

**MINUTES
SPECIAL MEETING
DISTRICT PARCEL TAX FISCAL OVERSIGHT COMMITTEE
Alameda-Contra Costa Transit District**

**Friday, December 5, 2008
2:00 p.m. to 3:00 p.m.**

Committee Members:

Janet Abelson
Maria Veramonte
Henry Gardner
Beverly Johnson
Richard Winnie
Carolyn DeRoo
Eloise Bodine

Staff Members:

Jim Gleich
Lewis Clinton
Ken Scheidig

The District Parcel Tax Fiscal Oversight Committee held a special meeting on Friday, December 5, 2008. The meeting was called to order by Janet Abelson.

1. Roll Call

Meeting call to order at 2:20 p.m.

Upon call of the roll, the following committee members responded with their names: Janet Abelson, Henry Gardner, Carolyn DeRoo, Eloise Bodine

Members Absent: Beverly Johnson, Richard Winnie, Maria Veramonte

2. Public Comment –

Christian Peeples addressed questions which were not related to the District Parcel Tax Fiscal Oversight meeting

1. Selection of Chairperson

Motion: Gardner-For Janet Abelson to remain as the chair of the District Parcel Tax Fiscal Oversight Committee

Ayes: Gardner, DeRoo, Bodine (3)
Noes: None
Abstain: None
Absent: Johnson, Winnie, Miramonte – (3)

2. Review of the minutes of the meeting of December 6, 2007

Barbara Daniels will schedule a teleconference for Gardner, Abelson and Winnie to review and approve the 2007 Minutes

3. Expenditure of Measure BB Funds in Special Transit District No. 1

A. Review and Consideration of the AC Transit Schedule of Operations and Maintenance Expenses (including Measure BB Revenue) for the Year Ended June 30, 2008.

Information item, no action required. The CFO reviewed CFO Memo 08-01 with committee members and by consensus the committee received the information contained in CFO Memo 08-01.

**B. Consider the Adoption of Resolution No. 08-01
(CFO Memo No. 08-01)**

Motion: Abelson/DeRoo to adopt Resolution No. 08-01 (4-0-0-3)

Ayes: Gardner, Abelson, Bodine, DeRoo - 4
Noes: None
Abstain None
Absent – Johnson, Anderson and Miramonte – 3

7. Committee/Staff Comments

None

8. Adjourn – 3:00 p.m.

DISTRICT PARCEL TAX
Oversight Committee
Executive Summary

CFO Memo No. 09-01

Meeting Date: December 1, 2009

SUBJECT:

FY 2008-09 MEASURE BB TAX PROCEEDS TO AC TRANSIT SPECIAL TRANSIT SERVICE DISTRICT NO. 1.

RECOMMENDED ACTION:

Information Only Briefing Item Recommended Motion

Review and approve the Measure BB Financial Statement *[Schedule of Operations and Maintenance Expenses by County and Special Transit Service District, Year Ended June 30, 2009]* and attest that funds were used in accordance with the intent of Measure BB and consider adoption of Resolution No. 09-01.

Fiscal Impact:

Preliminary FY 2008-09 Measure BB Tax Receipts of \$15.1 Million to AC Transit, Special Transit Service District No. 1.

Background/Discussion:

On November 5, 2002 the voters in Special Service Transit District No. 1 approved Measure AA which imposed a \$24 per parcel per year tax on properties in District 1 for five years for the operation and maintenance of AC Transit's activities in District 1. On November 2, 2004, the voters in Special Transit Service District 1 approved Measure BB increasing the amount of the tax to \$48 per parcel per year for ten years

BOARD ACTION:

Approved as Recommended [] Other []
Approved with Modification(s) []

The above order was passed on _____, 2009.

