

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



**STAFF REPORT**

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**MEETING DATE:** 11/8/2022

**Staff Report No.** 22-541

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**TO:** Distict Parcel Tax Fiscal Oversight Committee  
**FROM:** Michael A. Hursh, General Manager  
**SUBJECT:** FY 2021-2022 Measure VV/C1 Financial Statement

**ACTION ITEM**

**RECOMMENDED ACTION(S):**

Review the Measure VV/C1 Financial Statement and consider the adoption of Resolution No. 22-001 determining that the Measure VV/C1 funds collected during the 2021-22 Fiscal Year have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities.

- History of the District 1 - District 2 Allocation Methodology;
- Measure VV/C1 Agreed Upon Procedure, including an Hours and Miles Comparison for District 1/District 2;
- AC Transit Audited Financial Statements (includes the D1/D2 Report and Supplemental Schedule).

Staff Contact:  
Chris Andrichak, Chief Financial Officer

**BUDGETARY/FISCAL IMPACT:**

There are no budgetary or fiscal impacts associated with this report.

**BACKGROUND/RATIONALE:**

The parcel tax was initially enacted in 2002. Proceeds from this special tax can only be used to fund the operations and maintenance of bus service within District 1. In 2008, the voters in District 1 approved Measure VV, which increased the tax to \$96 per year per parcel for a 10-year period.

In 2016, the voters in District 1 approved Measure C1, which extended the expiration date of the Parcel Tax until 2039. Measure VV proceeds are specifically designated for the operation and maintenance of bus services and this revenue is essential to the sustainability of operations in District 1.

Measure VV funds for Operations and Maintenance Expenses by County and Special Transit Service District for the fiscal year ending June 30, 2022 are shown in Attachment 2 - Measure VV Schedules with Independent Auditor's Report.

**Revenue Collection History for Measure VV/C1**

	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>FY 20-21</b>	<b>FY 21-22</b>
Measure VV/C1	\$29.6M	\$29.7M	\$29.6M	\$30.1M	\$29.8M

On November 12, 2008, the Board of Directors adopted Resolution 08-064 establishing the Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee. The Committee is required to meet at least once per year to determine that funds generated by the District's parcel tax measures have been expensed in accordance with the intentions of the voters. In addition, the Committee is required to provide a written report or resolution regarding its findings to the Board of Directors and during the same time frame that the Chief Financial Officer makes his/her report on the annual fiscal year audit. In accordance with this resolution, the Committee is requested to review the use of Measure VV funds as accounted for in the attached report and to provide a written report and/or resolution to the AC Transit Board of Directors at the Regular Board meeting on December 14, 2022. Resolution 22-001 is attached for the Committee's consideration in confirming that the Measure VV funds collected during the 2021-22 fiscal year have been appropriated and expended in District 1 for operations and maintenance activities.

**ADVANTAGES/DISADVANTAGES:**

There are no advantages or disadvantages associated with this report.

**ALTERNATIVES ANALYSIS:**

There are no alternatives as this report is a requirement for the Parcel Tax Fiscal Oversight Committee.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

Staff Report 21-562 with Resolution 21-001, FY 2020-21 Measure VV/C1 Tax Proceeds to AC Transit Special Transit Service District

**ATTACHMENTS:**

1. Resolution 22-001
2. Measure VV Agreed Upon Procedures
3. Schedules for Districts No. 1 and No. 2
4. AC Transit Audited Financial Statements; Year Ended June 30, 2022
5. Presentation

**Prepared by:**

Kenneth Myers, Acting Controller

**Approved/Reviewed by:**

Chris Andrichak, Chief Financial Officer

Michael A. Hursh, General Manager

Jill A. Sprague, General Counsel (as to Resolution only)

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
RESOLUTION NO. 22-001**

**A RESOLUTION DETERMINING THAT THE MEASURE VV/C1 FUNDS COLLECTED DURING THE  
2021-22 FISCAL YEAR HAVE BEEN APPROPRIATED AND EXPENDED IN SPECIAL TRANSIT  
SERVICE DISTRICT NO. 1 FOR OPERATION AND MAINTENANCE ACTIVITIES**

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**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 Resolutions No. 2067 and 2135 modifying the reporting period from September 20<sup>th</sup> to December 31<sup>st</sup> of each year; and

**WHEREAS**, on November 4, 2008, the voters in District 1 approved Measure VV, increasing the amount of the parcel tax to \$96.00 per parcel per year for ten years, commencing on July 1, 2009; and

**WHEREAS**, on November 8, 2016, the voters in District 1 approved Measure C1 which extended the expiration date of the parcel tax for a period of 20 years until 2039; and

**WHEREAS**, a regular meeting of the Alameda-Contra Costa District Parcel Tax Fiscal Oversight Committee (“the Committee”) was held on November 8, 2022, during which the Committee reviewed information provided by Alameda-Contra Costa Transit District’s Chief Financial Officer contained in Staff Report No. 22-541.

