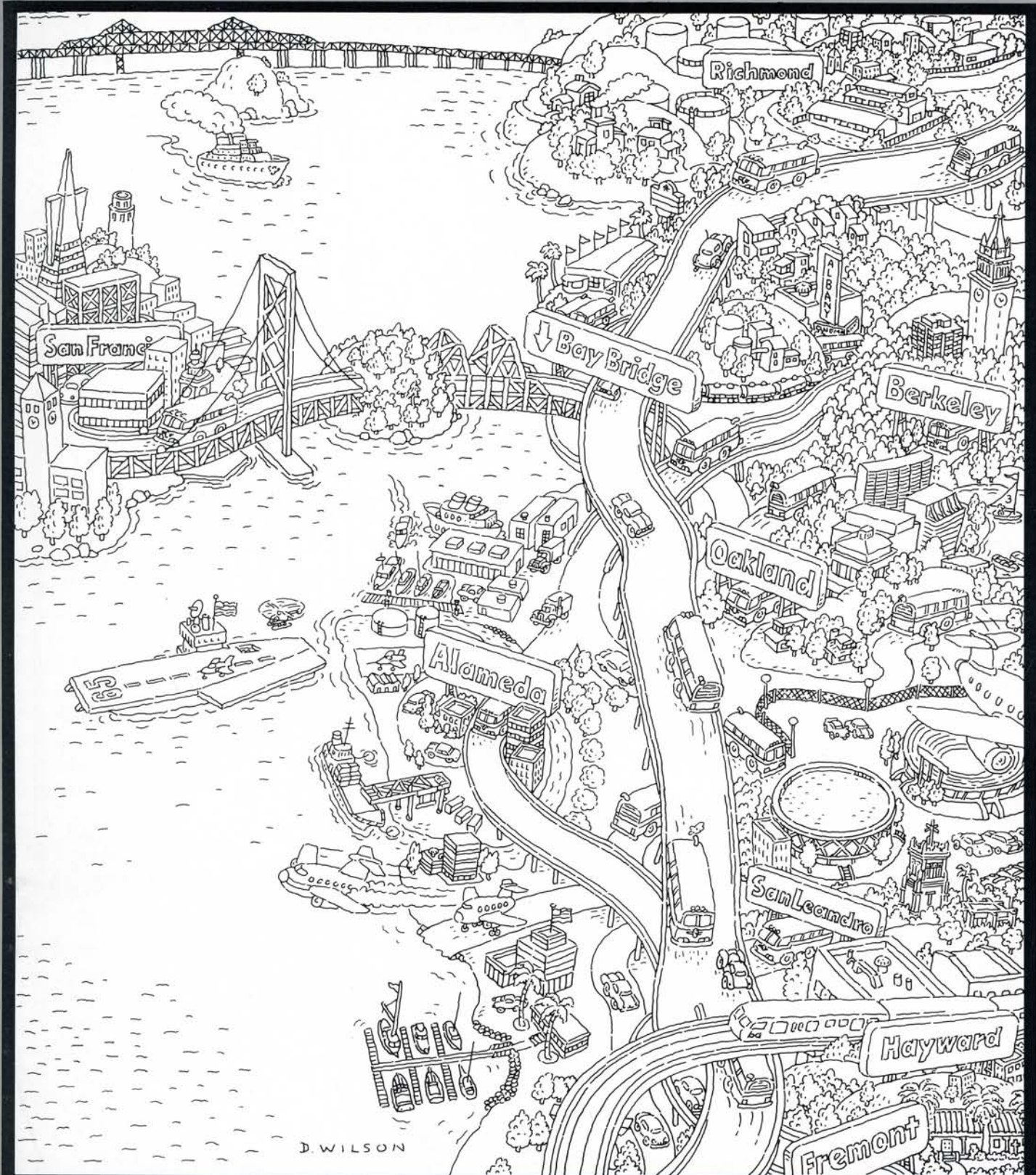




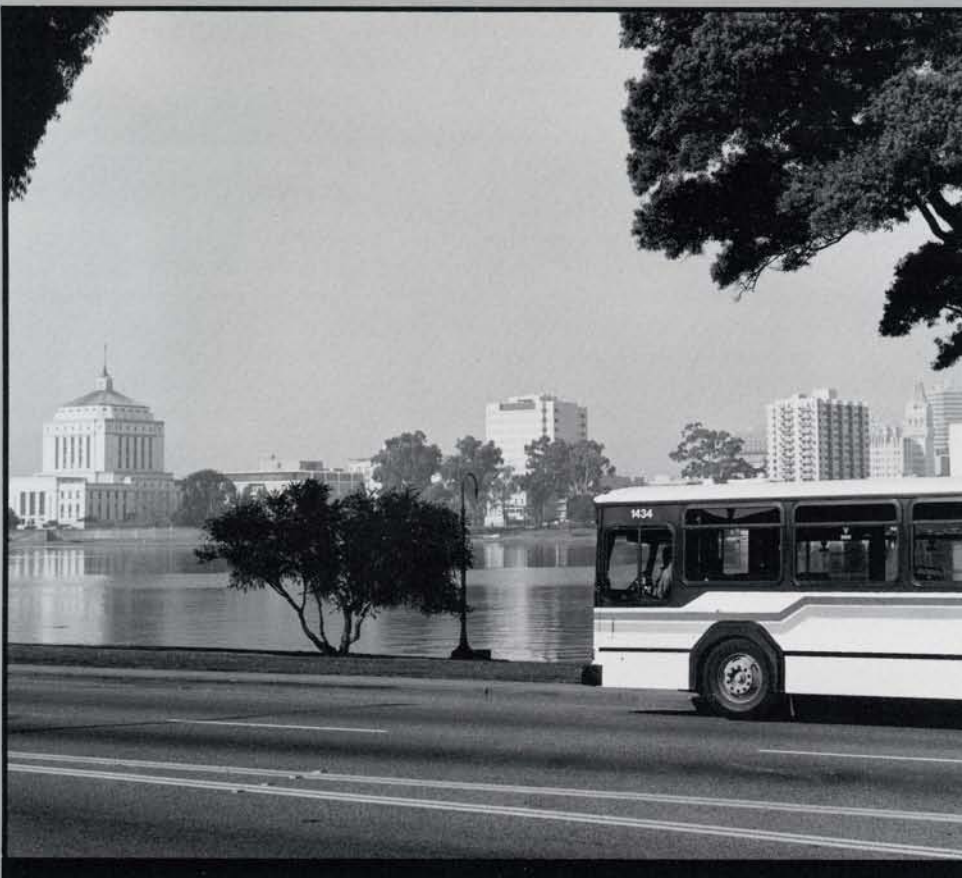
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT 1984 ANNUAL REPORT



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Service extends throughout 38 communities and 750 square miles.

established expertise in innovative bus-repair, enabling AC Transit to maintain a detailed record of parts required and a maintenance history of every bus (and of major bus components). These comprehensive records will reveal actual fleet maintenance costs and life-cycle costs of the buses and their mechanical elements.

Automation also displaced slower methods of service planning and design during this period — particularly the process by which bus service is scheduled and then 'cut' efficiently into units of work to be performed by individual drivers. A sophisticated new RUCUS (Run-Cutting and Scheduling) system came on-line. This provides capability to compute cost-per-driver-per-hour of a run (or projected run, if the scheduler is testing a concept) and to extrapolate, from that information, annualized costs of service — by type of run, by division, or even system-wide. In applying this new tool, the scheduler's goal is to maximize service while minimizing operating costs.