Fiscal Oversight Committee, Chair
By _____

CFO Memo No. 09-01

Subject: FY 2008-09 Measure BB Tax Proceeds to AC Transit Special Transit Service District No. 1

Date: December 1, 2009

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commencing on July 1, 2005 and scheduled to terminate on June 30, 2015. Revenues from Measure AA began being generated on July 1, 2003 and revenues from Measure BB began being generated on July 1, 2005. A separate General Ledger account was established to record the collection of this revenue.

Revenue Collection History for each Measures

	<u>FY03/04</u>	<u>FY04/05</u>	<u>FY05/06</u>	<u>FY06/07</u>	<u>FY07/08</u>	<u>FY08/09</u>
AA	\$7.0MM	\$6.9MM				
BB			\$13.8MM	\$13.9MM	\$14.1MM	\$15.1MM

Funds were used for the operation and maintenance of bus services by AC Transit in Special Transit District No. 1 (District 1). Expenditures included all operation and maintenance activities for transportation purposes of the Agency including, but not limited to; equipment, supplies, fuel and lubricants, personnel, compensation, and payment for maintenance of facilities in District 1, in accordance with the provisions of Resolution No. 2067 Section 3.a. Measure AA proceeds amounted to approximately 3% of District transportation operations during FY 2003-04 and 2.7% of District transportation operations in FY 2004-05. In accordance with the provisions of Resolution No. 06-01 Section 1a, Measure BB proceeds amounted to approximately 5% of District transportation operations in FY 2005-06 and 4.7% in FY 2006-07 and 4.1% in FY 2007-08 and 4.5% in FY 2008-09.

See Attachment 2, Measure BB Financial Statement Schedule of Operations and Maintenance Expenses by County and Special Transit Service District, year ended June 30, 2009. The revenue provided by Measure BB funds are essential to the sustainability of District operations.

At the November 12, 2008 Board of Directors meeting. The Board approved adoption of Resolution No. 08-064 establishing the Alameda-Contra Costa Transit District Parcel Tax Oversight Committee, appointing its membership, repealing Resolution No. 2098, and amending Resolution Nos. 2067, 2135, 08-051 and 08-044 as appropriate (GM Memo No. 08-284).

In accordance with AC Transit Resolution No. 2067 and 2135 the Measure AA/BB Oversight committee is requested to review the use of Measure BB funds as accounted for on the attached report and to provide a written report to the AC Transit Board of Directors at their Special Board meeting of December 16, 2009.

Resolution No. 09-01 is attached for your consideration.

CFO Memo No. 09-01

Subject: FY 2008-09 Measure BB Tax Proceeds to AC Transit Special Transit Service District No. 1

Date: December 1, 2009

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Prior Relevant Board Actions/Policies:

GM 08-284 Consider the Adoption of Resolution No. 08-064 Regarding the Oversight Committee for Special Transit District One Parcel Tax Measures

CFO Memo 08-01 Consider the report from the Chief Financial Officer and adopt Resolution No. 08-01 regarding compliance by AC Transit with the requirements of Measure BB for FY 2006-07

Attachments:

1. Measure BB Financial Statement [Schedule of Operations and Maintenance Expenses by County and Special Transit Service District, Year Ended June 30, 2008]
2. Resolution No. 09-01

Approved by: Mary V. King, Interim General Manager

Prepared by: Lewis G. Clinton, Jr., Chief Financial Officer

Date Prepared: November 18, 2009

**ALAMEDA-CONTRA COSTA
TRANSIT DISTRICT**

**Measure BB Schedules with
Independent Accountant's Report**

Year Ended June 30, 2009



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

OAKLAND
505 14th Street, 5th Floor
Oakland, CA 94612
510.273.8974

SACRAMENTO

WALNUT CREEK

LOS ANGELES

NEWPORT BEACH

SAN DIEGO

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

INDEPENDENT ACCOUNTANT'S REPORT

We have performed the procedures enumerated below, which were agreed to by management of the Alameda-Contra Costa Transit District (the District), solely to assist you in evaluating service hours, service miles and the allocation of operations and maintenance expenses by county and special transit service district set forth in the accompanying schedules for the year ended June 30, 2009. The District's management is responsible for the accompanying schedules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

GENERAL

- a. We read the Measure BB voter approved ballot measure noting that the ten-year parcel tax is levied for the purposes of providing essential transportation services, including the operation and maintenance of bus services within District 1.
- b. We traced Measure BB funds received for the year ended June 30, 2009 to the District's general ledger and to the independent confirmations received from the County of Alameda and the County of Contra Costa.

