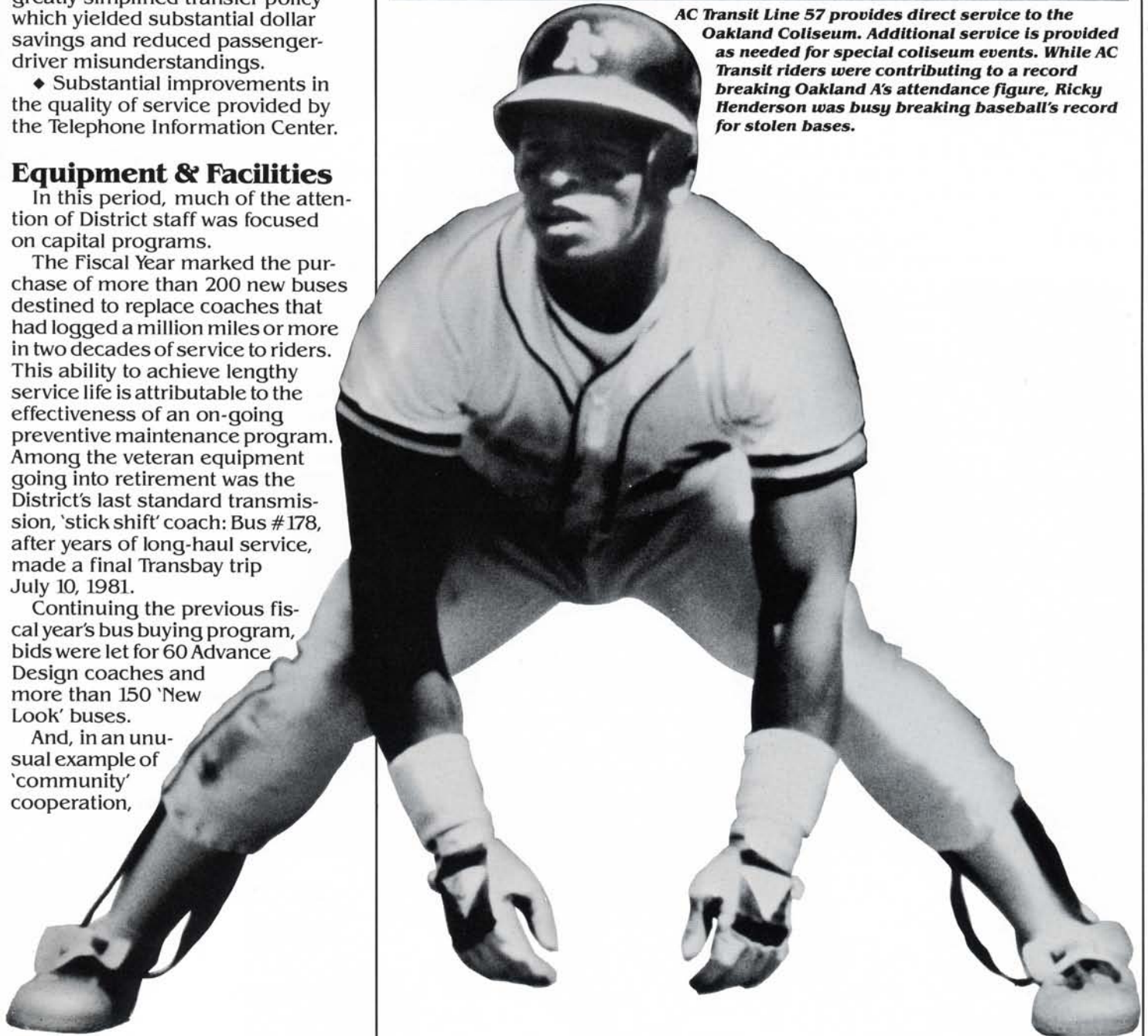
The Fiscal Year marked the purchase of more than 200 new buses destined to replace coaches that had logged a million miles or more in two decades of service to riders. This ability to achieve lengthy service life is attributable to the effectiveness of an on-going preventive maintenance program. Among the veteran equipment going into retirement was the District's last standard transmission, 'stick shift' coach: Bus #178, after years of long-haul service, made a final Transbay trip July 10, 1981.

Continuing the previous fiscal year's bus buying program, bids were let for 60 Advance Design coaches and more than 150 'New Look' buses.

And, in an unusual example of 'community' cooperation,



*AC Transit Line 57 provides direct service to the Oakland Coliseum. Additional service is provided as needed for special coliseum events. While AC Transit riders were contributing to a record breaking Oakland A's attendance figure, Ricky Henderson was busy breaking baseball's record for stolen bases.*



a local manufacturer, Gillig Corporation of Hayward, California, was awarded the contract to provide 142 'New Look' coaches—about three-fourths of a largely Federally-funded bus acquisition program with a value of more than \$25 million.

Early on, the District was appreciative of the advantages of close proximity to the manufacturing plant—a short freeway trip away from District offices. It brought about speedy on-site communication about the vehicles and their specifications. The community, too, reaped benefits from this joint endeavour. As was noted by local media, the contract yielded an influx of capital and jobs into the District's recession-hit service area.