In Fiscal Year 1984, AC Transit achieved major advances in three important areas: reorganizing and redefining the function of various District departments; improving the facilities that support on-street bus operations; and laying the groundwork for major restructuring of bus service operated throughout the East Bay. Though hardly visible to riders, this modernizing and streamlining of AC Transit's organization will greatly enhance the District's ability to deliver dependable service in the years to come.

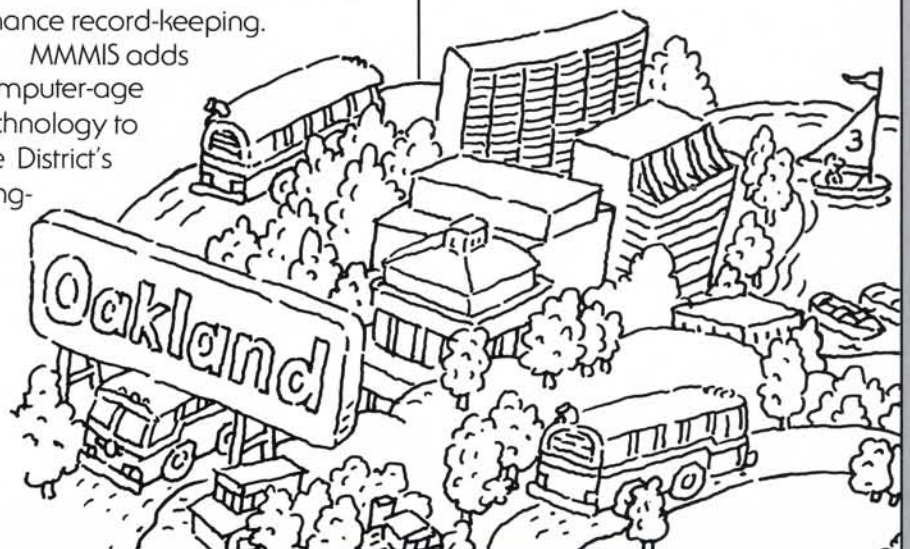
FACILITIES AND TECHNOLOGY

A major step forward was relocation of the Purchases and Stores Department from overcrowded, inefficient quarters in Emeryville to a spacious new Central Maintenance Center in East Oakland. (As development of the Central Maintenance Center continues in the coming fiscal period, all

major fleet upkeep activities will be moved there, leaving the operating divisions free to concentrate on basic servicing and preventive maintenance).