SCHEDULE OF SERVICE HOURS AND SERVICE MILES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT

- a. We tested the schedule for clerical accuracy and noted no clerical errors.
- b. We compared service hours by Special Transit Service District (STSD) for the year ended June 30, 2009 to the worksheets prepared by the District and found them to be in agreement. We compared STSD No. 1 service hours for the year ended June 30, 2009 to the worksheets prepared by the District and noted agreement of service hours by county.

- c. We recomputed the net changes in service hours during the year ended June 30, 2009 by county and STSD, and noted no errors.
- d. We compared service miles by STSD for the year ended June 30, 2009 to worksheets prepared by the District and found them to be in agreement.
- e. We compared STSD No. 1 miles for the year ended June 30, 2009 to the worksheets prepared by the District and noted agreement of service miles by county.
- f. We recomputed the net changes in service miles during the year ended June 30, 2009 by county and STSD, and noted no errors.

SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT

- a. We tested the schedule for mathematical accuracy and noted no mathematical errors.
- b. We compared total expenses to the District's audited Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Transit Fund for the year ended June 30, 2009, and found them to be in agreement.
- c. We recomputed the total expenses before allocation by county and STSD, and noted no errors.
- d. We compared service hours and service miles by county and STSD to the Schedule of Service Hours and Service Miles by county and STSD and found them to be in agreement.
- e. We recomputed the service hours and service miles allocation percentages and noted no errors.
- f. We traced expenses, allocated by county and STSD, to a worksheet prepared by the District and found them to be in agreement. We noted that the District computed the allocated expenses for Contra Costa County, STSD No. 1 as follows:

$$\text{Total expenses before allocation by county and STSD}^{(1)} \times \frac{(\text{Service hours allocation \%} + \text{Service miles allocation \%})}{2}$$

⁽¹⁾ *Excluding purchased transportation expenses related exclusively to STSD No. 2 (Dumbarton Express)*

We recomputed expenses allocated to Contra Costa County, STSD No. 1 using the above calculation and found the recomputed expenses to be in agreement with amounts calculated by the District after giving effect to rounding.

- g. We compared the method used to allocate operations and maintenance expenses to Alameda STSD No. 2 to the District's stated allocation methodology and found them to be in agreement.

- h. We noted that the District computed the allocated expenses for Alameda County STSD No. 1 as follows:

1.	Total expenses before Allocation by county and STSD	-	Expenses allocated to Contra Costa County STSD No. 1	=	Expenses allocated to Alameda County
2.	Expenses allocated to Alameda County	-	Expenses allocated to Alameda County STSD No. 2	=	Expenses allocated to Alameda County STSD No. 1

We recomputed the total allocation of operations and maintenance expenses to Alameda County and Contra Costa County STSD No. 1, and found the recomputed expenses to be in agreement with amounts calculated by the District,

- i. Total operations and maintenance expenses allocated to STSD No. 1 is computed as the sum of expenses allocated to Contra Costa County STSD No. 1 plus expenses allocated to Alameda County STSD No. 1.
- j. We noted that total District operations and maintenance expenses allocated to STSD No. 1 exceeded Measure BB funding of \$15,136,307 by \$310,667,083 for the year ended June 30, 2009.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying schedules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the District's Board of Directors and management and the Measure BB oversight committee and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP
Certified Public Accountants

Oakland, California
November 25, 2009

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
Schedule of Service Hours and Service Miles
by County and Special Transit Service District
Year Ended June 30, 2009