Plans also were developed for substantial upgrading of two existing bus operating yards, plus acquisition and development of two additional facilities: Central Maintenance and Stores (to be located in a former

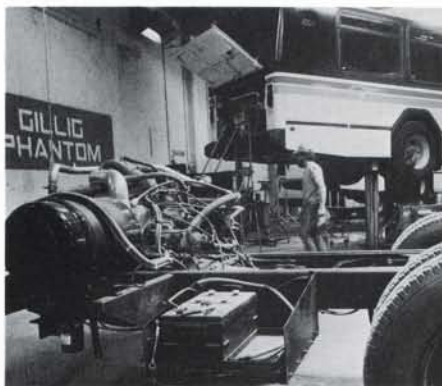


*In March 1982 the District solicited public comment on proposed changes in schedules, fares and transfer policy. An inner-city youth group lent a hand, walking door-to-door delivering descriptive materials. The group's other activities for AC Transit included energetic efforts in the schools and on buses discouraging vandalism and other anti-social behavior. Their positive results earned the newly-titled "United Bay Area Youth" (UBAY) award of merit from the Metropolitan Transportation Commission, presented by Commissioner Joseph Bort to UBAY officer Vernon Lewis.*



**'New Look' coach**

manufacturing plant in East Oakland); and a new Division (to be housed in a former truck assembly plant in Hayward) adapted to meet future light-maintenance and operating needs in southern Alameda County.



**COACH CONSTRUCTION**—While a nearly-complete bus, already wearing District 'colors,' gets final touches (in the background), a bare frame begins assembly into a 'New Look' transit coach. Gillig Corporation, of nearby Hayward, Calif., was awarded a contract in November, 1981, to supply 131 'New Look' coaches for AC Transit. The close proximity of builder and 'customer' proved a boon to both: District maintenance personnel were able to consult with Gillig engineers right on the production line, readily solving the technical questions that arise with such projects. Later in the year, the contract was adjusted to bring the total procurement to 142 coaches—the major part of a \$25.5 million bus acquisition program undertaken in this fiscal period.

With development of the East Oakland site, Purchases and Stores acquires a central receiving dock and warehouse capable of meeting anticipated future needs. Later, heavy maintenance will be carried out here since the location is ideally suited to handling such major bus up-keep functions.

In Hayward, AC Transit plans to develop a full-scale operating division. Also slated: an improved driver/maintenance training facility—complete with on-site road course and well-equipped classrooms.

With years of study and long-range planning accomplished, construction work for these projects is scheduled to begin in the next fiscal period.

During this period also, planning proceeded on major refurbishment of existing operating yards in Emeryville (originally built in the late 30s) and at Seminary in East Oakland (another vintage site, first occupied in the 40s). With Federal assistance, both facilities will be upgraded to serve the District and its riders in future years.



## Electronic Aids

Introduction of on-board state-of-the-art electronic equipment helped achieve greater efficiency and productivity in revenue service — another plus in this 1981-82 period.

Electronic fare boxes were installed at one of the four operating divisions. They quickly proved to be a boon to the District — easily handling dollar bills, counting change as fares are inserted to verify proper payment, and providing a level of detailed transit use information not previously available. Quickly, plans were approved to extend these devices to all AC Transit buses.

*More than a dozen bus routes serve the Paramount Theatre, home of the Oakland Symphony. This famous art deco landmark also hosted such attractions as the Tonight Show's Doc Severinson and pianist André Watts during the 1982 season.*

Similarly, automated transfer-issuing machines were tested in service. These proved to be of value in reducing the requirements of a previously labor-intensive transfer system; and these also were ordered for all District coaches.

Electronic destination signs, under test in prior years, were ordered as original equipment in 175 buses delivered this year. These signs, with much greater capacity for messages than was allowed by the older 'curtain-type' signs, yielded much greater flexibility in vehicle assignment throughout the service area.

Other items under study this year included an automated traffic checking system and added over-all capacity to yield greater productivity and flexibility in District data processing systems.

## Financial Crunch

Of major concern and challenge was a continuing, cloudy financial projection — a problem plaguing AC Transit since passage of California's Proposition 13, the 1978 'Property Tax Initiative,' and now exacerbated by adjustment and reduction in Federal and State assistance.

To cope with this challenge, a number of unprecedented steps

were taken, including swift action to capitalize on provisions of the Economic Recovery Act of 1981. District Directors entered into an agreement with an Ohio firm to exchange depreciation rights on 161 new buses for cash in the amount of more than \$700,000. Under this arrangement, the District retains title to the buses.

To meet twin goals of serving the needs of riders and addressing the problem of a substantial deficit projected for the year, the District gave top priority to the continuing process of trimming operating expenses. A new interdepartmental 'Task Team,' capitalizing on its members' years of experience in analyzing and adjusting service to meet needs, was given the challenge of trimming existing service to match a reduced operating budget.

One result, effectively implemented near the end of this fiscal period, was a service realignment and improvement plan affecting eighteen bus routes — about one-tenth of the total operated by AC Transit. And this adjustment, implemented in April, 1982, yielded significant cost-savings to the District and, in many cases, improvements in the level of service provided to the weekday commuting public.





# REACH OUT AND NAB SOMEONE.

Lawbreakers can be stopped. Call us toll free. We do not want your name.  
Up to \$500 reward for information leading to arrest and conviction.