The move of Purchases and Stores coincided with adoption of automated procurement and inventory control systems — the initial element of a new District-wide data system, titled Maintenance and Materials Management Information System (MMMIS), which will be expanded to achieve complete automation of all fleet maintenance record-keeping.

MMMIS adds computer-age technology to the District's long-



Modern Central Maintenance Center ensures equipment reliability.

In addition to the new \$21 million Central Maintenance Center, other facility improvement projects being refined on architectural drawing boards included: major revamping of existing operating divisions in Emeryville, East Oakland and Richmond, plus creation of a new operating division in Hayward—also to be the site of the Training and Education Center. This ambitious \$100 million rehabilitation program is scheduled to be completed by Fiscal Year 1986 or 87, giving the District modern facilities to support bus operations in years to come.

STAFFING

In the area of internal organization, personnel analysts spent much of the year developing classification specifications for a number of new positions, including a Central Maintenance Superintendent, Production and Quality Control supervisors for the new central facility, and a Training and Education Center Manager. Such new jobs reflect a growing need for a broader array of technical and

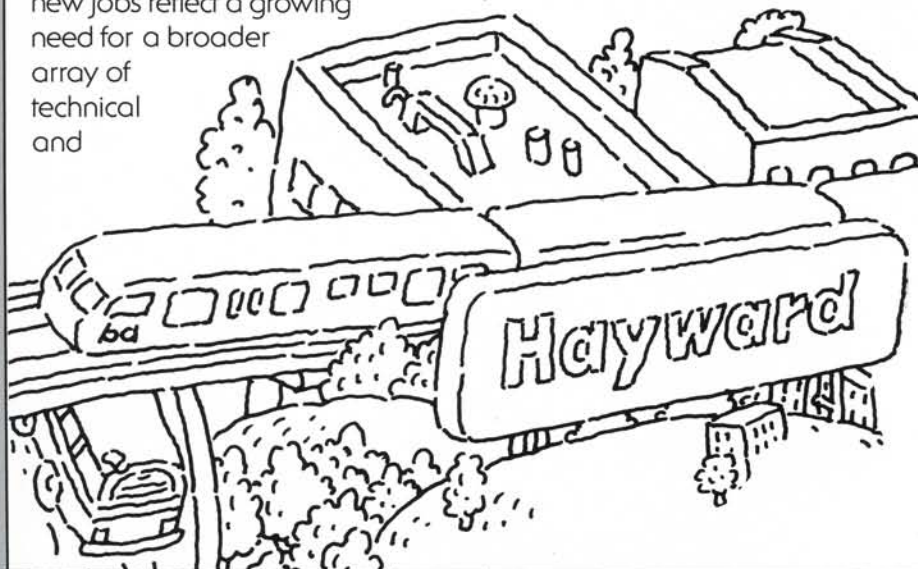
administrative skills within the District, assuring maximum utiliza-

tion of modernized facilities and computer-age technology coming on line in forthcoming fiscal years.

Additionally, the District introduced new elements in an ongoing program to enhance employees' career potential through classes in management and supervisory skills. This year, for example, a new 13-week "Elements of Supervision" course, through Chabot College, stressed effective, up-to-date people management skills.

LEADERSHIP CHANGE

FY 1984 saw AC Transit accomplish a smooth transition in leader-



Coordination with BART rail service provides passenger benefits.



in express bus service from rail stations to outlying areas of Alameda and Contra Costa counties and for more than \$3 million in new bus-feeder service within the geographic confines of AC Transit. The new, latter element of this contract would ensure continuation of evening and weekend bus service in several East Bay neighborhoods, plus start-up of nine new time-coordinated bus/train transit links.

Expanded cooperative efforts this year also produced a prototype 'Transit Information Center'—developed by AC Transit for the Regional Transit Association of the Bay Area (RTA). This omnibus installation includes over-sized route maps and detailed data on each public transportation system serving the Transbay Transit Terminal in San Francisco, where the Center was installed. At year's end, RTA was developing plans and seeking funds to add more installations at other key points where the region's transit systems connect.

ship with new General Manager L.A. "Kim" Kimball succeeding Robert E. Nisbet (chief executive officer since 1978, who had retired). Kimball arrived as no stranger to the East Bay, having held two earlier positions here (as a BART assistant general manager, administration, and as Walnut Creek city manager).

Also in this fiscal period, Directors selected Ray Rinehart (an Oakland certified public accountant holding an At-Large seat) to serve as President of the Board; William J. Bettencourt (a public relations executive representing Ward IV) was selected Vice President.