	For the Year Ended June 30, 2008	Net Increase/ (Decrease)	For the Year Ended June 30, 2009
SERVICE HOURS			
Contra Costa - STSD No. 1	<u>239,829</u>	<u>3,607</u>	<u>243,436</u>
Alameda - STSD No. 1	1,583,858	15,623	1,599,481
Alameda - STSD No. 2	<u>220,295</u>	<u>10,503</u>	<u>230,798</u>
Total Alameda service hours	<u>1,804,153</u>	<u>26,126</u>	<u>1,830,279</u>
Total STSD No. 1 service hours	<u>1,823,687</u>	<u>19,230</u>	<u>1,842,917</u>
SERVICE MILES			
Contra Costa - STSD No. 1	<u>3,336,307</u>	<u>(31,627)</u>	<u>3,304,680</u>
Alameda - STSD No. 1	19,282,801	292,644	19,575,445
Alameda - STSD No. 2	<u>3,184,655</u>	<u>(93,790)</u>	<u>3,090,865</u>
Total Alameda service miles	<u>22,467,456</u>	<u>198,854</u>	<u>22,666,310</u>
Total STSD No. 1 service miles	<u>22,619,108</u>	<u>261,017</u>	<u>22,880,125</u>

See accompanying notes to the schedules.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
 Schedule of Operations and Maintenance Expenses
 by County and Special Transit Service District
 Year Ended June 30, 2009

<u>Description</u>	Total Expenses Before Allocation	Contra Costa	Alameda County			Total
	By County and STSD	County STSD #1	STSD #1	STSD #2	Total	STSD #1
<i>Expenses</i>						
Operator wages	\$ 65,376,975	\$ 7,996,791	\$ 50,156,028	\$ 7,224,156	\$ 57,380,184	\$ 58,152,819
Other wages	58,467,280	7,151,610	44,582,903	6,732,767	51,315,670	51,734,513
Fringe benefits	83,197,063	10,176,512	63,644,242	9,376,309	73,020,551	73,820,754
Pension expenses	27,485,119	3,361,929	21,025,617	3,097,573	24,123,190	24,387,546
Services	22,120,988	2,705,799	16,896,118	2,519,071	19,415,189	19,601,917
Fuel and lubricants	17,327,838	2,119,509	13,212,951	1,995,378	15,208,329	15,332,460
Tires and tubes	3,062,328	374,578	2,335,109	352,641	2,687,750	2,709,687
Office/printing supplies	755,639	92,428	576,196	87,015	663,211	668,624
Bus parts/maintenance supplies	11,784,368	1,441,442	8,985,904	1,357,022	10,342,926	10,427,346
Utilities	2,975,954	364,013	2,269,247	342,694	2,611,941	2,633,260
Insurance	5,517,711	674,916	4,207,406	635,389	4,842,795	4,882,322
Taxes	3,318,245	405,882	2,530,252	382,111	2,912,363	2,936,134
Leases and rentals	402,731	49,261	307,094	46,376	353,470	356,355
Other expenses	3,257,336	398,431	2,483,808	375,097	2,858,905	2,882,239
ADA paratransit joint venture	21,061,166	2,576,163	16,534,600	1,950,403	18,485,003	19,110,763
Interest expense	3,058,102	374,061	2,340,954	343,087	2,684,041	2,715,015
Depreciation	37,805,163	4,624,258	28,827,472	4,353,433	33,180,905	33,451,730
Total expenses	\$ 366,974,006	44,887,583	280,915,901	41,170,522	322,086,423	325,803,484
Measure B revenues		-	19,177,473	1,555,716	20,733,189	19,177,473
Measure C revenues		1,472,277	-	-	-	1,472,277
Measure BB revenues		2,499,230	12,637,171	-	12,637,171	15,136,401
Total Measure revenues		3,971,507	31,814,644	1,555,716	33,370,360	35,786,151
Net deficit		\$ (40,916,076)	\$ (249,101,257)	\$ (39,614,806)	\$ (288,716,063)	\$ (290,017,333)
Service Hours	2,073,715	243,436	1,599,481	230,798		
Allocation Percentage	100.00%	11.74%	77.13%	11.13%		
Service Miles	25,970,990	3,304,680	19,575,445	3,090,865		
Allocation Percentage	100.00%	12.72%	75.37%	11.90%		