**(800) 472-7785** **WeTIP**



Alameda Contra Costa Transit District

**ANTI-CRIME AD**—In an effort to discourage vandalism and criminal behavior on the buses—and in the communities the District serves—AC Transit gave bus riders a catchy introduction to a statewide 'Anonymous Witness' crime-prevention program. With a timely take-off on a well-known advertising campaign, "Reach Out and Nab Someone" posters were installed in interior ad space on District buses this year. In addition to generating local comment and attracting country-wide attention, the poster later garnered a first place award in the 1982 American Public Transit Association advertising competition.

Additionally, the District undertook stringent internal economies and revisions of service, fares and transfer policy to realize both dollar savings and increased revenues.

## Ridership

While experiencing modest growth in ridership within its established urban service area, the District saw a significant increase in transit usage on relatively recently-established routes in suburban areas. In Fremont and Newark, which annexed to AC Transit less than a decade ago, a 14 percent increase was

registered in the fiscal period.

Also in this period, local service provided by District buses to communities in Central Contra Costa County was discontinued, as a newly-formed transit authority within the area implemented on-street operations. AC Transit introduced service to these communities, under contracts with the localities, in the mid-1970s and strove to achieve acceptance in the

area. Accomplishment of this goal is evidenced in the ridership statistics: patronage soared from an initial 5,000 trips a month to more than 150,000 monthly. Central Contra Costa Transit Authority then took over the service.

With elimination of the central Contra Costa contract service, total system one-way route miles decreased from 2,298 to 2,136 operated weekdays. Total weekday scheduled miles operated by AC Transit decreased by 3.7 percent, from 111,447 to 107,283 miles.

## Customer Information

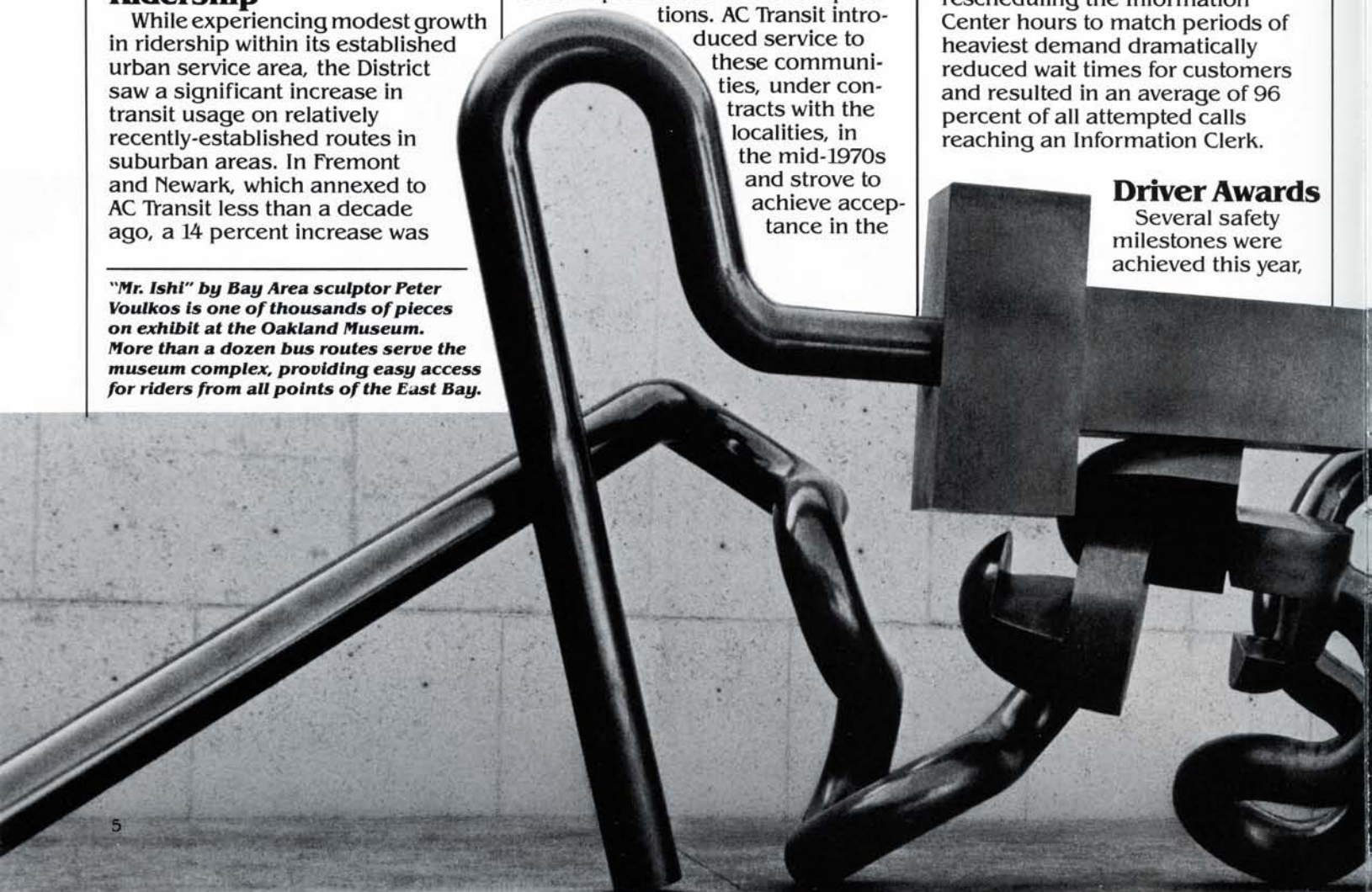
In addition to printing and distributing some five million pocket timetables (twice the number disseminated the year before), the District adjusted the operating hours of the Telephone Information Center to improve the level of service.