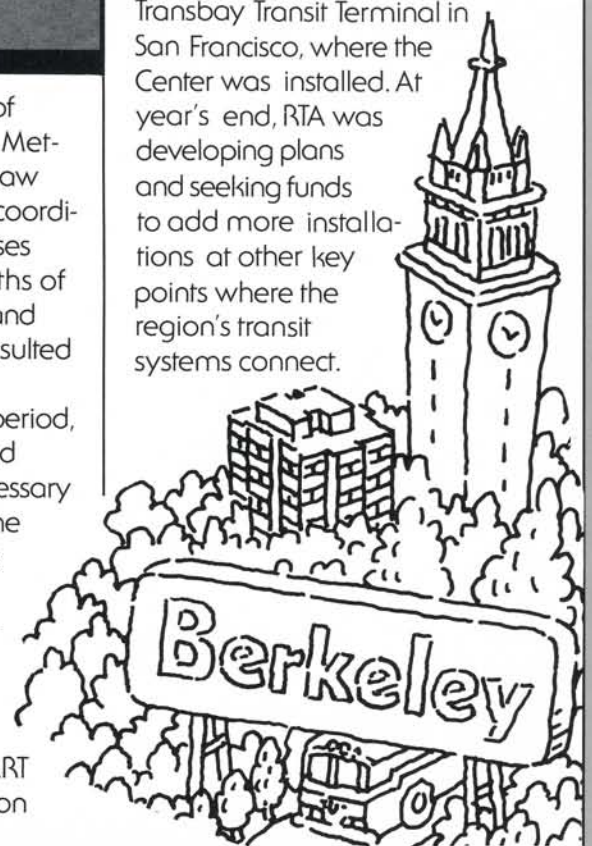
INTERSYSTEM LINKAGES

Intersystem cooperation has

long been vital to the status of public transportation in the Metropolitan East Bay. This year saw the realization of even closer coordination between AC Transit buses and BART trains when months of effort by AC Transit Directors (and their counterparts at BART) resulted in a milestone agreement.

By the end of this fiscal period, the Directors of AC Transit and BART had established the necessary policy guidelines to enable the general managers and staffs of both agencies to develop the details of this new agreement, slated for signing and implementation early in Fiscal Year 1985.

The concept calls for BART to contract for some \$7 million



SERVICE NOTES

Service additions this year included a new express bus route linking Richmond with the Contra Costa County seat in Martinez (outside AC Transit's service area), offered as a one-year demonstration project supported by State funding.

Additionally, an interdepartmental team took on the task of monitoring service—and of generating the necessary steps to ensure that buses operate as scheduled. This new Service Analysis and Monitoring (SAM) team began with a thorough examination of bus routes in the MacArthur Blvd. corridor. The result: a new schedule and additional peak-hour buses to better ensure on-time operation. As the fiscal period continued, the SAM task team began examining major trunk lines in other heavily-traveled East Bay corridors. This established a process of intensive interdisciplinary service evaluation which is expected to continue.

Also this year, the District's riders were introduced to a new two-way communications device—a periodic 'Passenger Lines' publication with news and notes about



AC Transit activities, and a pre-addressed return card with which patrons can express specific requests, comments and complaints. The items on passengers' minds, as evidenced by returned cards, included an array of suggestions (always valuable input for service planners), requests, complaints and commendations. Processing of these cards by the Customer Rela-

tions office includes mailing specified materials, along with individual replies, as requested.

FINANCE

The ongoing search for sufficient funds to support bus service proved a challenge again this year. The District continued to implement stringent internal economies, minimizing expenditures in all areas not directly related to operation of on-street service. Through attrition, fewer workers remained on the payroll, and certain administrative/finance/personnel employees were shifted into Operations positions. As a bonus, the automation of fare collection systems and computerization of claims processing, personnel tracking, and bus scheduling also yielded greater productivity without added labor costs.





AC Transit operators who have achieved more than 25 years safe driving.

drivers were honored for accomplishing 25 years or more accident-free miles at the wheel of AC Transit buses; the total roster of operators to reach the quarter-century plateau numbered 52 at year's end.

RISK AND INSURANCE

Paid losses for personal injury and property damage claims increased from \$1,142,814 in FY 1983 to \$1,525,042 this year, reflecting an increase in claims filed and in amounts paid. In this fiscal period, the District did gain \$143,013 in subrogation recoveries for damage to equipment. Under the District's self-insured Workers Compensation Program, costs also were up this year—primarily because of increases in the compensation rates established by the state Legislature; net costs were \$1,397,817 in Fiscal Year 1984, compared to \$1,246,672 the year before.

FLEET UPDATE

Fleet modernization continued during the year with award of a contract for 134 new coaches to Gillig Corporation, located in nearby Hayward. The close proximity of the manufacturer had proved a boon in an earlier contract through reduction of delivery charges and improved response time in case of modifications and improvements requested by the District. Similar advantages can be expected as a result of negotiation and execution of this year's contract.