See accompanying notes to the schedules.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Notes to the Schedule of Service Hours and Service Miles by County and Special Transit Service District and the Schedule of Operations and Maintenance Expenses by County and Special Transit Service District

Year Ended June 30, 2009

(1) General

Measure AA is a 2002 Alameda County and Contra Costa County (Counties) voter approved ballot measure authorizing the Counties to levy and collect a \$24 per year parcel tax over 5 years for the purposes of “*preserving affordable local public transportation services that allow seniors and people with disabilities to remain independent, take students to and from school, help East Bay residents commute to work and reduce traffic and air pollution by reducing the number of cars on the road*”. The voters in Special Transit District 1 approved Measure BB, in replacement of Measure AA, which authorizes the AC Transit District to levy a special tax in the amount of \$48 per year, per parcel for ten years, commencing July 1, 2005. Proceeds from this special tax can only be used to fund the operation and maintenance of bus service within Special Transit Service District (STSD) No. 1.

(2) Summary of Significant Accounting Policies and Schedule Presentation

These schedules are prepared under the guidelines of the agreement between the Contra Costa Transportation Authority and the Alameda-Contra Costa Transit District that essentially allocates expenditures between STSD No. 1 and STSD No. 2. Consequently, they do not present the financial position, changes in financial position, or cash flows of the Alameda-Contra Costa Transit District.

(3) Basis of Accounting

The Schedule of Operations and Maintenance Expenses by County and Special Transit Service District has been prepared in accordance with the accrual basis of accounting.

(4) Basis of Expense Allocation

The expenses on the Schedule of Operations and Maintenance Expenses by County and Special Transit Service District are prorated to the Counties and the Special Transit Service Districts. It is based on an equal weighing of the relationship of hours and miles of service between the Counties and the Special Transit Service Districts within the Counties.

DISTRICT PARCEL TAX FISCAL OVERSIGHT COMMITTEE

RESOLUTION NO. 09-01

A RESOLUTION DETERMINING THAT THE MEASURE BB FUNDS COLLECTED DURING THE 2008-2009 FISCAL YEAR HAVE BEEN APPROPRIATED AND EXPENDED IN SPECIAL TRANSIT SERVICE DISTRICT NO. 1 FOR OPERATION AND MAINTENANCE ACTIVITIES

WHEREAS, on November 5, 2002 the voters in Special Transit Service District No. 1 (District 1) approved Measure AA which imposed a \$24 dollar per parcel per year tax on properties in District 1, for five years, for the operation and maintenance of AC Transit's activities in District 1; and

WHEREAS, AC Transit Resolution No. 2098 created the Measure AA Oversight Committee for the purpose of determining that the monies collected under Measure AA were spent in District 1 for the operation and maintenance of AC Transit's services in District 1, as those terms are defined in AC Transit Resolution No. 2067; and

WHEREAS, on November 2, 2004 the voters in District 1 approved Measure BB, increasing the amount of the parcel tax to \$48.00 per parcel per year for ten years commencing on July 1, 2005; and

WHEREAS, as a consequence of the passage of Measure BB (with an increased time period and amount) Resolution No. 05-031 was adopted repealing Resolution No. 2098 and establishing the Measure AA/BB Oversight Committee, appointed its membership and amended Resolution No. 2067 and 2135 modifying the reporting period from September 30th to December 31st of each year; and

WHEREAS, a special meeting of the District Parcel Tax Fiscal Oversight Committee (the Committee) was held on December 1, 2009 during which the Committee reviewed information provided by Alameda Contra Costa Transit District's Chief Financial Officer contained in CFO Memo No. 09-01; and

NOW, THEREFORE, the District Parcel Tax Oversight Committee does resolve as follows:

SECTION 1. Determines that the monies collected pursuant to Measure BB during the 2008-2009 fiscal year were appropriated and expended for the operation and maintenance of AC Transit services in District 1.