**NOW THEREFORE**, the Parcel Tax Fiscal Oversight Committee of the Alameda-Contra Costa Transit District does resolve as follows:

**Section 1.** Determines that the monies collected pursuant to Measure VV/C1 during the 2021-22 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 immediately upon its passage by four affirmative votes of the Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee.

**PASSED AND ADOPTED** this 8th day of November, 2022.

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Chair

Attest:

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Linda A. Nemeroff, District Secretary

I, Linda A. Nemeroff, District Secretary for the Alameda-Contra Costa Transit District, do hereby certify that the foregoing Resolution was passed and adopted at a special meeting of the Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee held on the 8th day of November, 2022, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Linda A. Nemeroff, District Secretary

Approved as to Form and Content:

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Jill A. Sprague, General Counsel

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**

**MEASURE VV AGREED UPON PROCEDURES**

June 30, 2022

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

MEASURE VV AGREED UPON PROCEDURES

June 30, 2022

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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, solely to assist you in evaluating compliance with the service hours, service miles, and the allocation of operations and maintenance expenses by county and Special Transit Service District (STSD) set forth in the accompanying schedules for the year ended June 30, 2022. The Alameda-Contra Costa Transit District's (District) management is responsible for compliance and the accompanying schedules.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding compliance with the service hours, service miles, and the allocation of operations and maintenance expenses by county and SSTSD. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

Our procedures and findings are as follows:

**General**

- a) We read the Measure VV 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.

*Step performed without exception.*

- b) We traced Measure VV funds received for the year ended June 30, 2022 to the District's general ledger and to the independent confirmations received from the County of Alameda and the County of Contra Costa.

*Step performed without exception.*

**Schedule of Service Hours and Service Miles By County and Special Transit Service District**

- a) We tested the schedule for clerical accuracy.

*Step performed without exception.*

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(Continued)

- b) We compared service hours for the year ended June 30, 2022 to the worksheets prepared by the District.

*Step performed without exception.*

- c) We compared STSD No. 1 service hours for the year ended June 30, 2022 to the worksheets prepared by the District.

*Step performed without exception.*

- d) We recomputed the net changes in service hours during the year ended June 30, 2022 by county and STSD.

*Step performed without exception.*

- e) We compared STSD No. 1 miles by county for the year ended June 30, 2022 to the worksheets prepared by the District.

*Step performed without exception.*

- f) We recomputed the net changes in service miles during the year ended June 30, 2022 by county and STSD.

*Step performed without exception.*

**Schedule of Operations and Maintenance Expenses Funded by Measure VV Taxed by County and Special Transit Service District**

- a) We tested the schedule for mathematical accuracy.

*Step performed without exception.*

- b) We compared total expenses to the District's unaudited Statement of Revenues, Expenses, and Changes in Fund Net Position for the Transit Fund for the year ended June 30, 2022.

*Step performed without exception.*

- c) We recomputed the total expenses before allocation by county and STSD.

*Step performed without exception.*

- 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.

*Step performed without exception.*

- e) We recomputed the service hours and service miles allocation percentages.

*Step performed without exception.*

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(Continued)

- f) We traced expenses, allocated by county and STSD, to a worksheet prepared by the District. We noted that the District computed the allocated expenses for Contra Costa County, STSD No. 1 as follows:

$$\begin{array}{l} \text{Total Expenses before allocation} \\ \text{By County and STSD} \end{array} \times \frac{\text{Service Hours allocation \% (a) + Service Miles allocation \% (b)}}{2}$$

$$(a) \text{ Service Hours allocation \%} = \frac{\text{Contra Costa County STSD 1 Service Hours}}{\text{Total STSD 1 Service Hours}}$$

$$(b) \text{ Service Miles Allocation \%} = \frac{\text{Contra Costa County STSD 1 Service Miles}}{\text{Total STSD 1 Service Miles}}$$

*Step performed without exception.*

- g) We recomputed expenses allocated to Contra Costa County, STSD No. 1 using the above calculation and compared to the amounts calculated by the District.

*Step performed without exception.*

- h) We compared the method used to allocate operations and maintenance expenses to Alameda STSD No. 2 to the District's stated allocation methodology.

*Step performed without exception.*

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

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

- j) We noted that the District allocated total operations and maintenance expenses to STSD No. 1 by adding the sum of expenses allocated to Contra Costa County STSD No. 1 plus expenses allocated to Alameda County STSD No. 1.