The District experienced a modest increase in one-way route miles (from 2,145 to 2,169 miles) and in maximum morning commute hour equipment requirements (from 693 buses in FY 1983 to 701) in this fiscal period. However, total weekday scheduled miles decreased slightly from 106,678 to 106,625 miles.

SAFE DRIVERS

The District's fleet registered nearly 32 million miles in revenue service this year; and in the process,

the bus drivers earned a total of 914 "Safe Driving" awards for accident free service.

At the top of the list was veteran John D. Zorman, who is the first AC Transit bus driver to achieve a 33-Year Safe Driving Award. Also, Stephen Stathis became the 9th driver to reach the 30-Year mark. During the fiscal period, a total of 13



AUDITORS' OPINION

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CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' OPINION

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

We have examined the combined balance sheets of Alameda-Contra Costa Transit District as of June 30, 1984 and 1983 and the related combined statements of revenues and expenses, changes in 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 opinion, such financial statements present fairly the combined financial position of Alameda-Contra Costa Transit District at June 30, 1984 and 1983 and the combined results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Deloitte Haskins & Sells *Adams, Grant, White & Co.*

September 21, 1984

COMBINED BALANCE SHEETS

JUNE 30, 1984 AND 1983 (In Thousands)

ASSETS	NOTES	1984	1983
CURRENT ASSETS:			
Cash and investments		\$ 37,791	\$ 27,404
Accounts receivable and accrued revenues:	3,4		
Federal grants		8,177	10,111
Other, principally state and local assistance		2,638	4,456
Materials and supplies, at cost		2,726	1,524
Prepaid expenses		608	719
Total current assets		51,940	44,214
CASH AND INVESTMENTS APPROPRIATED FOR ACCRUED PENSION COSTS	2,7	62,611	54,894
PROPERTY, PLANT AND EQUIPMENT:			
	2		
Land		11,158	11,308
Buildings, structures and improvements		2,448	2,448
Revenue equipment		93,469	94,842
Shop, office and other equipment and service vehicles		5,873	5,639
Acquisitions in progress		31,801	10,694
Total property, plant and equipment		144,749	124,931
Accumulated depreciation		(35,221)	(30,787)
Property, plant and equipment — net		109,528	94,144
Total		\$224,079	\$193,252
LIABILITIES AND CAPITAL			
CURRENT LIABILITIES:			
Accounts payable		\$ 1,936	\$ 4,127
Salaries, wages and vacations		5,312	5,809
Other accrued liabilities	5	3,305	2,976
Advances under grants	2	11,928	4,904
Self-insurance reserves:	2		
Workers' compensation		2,219	2,479
Public liability and property damage		2,632	2,264
Total current liabilities		27,332	22,559
ACCRUED PENSION COSTS	2,7	62,611	54,894
CAPITAL:			
	2,6,8		
District equity		36,314	34,115
Contributed capital:			
Federal grants		71,633	59,887
State toll bridge funds		17,409	13,881
Local transportation funds		8,780	7,916
Total capital		134,136	115,799
Total		\$224,079	\$193,252

See notes to combined financial statements.

COMBINED STATEMENTS OF REVENUES AND EXPENSES

FOR THE YEARS ENDED JUNE 30, 1984 AND 1983 (In Thousands)

	NOTES	1984	1983
REVENUES:			
Fares		\$31,773	\$32,313
Property taxes		11,835	13,440
Contract service		5,883	6,113
Other operating revenues		970	502
Operating assistance:	4		
Local sales tax (AB 1107)		16,400	15,731
Local transportation funds		15,884	18,313
Federal		7,863	6,232
State Transit Assistance Fund		5,760	2,109
Interest earned on appropriated District funds and working capital, less amounts allocated to accrued pension costs	2,6,7	3,068	3,219
Total		99,436	97,972
EXPENSES:			
Operators' wages		33,526	33,339
Other wages		17,545	17,471
Fringe benefits		24,238	24,695
Fuel and oil		6,250	6,693
Other materials and supplies		5,946	6,025
Services		3,608	3,359
Insurance		2,086	2,204
Leases and rentals		484	545
Other		2,772	2,672
Total		96,455	97,003
EXCESS OF REVENUES BEFORE DEPRECIATION	2,6,7	2,981	969
DEPRECIATION		6,579	5,397
EXCESS OF EXPENSES OVER REVENUES		\$ (3,598)	\$ (4,428)

See notes to combined financial statements.