SECTION 2. Authorizes the transmittal of a copy of this resolution to the AC Transit Board of Directors .

SECTION 3. This resolution shall become effective upon its passage by four affirmative votes of the Committee members.

RESOLUTION NO. 09-01 WAS PASSED AND ADOPTED this 1st day of December 2009.

Janet Abelson, Parcel Tax Oversight Committee Chair

Attest:

Barbara Daniels, AC Transit Executive Administrative Assistant

I, Barbara Daniels, Executive Assistant for the Alameda-Contra Costa Transit District, certify that the foregoing Resolution was passed and adopted at a Special Meeting of the District Parcel Tax Fiscal Oversight Committee held on the 1st day of December 2009, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Barbara Daniels, AC Transit Executive Assistant

Approved as to form:

Kenneth C. Scheidig, AC Transit General Counsel

**ALAMEDA-CONTRA COSTA
TRANSIT DISTRICT**

**Measure BB Schedules with
Independent Accountant's Report**

Year Ended June 30, 2009



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SACRAMENTO

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NEWPORT BEACH

SAN DIEGO

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

INDEPENDENT ACCOUNTANT'S REPORT

We have performed the procedures enumerated below, which were agreed to by management of the Alameda-Contra Costa Transit District (the District), solely to assist you in evaluating service hours, service miles and the allocation of operations and maintenance expenses by county and special transit service district set forth in the accompanying schedules for the year ended June 30, 2009. The District's management is responsible for the accompanying schedules. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

GENERAL

- a. We read the Measure BB voter approved ballot measure noting that the ten-year parcel tax is levied for the purposes of providing essential transportation services, including the operation and maintenance of bus services within District 1.
- b. We traced Measure BB funds received for the year ended June 30, 2009 to the District's general ledger and to the independent confirmations received from the County of Alameda and the County of Contra Costa.

SCHEDULE OF SERVICE HOURS AND SERVICE MILES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT

- a. We tested the schedule for clerical accuracy and noted no clerical errors.
- b. We compared service hours by Special Transit Service District (STSD) for the year ended June 30, 2009 to the worksheets prepared by the District and found them to be in agreement. We compared STSD No. 1 service hours for the year ended June 30, 2009 to the worksheets prepared by the District and noted agreement of service hours by county.

- c. We recomputed the net changes in service hours during the year ended June 30, 2009 by county and STSD, and noted no errors.
- d. We compared service miles by STSD for the year ended June 30, 2009 to worksheets prepared by the District and found them to be in agreement.
- e. We compared STSD No. 1 miles for the year ended June 30, 2009 to the worksheets prepared by the District and noted agreement of service miles by county.
- f. We recomputed the net changes in service miles during the year ended June 30, 2009 by county and STSD, and noted no errors.

SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT

- a. We tested the schedule for mathematical accuracy and noted no mathematical errors.
- b. We compared total expenses to the District's audited Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Transit Fund for the year ended June 30, 2009, and found them to be in agreement.
- c. We recomputed the total expenses before allocation by county and STSD, and noted no errors.
- d. We compared service hours and service miles by county and STSD to the Schedule of Service Hours and Service Miles by county and STSD and found them to be in agreement.
- e. We recomputed the service hours and service miles allocation percentages and noted no errors.
- f. We traced expenses, allocated by county and STSD, to a worksheet prepared by the District and found them to be in agreement. We noted that the District computed the allocated expenses for Contra Costa County, STSD No. 1 as follows:

$$\text{Total expenses before allocation by county and STSD}^{(1)} \times \frac{(\text{Service hours allocation \%} + \text{Service miles allocation \%})}{2}$$

⁽¹⁾ *Excluding purchased transportation expenses related exclusively to STSD No. 2 (Dumbarton Express)*

We recomputed expenses allocated to Contra Costa County, STSD No. 1 using the above calculation and found the recomputed expenses to be in agreement with amounts calculated by the District after giving effect to rounding.