Though the total number of Information Clerks was reduced, rescheduling the Information Center hours to match periods of heaviest demand dramatically reduced wait times for customers and resulted in an average of 96 percent of all attempted calls reaching an Information Clerk.

## Driver Awards

Several safety milestones were achieved this year,

**"Mr. Ishi"** by Bay Area sculptor Peter Voulkos is one of thousands of pieces on exhibit at the Oakland Museum. More than a dozen bus routes serve the museum complex, providing easy access for riders from all points of the East Bay.



including the addition of three names—Reba L. Gauer, Charles L. McAdams, and Grant W. Hastie—to the exclusive roster of bus drivers who've earned '30-Year Safe Driving Awards.'

A total of eight AC Transit drivers have reached the 30-year plateau. And drivers Cornelius Perry, Virgil A. Edwards, Frank A. Armas and Richard J. Faulkner reached the '25-Year Safe Driving' level, bringing the total in that roster to 42 operators.

In all, a total of 1,030 awards were issued to bus drivers who achieved a year of accident-free driving during this fiscal period.

## Safety & Claims

This year, District drivers registered more than 32 million miles on the road; and in the process, all operating divisions achieved the monthly safe driving goal 45 out of a possible 48 times. That monthly goal is an average of 13,250 miles per mishap. Overall, the drivers achieved a seven percent increase in average number of miles driven between accidents: up from 15,331 in Fiscal Year 1981 to 16,418 miles this year.

Paid losses for the year were \$1,142,814, compared to \$959,131 a year before—an increase that reflects settlements of cases from prior years. Recoveries for damage to equipment was up 29 percent: \$157,791 compared to \$122,355. Paid losses under the District's self-insured Workers' Compensation Program was essentially unchanged: \$1,670,498 compared to \$1,662,783 in the prior fiscal year.

## Regional Cooperation

The Bay region's first intersystem monthly pass was introduced by AC Transit and San Francisco MUNI in this period, giving the public highly-visible evidence of the District's continuing energetic effort to coordinate with the services provided by other Bay Area transit systems.

This new pass—honored for local and transbay bus trips throughout



**INTERSYSTEM ACCOMMODATION—A 'first' for the Bay area, a joint AC Transit/San Francisco MUNI monthly pass (Directors Roy Nakadegawa, William Berk and Michael Fajans displayed model during introduction ceremonies) was implemented in September, 1981—a single pass good for transbay bus trips and on AC Transit's local East Bay service, also honored throughout the MUNI system for bus and streetcar trips. Also introduced: 'Regional Transit Connection' signs that illustrated a new regional transit-information program aimed at facilitating and promoting inter system trips.**

AC Transit's service area plus unlimited use of MUNI service within San Francisco—was introduced to the public at the same time that a new "Regional Transit Connection" program and symbol was implemented throughout the Bay Area.

Created under the auspices of the Regional Transit Association, the new symbol and a supportive informational campaign are designed to identify clearly the major points at which inter system connections may be made, and the major trunk-line service connecting those points.

The Regional Transit Association, consisting of AC Transit, BART, Golden Gate Transit, MUNI, Sam-Trans and Santa Clara County Transit, now regularly involves the Bay Area's major mass transit systems in cooperative efforts in many areas including marketing and procurement. As this fiscal period ended, AC Transit was joining other RTA systems in planning further joint promotion of inter system usage through informational materials and programs ♦



**PROMOTING PASSES—A colorful new look was the key element in the introduction of additions to AC Transit's family of monthly passes—'Show-and-Go' cards valid for an unlimited number of rides during the effective month. The new passes for senior citizens, youth, and certified handicapped riders (as well as those already familiar to adult riders) were designed around the District's familiar logogram—rendered in contemporary, multi-color computer-generated graphics. Riders in these new fare categories quickly perceived personal advantages in trying the new cards, as demonstrated by soaring sales—particularly among the youth.**