COMBINED STATEMENTS OF CHANGES IN CAPITAL

FOR THE YEARS ENDED JUNE 30, 1984 AND 1983 (In Thousands)

		 CONTRIBUTED CAPITAL				
	NOTES	DISTRICT EQUITY	FEDERAL GRANTS	STATE TOLL BRIDGE FUNDS	LOCAL TRANS- PORTATION FUNDS	TOTAL
BALANCE, JUNE 30, 1982		\$33,304	\$29,883	\$10,840	\$1,398	\$ 75,425
Excess of expenses over revenues		(4,428)				(4,428)
Depreciation expense trans- ferred from District equity		5,239	(3,933)	(841)	(465)	
Capital grant funds earned	3		35,313	4,176	7,034	46,523
Revenue equipment transferred to CCCTA	1		(1,376)	(294)	(51)	(1,721)
BALANCE, JUNE 30, 1983		34,115	59,887	13,881	7,916	115,799
Excess of expenses over revenues		(3,598)				(3,598)
Depreciation expense trans- ferred from District equity		5,797	(4,407)	(808)	(582)	
Capital grant funds earned	3		16,153	4,336	1,597	22,086
Land transferred to CCCTA	1				(151)	(151)
BALANCE, JUNE 30, 1984		<u>\$36,314</u>	<u>\$71,633</u>	<u>\$17,409</u>	<u>\$8,780</u>	<u>\$134,136</u>

See notes to combined financial statements.

COMBINED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 1984 AND 1983 (In Thousands)

	1984	1983
SOURCES OF WORKING CAPITAL:		
Operations:		
Excess of expenses over revenues	\$ (3,598)	\$ (4,428)
Expenses not requiring working capital— depreciation	6,579	5,397
Working capital provided by operations	2,981	969
Increase in accrued pension costs	7,717	9,056
Capital grant funds earned	22,086	46,523
Transfer of land and revenue equipment to CCCTA	151	1,721
Total	32,935	58,269
APPLICATION OF WORKING CAPITAL:		
Increase in cash and investments appropriated for accrued pension costs	7,717	9,056
Acquisition of property, plant and equipment	22,114	47,370
Transfer of land and revenue equipment to CCCTA	151	1,721
Total	29,982	58,147
INCREASE IN WORKING CAPITAL	\$ 2,953	\$ 122
INCREASE (DECREASE) IN COMPONENTS OF WORKING CAPITAL:		
Current assets:		
Cash and investments	\$10,388	\$(12,961)
Accounts receivable and accrued revenues	(3,752)	9,909
Materials and supplies	1,201	119
Prepaid expenses	(111)	235
Total	7,726	(2,698)
Current liabilities:		
Accounts payable and accrued liabilities	(2,360)	2,043
Advances under grants	7,025	(5,640)
Self-insurance reserves	108	777
Total	4,773	(2,820)
INCREASE IN WORKING CAPITAL	\$ 2,953	\$ 122

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 during fiscal 1982. As a part of this agreement, the District transferred to CCCTA certain revenue equipment having a book value of approximately \$1,721,000 during 1983 and land having a book value of \$151,000 during 1984.

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 to 35 years
Revenue equipment	15 years
Shop, office and other equipment and service vehicles	5 to 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 two noncontributory pension plans, one covering all union employees and another providing similar benefits for nonunion employees. Provisions for pension accruals are based on percentages of gross payroll which provide for the normal cost of the plans plus amortization of prior service cost over a period of not more than forty years. Cash and investments equal to such provisions are appropriated annually by the Board of Directors to provide for payment of benefits.

Contributed capital—The District periodically receives Federal grants from the Urban Mass Transportation Administra-

tion (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.

3. Capital Grants

The District has twenty 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, 1984 as follows (in thousands):

Total approved costs	\$159,414
Total Federal grants	\$126,134
Less:	
Amounts received	(89,526)
Amounts receivable—net	(301)
Remaining amount available under Federal grants	\$36,307

The District is committed to purchase additional equipment at a cost of approximately \$39,497,000 in connection with these projects.

At June 30, 1984 property, plant and equipment with a cost of \$114,044,000 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 also received allocations of funds generated from net toll bridge revenues of the San Francisco Bay Bridges. These funds are received under provisions of the California Streets and Highways Code and are allocated based on claims approved by the Metropolitan Transportation Commission (MTC).

Local transportation funds received for capital grant projects include allocations received pursuant to the Transportation Development Act of 1971, certain property tax revenues, and certain local sales tax funds.

4. Operating Assistance

Federal operating assistance funds are received pursuant to Sections 5 and 9 of the Urban Mass Transportation Act of 1974. Such funds are apportioned to the local urbanized area and are allocated to individual transit operators by MTC after approval by UMTA. Allocations granted during 1984 are subject to final audit and approval by MTC and UMTA.

The District also received allocations of local transportation funds pursuant to the Transportation Development Act of 1971, certain local sales tax funds, and allocations from the State Transit Assistance Fund. These funds are allocated based on annual claims filed by the District and approved by MTC.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

5. Note Payable

Other accrued liabilities at June 30, 1984 include a 10.75% note payable for \$725,000 which matures in March 1985. The note is secured by certain revenue equipment with a cost of approximately \$14,288,000.