- g. We compared the method used to allocate operations and maintenance expenses to Alameda STSD No. 2 to the District's stated allocation methodology and found them to be in agreement.

- h. We noted that the District computed the allocated expenses for Alameda County STSD No. 1 as follows:

1.	Total expenses before Allocation by county and STSD	-	Expenses allocated to Contra Costa County STSD No. 1	=	Expenses allocated to Alameda County
2.	Expenses allocated to Alameda County	-	Expenses allocated to Alameda County STSD No. 2	=	Expenses allocated to Alameda County STSD No. 1

We recomputed the total allocation of operations and maintenance expenses to Alameda County and Contra Costa County STSD No. 1, and found the recomputed expenses to be in agreement with amounts calculated by the District,

- i. Total operations and maintenance expenses allocated to STSD No. 1 is computed as the sum of expenses allocated to Contra Costa County STSD No. 1 plus expenses allocated to Alameda County STSD No. 1.
- j. We noted that total District operations and maintenance expenses allocated to STSD No. 1 exceeded Measure BB funding of \$15,136,307 by \$310,667,083 for the year ended June 30, 2009.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying schedules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the District's Board of Directors and management and the Measure BB oversight committee and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & Connell LLP
Certified Public Accountants

Oakland, California
November 25, 2009

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
Schedule of Service Hours and Service Miles
by County and Special Transit Service District
Year Ended June 30, 2009

	For the Year Ended June 30, 2008	Net Increase/ (Decrease)	For the Year Ended June 30, 2009
SERVICE HOURS			
Contra Costa - STSD No. 1	<u>239,829</u>	<u>3,607</u>	<u>243,436</u>
Alameda - STSD No. 1	1,583,858	15,623	1,599,481
Alameda - STSD No. 2	<u>220,295</u>	<u>10,503</u>	<u>230,798</u>
Total Alameda service hours	<u>1,804,153</u>	<u>26,126</u>	<u>1,830,279</u>
Total STSD No. 1 service hours	<u>1,823,687</u>	<u>19,230</u>	<u>1,842,917</u>
SERVICE MILES			
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Alameda - STSD No. 2	<u>3,184,655</u>	<u>(93,790)</u>	<u>3,090,865</u>
Total Alameda service miles	<u>22,467,456</u>	<u>198,854</u>	<u>22,666,310</u>
Total STSD No. 1 service miles	<u>22,619,108</u>	<u>261,017</u>	<u>22,880,125</u>

See accompanying notes to the schedules.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
 Schedule of Operations and Maintenance Expenses
 by County and Special Transit Service District
 Year Ended June 30, 2009