# COMBINED BALANCE SHEETS

JUNE 30, 1982 AND 1981

| ASSETS                                                             | NOTES | 1982                 | 1981                 |
|--------------------------------------------------------------------|-------|----------------------|----------------------|
| <b>CURRENT ASSETS:</b>                                             |       |                      |                      |
| Cash and investments                                               |       | \$ 40,365,000        | \$ 18,298,000        |
| Accounts receivable and accrued revenues:                          | 3,4   |                      |                      |
| Federal grants                                                     |       | 1,468,000            | 11,660,000           |
| Other, principally state and local assistance                      |       | 3,191,000            | 5,116,000            |
| Materials and supplies, at cost                                    |       | 1,406,000            | 1,270,000            |
| Prepaid expenses                                                   |       | 483,000              | 467,000              |
| <b>Total current assets</b>                                        |       | <b>46,913,000</b>    | <b>36,811,000</b>    |
| <b>CASH AND INVESTMENTS APPROPRIATED FOR ACCRUED PENSION COSTS</b> |       |                      |                      |
|                                                                    |       | <b>45,838,000</b>    | <b>34,451,000</b>    |
| <b>PROPERTY, PLANT AND EQUIPMENT:</b>                              |       |                      |                      |
|                                                                    | 2     |                      |                      |
| Land                                                               |       | 9,116,000            | 5,678,000            |
| Buildings, structures and improvements                             |       | 1,629,000            | 1,629,000            |
| Revenue equipment                                                  |       | 66,638,000           | 63,116,000           |
| Shop, office and other equipment and service vehicles              |       | 5,608,000            | 5,079,000            |
| Acquisitions in progress                                           |       | 1,915,000            | 398,000              |
| Total                                                              |       | 84,906,000           | 75,900,000           |
| Accumulated depreciation                                           |       | 31,015,000           | 26,899,000           |
| Property, plant and equipment — net                                |       | 53,891,000           | 49,001,000           |
| <b>Total</b>                                                       |       | <b>\$146,642,000</b> | <b>\$120,263,000</b> |
| <b>LIABILITIES AND CAPITAL</b>                                     |       |                      |                      |
| <b>CURRENT LIABILITIES:</b>                                        |       |                      |                      |
| Accounts payable                                                   |       | \$ 2,909,000         | \$ 3,318,000         |
| Salaries, wages and vacations                                      |       | 5,192,000            | 4,825,000            |
| Other accrued liabilities                                          | 5     | 2,768,000            | 1,454,000            |
| Advances under grants                                              | 2     | 10,544,000           | 3,266,000            |
| Self-insurance reserves:                                           | 2     |                      |                      |
| Workers' compensation                                              |       | 2,576,000            | 2,205,000            |
| Public liability and property damage                               |       | 1,390,000            | 792,000              |
| <b>Total current liabilities</b>                                   |       | <b>25,379,000</b>    | <b>15,860,000</b>    |
| <b>ACCRUED PENSION COSTS</b>                                       |       |                      |                      |
|                                                                    | 2,7   | <b>45,838,000</b>    | <b>34,451,000</b>    |
| <b>CAPITAL:</b>                                                    |       |                      |                      |
|                                                                    | 2,6,8 |                      |                      |
| District equity                                                    |       | 33,304,000           | 30,989,000           |
| Contributed capital:                                               |       |                      |                      |
| Federal grants                                                     |       | 29,883,000           | 30,041,000           |
| State toll bridge funds                                            |       | 10,840,000           | 6,425,000            |
| Local transportation funds                                         |       | 1,398,000            | 2,497,000            |
| <b>Total capital</b>                                               |       | <b>75,425,000</b>    | <b>69,952,000</b>    |
| <b>Total</b>                                                       |       | <b>\$146,642,000</b> | <b>\$120,263,000</b> |

See notes to combined financial statements.

# COMBINED STATEMENTS OF REVENUES AND EXPENSES

FOR THE YEARS ENDED JUNE 30, 1982 AND 1981

|                                                                                                                     | NOTES | 1982                  | 1981                  |
|---------------------------------------------------------------------------------------------------------------------|-------|-----------------------|-----------------------|
| <b>REVENUES:</b>                                                                                                    |       |                       |                       |
| Fares                                                                                                               |       | \$27,589,000          | \$27,856,000          |
| Contract service                                                                                                    |       | 5,415,000             | 4,255,000             |
| Other operating revenues                                                                                            |       | 496,000               | 527,000               |
| Property taxes for operations                                                                                       |       | 14,999,000            | 12,529,000            |
| Operating assistance:                                                                                               | 4     |                       |                       |
| Local transportation funds                                                                                          |       | 20,363,000            | 18,051,000            |
| Local sales tax (AB 1107)                                                                                           |       | 14,492,000            | 5,600,000             |
| Federal                                                                                                             |       | 11,540,000            | 11,607,000            |
| Interest earned on appropriated District funds and working capital, less amounts allocated to accrued pension costs | 2,6,7 | 4,937,000             | 3,468,000             |
| <b>Total</b>                                                                                                        |       | <b>99,831,000</b>     | <b>83,893,000</b>     |
| <b>EXPENSES:</b>                                                                                                    |       |                       |                       |
| Operators' wages                                                                                                    |       | 32,748,000            | 30,333,000            |
| Other wages                                                                                                         |       | 16,662,000            | 14,159,000            |
| Fringe benefits                                                                                                     |       | 25,208,000            | 22,805,000            |
| Services                                                                                                            |       | 4,144,000             | 3,202,000             |
| Fuel and oil                                                                                                        |       | 7,274,000             | 6,707,000             |
| Other materials and supplies                                                                                        |       | 6,288,000             | 4,827,000             |
| Insurance                                                                                                           |       | 1,662,000             | 1,243,000             |
| Leases and rentals                                                                                                  |       | 476,000               | 495,000               |
| Other                                                                                                               |       | 2,293,000             | 1,524,000             |
| <b>Total</b>                                                                                                        |       | <b>96,755,000</b>     | <b>85,295,000</b>     |
| <b>EXCESS OF REVENUES (EXPENSES) BEFORE DEPRECIATION</b>                                                            | 2,6,7 | <b>3,076,000</b>      | <b>(1,402,000)</b>    |
| <b>DEPRECIATION</b>                                                                                                 |       | <b>4,116,000</b>      | <b>3,201,000</b>      |
| <b>EXCESS OF EXPENSES OVER REVENUES</b>                                                                             |       | <b>\$ (1,040,000)</b> | <b>\$ (4,603,000)</b> |

See notes to combined financial statements.