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 (in thousands):

	1984	1983
Amounts available for appropriation:		
Cash and investments	\$37,791	\$27,404
Accounts receivable and accrued revenues	10,815	14,567
Total	48,606	41,971
Less current liabilities	27,332	22,559
Net	<u>\$21,274</u>	<u>\$19,412</u>

	Balance, June 30, 1983	Additions— Interest Earned	Reductions	Balance, June 30, 1984
Amounts appropriated:				
Restricted Fund	\$ 7,778	\$1,213	\$1,206	\$ 7,785
Facilities and Equipment Replacement Fund	1,075	182		1,257
Improvement Allowance Fund	983	166		1,149
Unemployment Compensation Fund	663			663
Building Fund	5,534	936		6,470
Working capital	3,379	571		3,950
Total	<u>\$19,412</u>	<u>\$3,068</u>	<u>\$1,206</u>	<u>\$21,274</u>

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 deannexation 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, 1984 was \$5,009,000 (1983, \$6,482,000) plus an allocation of \$5,943,000 of interest earned on District investments (1983, \$5,418,000). Benefit payments for the year were \$3,235,000 (1983, \$2,844,000).

A summary of accumulated plan benefits and cash and investments appropriated for accrued pension costs as of January 1, 1983, the date of the most recent actuarial valuation, follows (in thousands):

Actuarial present value of accumulated plant benefits:	
Vested	\$54,637
Nonvested	5,555
Total	<u>\$60,192</u>
Cash and investments appropriated for accrued pension costs	<u>\$51,499</u>

Actuarial assumptions assume an 8% rate of return on investments and retirement age of 65.

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

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CERTIFIED PUBLIC ACCOUNTANTS

AUDITORS' OPINION

The Board of Directors

Alameda-Contra Costa Transit District:

We have examined the accompanying schedule of revenues and expenses by special transit service district and contract service area of Alameda-Contra Costa Transit District for the year ended June 30, 1984. 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.

As described in Note 1, the accompanying schedule was prepared in accordance with the terms of a contract dated October 9, 1974 between the District and the Bay Area Rapid Transit District (BART) as amended by the Contract Service Pricing Method described in the Performance Audit Report of the District dated June 30, 1980 and a letter agreement dated July 14, 1983 between the District and BART (the Contract). The accompanying schedule excludes certain interest income that is not considered in the determination of contract revenue and expense.

In our opinion, the schedule of revenues and expenses referred to above presents fairly the revenues and expenses by special transit service district and contract service area of Alameda-Contra Costa Transit District for the year ended June 30, 1984, in accordance with the terms of the Contract consistently applied.

Deloitte Haskins & Sells Adams, Grant, White & Co.

September 21, 1984

**SCHEDULE OF REVENUES AND EXPENSES
BY SPECIAL TRANSIT SERVICE DISTRICT AND CONTRACT SERVICE AREA**
FOR THE YEAR ENDED JUNE 30, 1984 (In Thousands)

	SPECIAL TRANSIT SERVICE DISTRICT	
	DISTRICT NO. 1	DISTRICT NO. 2
REVENUES:		
Fares	\$29,591	\$ 907
BART transfers	995	98
Property taxes	10,141	1,694
Contract service		
Operating assistance:		
Local sales tax (TDA)	13,079	2,268
Local sales tax (AB 1107)	15,405	
State Transit Assistance Fund	5,672	88
Federal section 5 and 9 grants	5,961	1,125
Other operating revenue:		
Advertising	343	32
Charter	39	
Other transit fares	34	
Other	474	
Interest earned on unrestricted funds	469	102
Total	<u>82,203</u>	<u>6,314</u>
EXPENSES:		
Operator wages	28,485	2,340
Other wages	14,575	1,291
Fringe benefits	20,436	1,724
Fuel and oil	5,178	460
Other materials and supplies	4,931	438
Services	3,002	266
Insurance	1,728	153
Leases and rentals	401	36
Other	2,355	234
Total	<u>81,091</u>	<u>6,942</u>
EXCESS OF REVENUES (EXPENSES) BEFORE DEPRECIATION	1,112	(628)
DEPRECIATION	5,451	484
EXCESS OF EXPENSES OVER REVENUES	<u>\$ (4,339)</u>	<u>\$ (1,112)</u>
STATISTICAL DATA:		
Hours	1,813	154
Miles	25,573	2,366
Farebox recovery ratio	37.75%	14.48%
Operating revenue ratio	39.40%	16.41%

See notes to schedule of revenues and expenses by special transit service District and contract service area.