<u>Description</u>	Total Expenses Before Allocation	Contra Costa	Alameda County		Total	Total
	By County and STSD	County STSD #1	STSD #1	STSD #2	Total	STSD #1
<i>Expenses</i>						
Operator wages	\$ 65,376,975	\$ 7,996,791	\$ 50,156,028	\$ 7,224,156	\$ 57,380,184	\$ 58,152,819
Other wages	58,467,280	7,151,610	44,582,903	6,732,767	51,315,670	51,734,513
Fringe benefits	83,197,063	10,176,512	63,644,242	9,376,309	73,020,551	73,820,754
Pension expenses	27,485,119	3,361,929	21,025,617	3,097,573	24,123,190	24,387,546
Services	22,120,988	2,705,799	16,896,118	2,519,071	19,415,189	19,601,917
Fuel and lubricants	17,327,838	2,119,509	13,212,951	1,995,378	15,208,329	15,332,460
Tires and tubes	3,062,328	374,578	2,335,109	352,641	2,687,750	2,709,687
Office/printing supplies	755,639	92,428	576,196	87,015	663,211	668,624
Bus parts/maintenance supplies	11,784,368	1,441,442	8,985,904	1,357,022	10,342,926	10,427,346
Utilities	2,975,954	364,013	2,269,247	342,694	2,611,941	2,633,260
Insurance	5,517,711	674,916	4,207,406	635,389	4,842,795	4,882,322
Taxes	3,318,245	405,882	2,530,252	382,111	2,912,363	2,936,134
Leases and rentals	402,731	49,261	307,094	46,376	353,470	356,355
Other expenses	3,257,336	398,431	2,483,808	375,097	2,858,905	2,882,239
ADA paratransit joint venture	21,061,166	2,576,163	16,534,600	1,950,403	18,485,003	19,110,763
Interest expense	3,058,102	374,061	2,340,954	343,087	2,684,041	2,715,015
Depreciation	37,805,163	4,624,258	28,827,472	4,353,433	33,180,905	33,451,730
Total expenses	\$ 366,974,006	44,887,583	280,915,901	41,170,522	322,086,423	325,803,484
Measure B revenues		-	19,177,473	1,555,716	20,733,189	19,177,473
Measure C revenues		1,472,277	-	-	-	1,472,277
Measure BB revenues		2,499,230	12,637,171	-	12,637,171	15,136,401
Total Measure revenues		3,971,507	31,814,644	1,555,716	33,370,360	35,786,151
Net deficit		\$ (40,916,076)	\$ (249,101,257)	\$ (39,614,806)	\$ (288,716,063)	\$ (290,017,333)
Service Hours	2,073,715	243,436	1,599,481	230,798		
Allocation Percentage	100.00%	11.74%	77.13%	11.13%		
Service Miles	25,970,990	3,304,680	19,575,445	3,090,865		
Allocation Percentage	100.00%	12.72%	75.37%	11.90%		

See accompanying notes to the schedules.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Notes to the Schedule of Service Hours and Service Miles by County and Special Transit Service District and the Schedule of Operations and Maintenance Expenses by County and Special Transit Service District

Year Ended June 30, 2009

(1) General

Measure AA is a 2002 Alameda County and Contra Costa County (Counties) voter approved ballot measure authorizing the Counties to levy and collect a \$24 per year parcel tax over 5 years for the purposes of “*preserving affordable local public transportation services that allow seniors and people with disabilities to remain independent, take students to and from school, help East Bay residents commute to work and reduce traffic and air pollution by reducing the number of cars on the road*”. The voters in Special Transit District 1 approved Measure BB, in replacement of Measure AA, which authorizes the AC Transit District to levy a special tax in the amount of \$48 per year, per parcel for ten years, commencing July 1, 2005. Proceeds from this special tax can only be used to fund the operation and maintenance of bus service within Special Transit Service District (STSD) No. 1.

(2) Summary of Significant Accounting Policies and Schedule Presentation

These schedules are prepared under the guidelines of the agreement between the Contra Costa Transportation Authority and the Alameda-Contra Costa Transit District that essentially allocates expenditures between STSD No. 1 and STSD No. 2. Consequently, they do not present the financial position, changes in financial position, or cash flows of the Alameda-Contra Costa Transit District.

(3) Basis of Accounting

The Schedule of Operations and Maintenance Expenses by County and Special Transit Service District has been prepared in accordance with the accrual basis of accounting.

(4) Basis of Expense Allocation

The expenses on the Schedule of Operations and Maintenance Expenses by County and Special Transit Service District are prorated to the Counties and the Special Transit Service Districts. It is based on an equal weighing of the relationship of hours and miles of service between the Counties and the Special Transit Service Districts within the Counties.