# COMBINED STATEMENTS OF CHANGES IN CAPITAL

FOR THE YEARS ENDED JUNE 30, 1982 AND 1981

|                                                              | NOTES | CONTRIBUTED CAPITAL        |                            |                               |                                    | TOTAL                      |
|--------------------------------------------------------------|-------|----------------------------|----------------------------|-------------------------------|------------------------------------|----------------------------|
|                                                              |       | DISTRICT<br>EQUITY         | FEDERAL<br>GRANTS          | STATE TOLL<br>BRIDGE<br>FUNDS | LOCAL TRANS-<br>PORTATION<br>FUNDS |                            |
| <b>BALANCE, JULY 1, 1980</b>                                 |       | \$32,887,000               | \$14,975,000               | \$ 1,769,000                  | \$2,025,000                        | \$51,656,000               |
| Excess of expenses<br>over revenues                          |       | (4,603,000)                |                            |                               |                                    | (4,603,000)                |
| Depreciation expense<br>transferred from<br>District equity  |       | 2,467,000                  | (1,993,000)                | (295,000)                     | (179,000)                          |                            |
| Capital grant funds<br>earned                                | 3     |                            | 17,059,000                 | 4,951,000                     | 651,000                            | 22,661,000                 |
| Property taxes applied<br>to redemption of<br>bond principal |       | 238,000                    |                            |                               |                                    | 238,000                    |
| <b>BALANCE, JUNE 30, 1981</b>                                |       | <u>30,989,000</u>          | <u>30,041,000</u>          | <u>6,425,000</u>              | <u>2,497,000</u>                   | <u>69,952,000</u>          |
| Excess of expenses<br>over revenues                          |       | (1,040,000)                |                            |                               |                                    | (1,040,000)                |
| Depreciation expense<br>transferred from<br>District equity  |       | 3,355,000                  | (2,607,000)                | (537,000)                     | (211,000)                          |                            |
| Capital grant funds<br>earned                                | 3     |                            | 2,449,000                  | 4,952,000                     | 263,000                            | 7,664,000                  |
| Land transferred<br>to CCCTA                                 | 1     |                            |                            |                               | (1,151,000)                        | (1,151,000)                |
| <b>BALANCE, JUNE 30, 1982</b>                                |       | <u><u>\$33,304,000</u></u> | <u><u>\$29,883,000</u></u> | <u><u>\$10,840,000</u></u>    | <u><u>\$1,398,000</u></u>          | <u><u>\$75,425,000</u></u> |

See notes to combined financial statements.

# COMBINED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1982 AND 1981

|                                                                         | 1982              | 1981                  |
|-------------------------------------------------------------------------|-------------------|-----------------------|
| <b>SOURCES OF WORKING CAPITAL:</b>                                      |                   |                       |
| Operations:                                                             |                   |                       |
| Excess of expenses over revenues                                        | \$ (1,040,000)    | \$ (4,603,000)        |
| Expenses not requiring working capital — depreciation                   | 4,116,000         | 3,201,000             |
| Working capital provided by (used in) operations                        | 3,076,000         | (1,402,000)           |
| Increase in accrued pension costs                                       | 11,387,000        | 9,020,000             |
| Capital grant funds earned                                              | 7,664,000         | 22,661,000            |
| Transfer of land to CCCTA                                               | 1,151,000         |                       |
| Property taxes applied to redemption of bond principal                  |                   | 238,000               |
| Deposits for purchase of land                                           |                   | 2,155,000             |
| Total                                                                   | <u>23,278,000</u> | <u>32,672,000</u>     |
| <b>APPLICATION OF WORKING CAPITAL:</b>                                  |                   |                       |
| Increase in cash and investments appropriated for accrued pension costs | 11,387,000        | 9,020,000             |
| Acquisition of property, plant and equipment                            | 10,157,000        | 27,008,000            |
| Transfer of land to CCCTA                                               | 1,151,000         |                       |
| Total                                                                   | <u>22,695,000</u> | <u>36,028,000</u>     |
| <b>INCREASE (DECREASE) IN WORKING CAPITAL</b>                           | <u>\$ 583,000</u> | <u>\$ (3,356,000)</u> |
| <b>INCREASE (DECREASE) IN COMPONENTS OF WORKING CAPITAL:</b>            |                   |                       |
| Current assets:                                                         |                   |                       |
| Cash and investments                                                    | \$22,067,000      | \$(10,460,000)        |
| Accounts receivable and accrued revenues                                | (12,117,000)      | 806,000               |
| Materials and supplies                                                  | 136,000           | 225,000               |
| Prepaid expenses                                                        | 16,000            | 301,000               |
| Total                                                                   | <u>10,102,000</u> | <u>(9,128,000)</u>    |
| Current liabilities:                                                    |                   |                       |
| Accounts payable and accrued liabilities                                | 1,272,000         | 1,127,000             |
| Advances under grants                                                   | 7,278,000         | (5,886,000)           |
| Self-insurance reserves                                                 | 969,000           | 387,000               |
| Amount due within one year on general obligation bonds                  |                   | (1,400,000)           |
| Total                                                                   | <u>9,519,000</u>  | <u>(5,772,000)</u>    |
| <b>INCREASE (DECREASE) IN WORKING CAPITAL</b>                           | <u>\$ 583,000</u> | <u>\$ (3,356,000)</u> |