. CONTRACT SERVICE AREA			
BART	EASTERN CONTRA COSTA COUNTY	WESTERN CONTRA COSTA COUNTY	COMBINED
\$1,141	\$102	\$ 32	\$31,773
			1,093
			11,835
5,883			5,883
	383	56	15,786
			15,405
	486	291	5,760
			7,863
42	4	2	423
			39
			34
			474
			571
<u>7,066</u>	<u>975</u>	<u>381</u>	<u>96,939</u>
2,233	337	131	33,526
1,427	181	71	17,545
1,737	245	96	24,238
521	65	26	6,250
491	62	24	5,946
287	38	15	3,608
175	22	8	2,086
40	5	2	484
155	20	8	2,772
<u>7,066</u>	<u>975</u>	<u>381</u>	<u>96,455</u>
			484
<u>548</u>	<u>69</u>	<u>27</u>	<u>6,579</u>
<u>\$ (548)</u>	<u>\$ (69)</u>	<u>\$ (27)</u>	<u>\$ (6,095)</u>
144	21	8	2,140
3,136	346	136	31,557
16.14%	10.42%	8.35%	34.10%
100.00%	10.90%	8.83%	41.77%

NOTES TO SCHEDULE OF REVENUES AND EXPENSES BY SPECIAL TRANSIT SERVICE DISTRICT AND CONTRACT SERVICE AREA

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 schedule is prepared in accordance with the terms of a contract dated October 9, 1974 between the District and the Bay Area Rapid Transit District (BART) as amended by the Contract Service Pricing Method described in the Performance Audit Report of the District dated June 30, 1980 and a letter agreement dated July 14, 1983 between the District and BART (the Contract). The schedule includes the revenues and expenses 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. Interest earned on restricted funds is not considered in the determination of contract revenue and expense and, accordingly, has been excluded from the accompanying schedule.

2. Summary of Significant Accounting Policies

Allocation of Revenues and Expenses—In accordance with the terms of the Contract, operator wages and fringe benefit costs are based on actual costs incurred. Other expenses are allocated based on vehicle mileage and hours. The following costs are not allocated to the contract service areas and have been charged to Special Transit Service Districts No. 1 and No. 2 as follows:

	District No. 1	District No. 2
Interest	100%	
Charter Office	100	
Purchased transportation services for elderly and handicapped patrons		100%
Board of Directors	80	20
General Manager	80	20
Meetings and memberships	80	20
Transbay Terminal	100	

Marketing expenses are allocated to all Contract Service Areas except BART.

Fare revenue is allocated based on vehicle mileage and hours and passenger test counts. Advertising revenue is allocated based on vehicle miles. The allocated cost of providing transit service, less related operating revenue, is funded from local transportation funds, state and Federal operating assistance and, for BART express service, by direct reimbursement which is recorded as contract service revenue.

Statistical Data—Hours and miles represent the standard operating time and distance for each route multiplied by the number of times each route is traveled in the production of revenue. Included is a standard allowance for vehicles traveling to and from the beginning and end of each route.

Farebox recovery ratio is the sum of fares, BART transfers, and other transit fares divided by total expenses before depreciation. Operating revenue ratio is the sum of fares, contract service, BART transfers, other operating revenue and interest earned on unrestricted funds divided by total expenses before depreciation.

Depreciation is computed 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 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 two noncontributory pension plans, one covering all union employees and another providing similar benefits for nonunion employees. Provisions for pension accruals are based on percentages of gross payroll which provide for the normal cost of the plans plus amortization of prior service cost over a period of not more than forty years. Cash and investments equal to such provisions are appropriated annually by the Board of Directors to provide for the payment of benefits. The provision for pension accrual for the year ended June 30, 1984 was \$5,009,000.

3. Operating Assistance

Federal operating assistance funds are received pursuant to Sections 5 and 9 of the Urban Mass Transportation Act of 1974. Such funds are apportioned to the local urbanized area and are allocated to individual transit operators by MTC after approval by UMTA. Allocations granted during 1984 are subject to final audit and approval by MTC and UMTA.

The District also received allocations of local transportation funds pursuant to the Transportation Development Act of 1971, certain local sales tax funds, and allocations from the State Transit Assistance Fund. These funds are allocated based on annual claims filed by the District and approved by MTC.

4. 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.

DIRECTORS AND MANAGEMENT

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



Ray Rinehart
President



William J. Bettencourt
Vice President



Roy Nakadegawa



William Derk



Linda Shepard



John McDonnell



Michael H. Fajans



L.A. "Kim" Kimball
General Manager



Richard W. Meier
Attorney for the District



Lawrence A. Rosenberg
Assistant General
Manager for Administration
and District Secretary



Nathaniel A. Gage
Assistant General
Manager for Finance



Robert J. Shamoon
Assistant General
Manager for Operations



Glenn R. Andrade
Purchases and
Stores Manager



Richard A. Fratus
Controller



Mike Mills
Marketing Manager



Loren A. Ball
Transportation
Manager



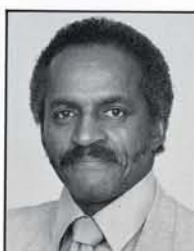
Ozro D. Gould
Risk Manager



Warren E. Robinson
Transportation
Engineer



Donald S. Larson
Research and
Planning Manager



John W. Rose, Jr.
Affirmative Action
Coordinator



Gregory L. Ford
Administrative
Projects Manager



Jim Lowe
Information
Systems Manager