See notes to combined financial statements.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 1. Organization and Basis of Presentation

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

The accompanying financial statements include the combined financial position, results of operations and changes in financial position of the District's 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 (BART) 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 BART express service, by direct reimbursement which is recorded as contract service revenue.

The District has entered into an agreement with the Central Contra Costa Transit Authority (CCCTA) whereby transit services in Central Contra Costa County which were previously provided by the District were assumed by CCCTA commencing June 6, 1982. As a part of this agreement, the District transferred to CCCTA certain land having a book value of approximately \$1,151,000.

### 2. Summary of Significant Accounting Policies

*Investments* are stated at amortized cost which approximates market value.

*Property, plant and equipment* is stated at cost and depreciated using the straight-line method over the following estimated useful lives:

|                                                          |             |
|----------------------------------------------------------|-------------|
| Buildings, structures and improvements                   | 10-35 years |
| Revenue equipment                                        | 15 years    |
| Shop, office and other equipment<br>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 each occurrence. Claims in excess of these amounts are insured with commercial carriers. The District provides, in each period, reserves to cover the estimated costs of 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. Provisions for pension accruals 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.

*Contributed capital* — The District periodically receives Federal grants from the Urban Mass

Transportation Administration (UMTA) of the U.S. Department of Transportation, local transportation funds and State toll bridge revenues (see Note 3) for the acquisition of buses and other equipment and improvements. Capital grant funds earned, less depreciation of the related assets, are included in contributed capital. Advances received on capital grants are recorded as liabilities until the funds are expended for capital acquisitions.

*Reclassifications* — Certain 1981 amounts have been reclassified to conform to the 1982 presentation.

### 3. Capital Grants

The District has ten grant contracts in process with UMTA which provide Federal funds for the acquisition of buses and other equipment and improvements. These grants are summarized at June 30, 1982 as follows:

|                                                    |              |
|----------------------------------------------------|--------------|
| Total approved costs                               | \$97,037,000 |
| Total Federal grants                               | \$76,232,000 |
| Less:                                              |              |
| Amounts received                                   | (37,220,000) |
| Amounts receivable                                 | (1,145,000)  |
| Remaining amount available<br>under Federal grants | \$37,867,000 |

Expenditures of Federal grant funds are subject to review by the Department of Transportation before final approval. At June 30, 1982 expenditures of approximately \$46,608,000 had been reviewed and approved. The District is committed to purchase additional equipment at a cost of approximately \$36,975,000 in connection with these projects.

At June 30, 1982 buses and other equipment with a cost of \$49,763,000 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.

Under provisions of the California Streets and Highways Code, the District has received allocations of \$4,952,000 and \$4,951,000 for the years ended June 30, 1982 and 1981, respectively, to meet certain of its capital requirements. These funds are generated from net toll bridge revenues of the San Francisco Bay Bridges and are allocated based on claims approved by the Metropolitan Transportation Commission (MTC).

Local transportation funds received for capital grant projects pursuant to the Transportation Development Act of 1971 were \$263,000 and \$651,000 for the years ended June 30, 1982 and 1981, respectively.

### 4. Operating Assistance

Federal operating assistance funds are apportioned to the local urbanized area and are allocated to individual transit operators by MTC after approval by UMTA. The District was allocated \$11,540,000 and \$11,607,000 of Federal operating assistance for the

years ended June 30, 1982 and 1981, respectively, pursuant to Sections 5 and 9 of the Urban Mass Transportation Act of 1974. The 1982 funds include \$1,800,000 of UMTA Section 5 operating funds to be applied against authorized expenditures incurred in the prior fiscal year. Allocations received during 1982 are subject to final audit and approval by MTC and UMTA.

Pursuant to the Transportation Development Act of 1971, the District has received allocations of local transportation funds of \$20,363,000 and \$18,051,000 for the years ended June 30, 1982 and 1981, respectively. These funds are generated within Alameda and Contra Costa Counties and are allocated based on annual claims filed by the District and approved by MTC.

Certain local sales tax funds are allocated based on annual claims filed by the District and approved by MTC. The District was allocated \$14,492,000 and \$5,600,000 of such funds for the years ended June 30, 1982 and 1981, respectively.

#### 5. Note Payable

Other accrued liabilities include a 12% note payable for \$960,000 which matures on February 28, 1983. The note is secured by certain revenue equipment with a cost of approximately \$19,332,000.

#### 6. Appropriated District Funds

The Board of Directors has authorized the appropriation of portions of available funds for the replacement of facilities and equipment and other expenditures, as follows:

|                                           | 1982                   |                           | 1981         |                        |
|-------------------------------------------|------------------------|---------------------------|--------------|------------------------|
| Amounts available for appropriation:      |                        |                           |              |                        |
| Cash and investments                      | \$40,365,000           |                           | \$18,298,000 |                        |
| Accounts receivable and accrued revenues  | 4,659,000              |                           | 16,776,000   |                        |
| Total                                     | 45,024,000             |                           | 35,074,000   |                        |
| Less current liabilities                  | 25,379,000             |                           | 15,860,000   |                        |
| Net                                       | \$19,645,000           |                           | \$19,214,000 |                        |
|                                           | Balance, June 30, 1981 | Additions—Interest earned | Reductions   | Balance, June 30, 1982 |
| Amounts appropriated:                     |                        |                           |              |                        |
| Restricted Fund                           | \$ 9,679,000           | \$2,233,000               | \$4,273,000  | \$ 7,639,000           |
| Facilities and Equipment Replacement Fund | 686,000                | 216,000                   |              | 902,000                |
| Improvement Allowance Fund                | 833,000                | 225,000                   | 233,000      | 825,000                |
| Unemployment Compensation Fund            | 663,000                |                           |              | 663,000                |
| Building Fund                             | 5,144,000              | 1,616,000                 |              | 6,760,000              |
| Working capital                           | 2,209,000              | 647,000                   |              | 2,856,000              |
| Total                                     | \$19,214,000           | \$4,937,000               | \$4,506,000  | \$19,645,000           |

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

*Restricted Fund* — to provide for 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 local capital grants.

*Improvement Allowance Fund* — to fund certain nonrecurring operating expenses or costs 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 provide for potential unemployment liabilities which may result in the event of curtailment of services to or de-annexation of District No. 2.

*Building Fund* — to assist in meeting the District's potential financial requirements associated with the purchase, construction or rehabilitation of a building to provide adequate permanent accommodations for the District's general offices consistent with the master Facilities Improvement Program.

#### 7. Pensions

The provision for pension accrual for the year ended June 30, 1982 was \$7,741,000 (1981 — \$6,942,000) plus an allocation of \$6,190,000 of interest earned on District investments (1981 — \$4,267,000). Benefit payments for the year were \$2,538,000 (1981 — \$2,189,000).

A comparison of accumulated benefits and the accrued pension liability for the District's pension plan follows:

|                                                       | January 1    |              |
|-------------------------------------------------------|--------------|--------------|
|                                                       | 1981         | 1980         |
| Actuarial present value of accumulated plan benefits: |              |              |
| Vested                                                | \$48,872,000 | \$44,699,000 |
| Nonvested                                             | 3,095,000    | 2,685,000    |
| Total                                                 | \$51,967,000 | \$47,384,000 |
| Accrued pension liability                             | \$29,186,000 | \$21,633,000 |

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 5-1/2%.

#### 8. Litigation

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

## AUDITORS' OPINION

The Board of Directors,  
Alameda-Contra Costa Transit District:

We have examined the combined balance sheet of Alameda-Contra Costa Transit District as of June 30, 1982 and the related combined statements of revenues and expenses, changes in capital, and changes in financial position for the year then ended. Our examination was 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. The combined financial statements of Alameda-Contra Costa Transit District for the year ended June 30, 1981 were examined by other auditors whose report, dated October 9, 1981, expressed an unqualified opinion on those statements.

In our opinion, the combined financial statements for 1982 present fairly the combined financial position of Alameda-Contra Costa Transit District at June 30, 1982 and the combined results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Adams, Grant, White & Co.*  
Adams, Grant, White & Co.

Oakland, California  
September 30, 1982

*Deloitte Haskins & Sells*  
Deloitte, Haskins & Sells



Alameda-Contra Costa  
Transit District  
508 16th St.  
Oakland, California



**Jean Holmes**  
President



**Michael H. Fajans**  
Vice President

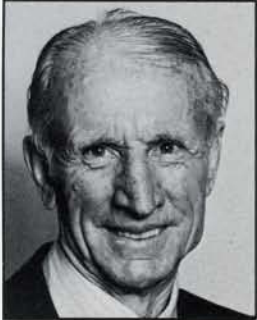


**Ray Rinehart**



**Roy Nakadegawa**

## BOARD OF DIRECTORS



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**William J. Bettencourt**



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General Manager



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Attorney for the District



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Assistant General Manager for Administration and District Secretary



**Nathaniel A. Gage**  
Assistant General Manager for Finance



**Robert J. Shamoan**  
Assistant General Manager for Operations

## MANAGEMENT



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Purchases and Stores Manager



**Loren A. Ball**  
Transportation Manager



**Richard H. Bertz**  
Maintenance Manager



**Gregory L. Ford**  
Administrative Projects Manager



**Richard A. Fratus**  
Controller



**Ozro D. Gould**  
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Research and Planning Manager



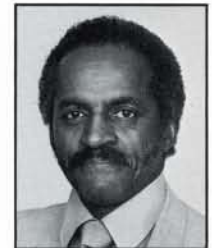
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Transportation Engineer



**John W. Rose, Jr.**  
Affirmative Action Coordinator