*Step performed without exception.*

- k) We recomputed the total allocation of operations and maintenance expenses to Alameda County and Contra Costa County STSD No. 1.

*Step performed without exception.*

- l) We verified that the Measure VV proceeds received by the District did not exceed the operations and maintenance expenses allocated to STSD No. 1.

*Step performed without exception.*

- m) We noted that total District operations and maintenance expenses allocated to STSD No. 1 exceeded Measure VV funding of \$29,838,079 by \$427,708,947 for the year ended June 30, 2022.

*Step performed without exception.*

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(Continued)

- n) We recalculated the total revenues and capital contributions and expenses for STSD No. 2.

*Step performed without exception.*

- o) Calculate the cost coverage ratio for STSD No. 2 as defined by total operating revenues plus capital contributions for STSD No. 2 divided by total operating expenses for STSD No 2.

*Step performed without exception.*

#### **Schedule of Maintenance Costs Funded By Measure VV Taxes By County and Special Transit Service District**

- a) We obtained the Schedule of Maintenance Costs Funded by Measure VV Taxes (Schedule) from the District.

*Step performed without exception.*

- b) We agreed Total Modal Expenses reported on the Schedule for function code 041 Vehicle Maintenance and 042 Non-vehicle Maintenance to the District's National Transit Database Report, Operating Expenses (F-30) form.

*Step performed without exception.*

- c) We recalculated the percentage used to allocate costs reported on the Schedule by using expense allocations reported in the Special Transit Service Districts No. 1 and No. 2 Schedule with Independent Accountant's Report.

*Step performed without exception.*

- d) We agreed Measure VV Taxes to the Special Transit Service Districts No. 1 and No. 2 Schedule with Independent Accountant's Report.

*Step performed without exception.*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying schedule. Accordingly, we do not express such an opinion or conclusion. 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 management and the Board of Directors of the District and the Measure VV parcel tax oversight committee and is not intended to be, and should not be, used by anyone other than the specified parties.

Crowe LLP

San Francisco, California  
December <>, 2022

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
 SCHEDULE OF SERVICE HOURS AND SERVICE MILES  
 BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
 For The Year Ended June 30, 2022

	For the Year Ended June 30, 2021	Net Increase/ (Decrease)	For the Year Ended June 30, 2022
<b>SERVICE HOURS</b>			
Contra Costa - STSD No. 1	214,833	(4,224)	210,609
Alameda - STSD No. 1	1,325,412	165	1,325,577
Alameda - STSD No. 2	159,046	25,272	184,318
Total Alameda service hours	<u>1,484,458</u>	<u>25,437</u>	<u>1,509,895</u>
Total STSD No. 1 service hours	<u>1,540,245</u>	<u>(4,059)</u>	<u>1,536,186</u>
Total Service Hours	<u><u>1,699,291</u></u>	<u><u>(4,059)</u></u>	<u><u>1,720,504</u></u>
<b>SERVICE MILES</b>			
Contra Costa - STSD No. 1	1,931,342	(73,881)	1,857,461
Alameda - STSD No. 1	13,300,161	(78,225)	13,221,936
Alameda - STSD No. 2	2,288,693	4,478	2,293,171
Total Alameda service miles	<u>15,588,854</u>	<u>(73,747)</u>	<u>15,515,107</u>
Total STSD No. 1 service miles	<u>15,231,503</u>	<u>(152,106)</u>	<u>15,079,397</u>
Total Service Miles	<u><u>17,520,196</u></u>	<u><u>(152,106)</u></u>	<u><u>17,372,568</u></u>

The Total Service Hours and Miles net difference calculations above were incorrect in the original document presented to the PTOC. They should be:  
 Net change in Service Hours: 21,213  
 Net change in Service Miles: (147,628)

See accompanying notes to the schedule.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES FUNDED BY  
MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
For The Year Ended June 30, 2022

	Before Allocation By County	Contra Costa County STSD #1	Alameda County		Total	Total STSD #1
			STSD #1	STSD #2		
Expenses						
Operator wages	\$ 83,527,174	\$ 9,638,532	\$ 64,425,013	\$ 9,463,629	\$ 73,888,642	\$ 74,063,545
Other wages	79,767,261	9,139,626	61,090,271	9,537,364	70,627,635	70,229,897
Fringe benefits	125,693,480	14,453,561	96,609,198	14,630,721	111,239,919	111,062,759
Pension expenses	43,542,188	5,006,940	33,466,937	5,068,311	38,535,248	38,473,877
Services	38,314,886	4,390,069	29,343,702	4,581,115	33,924,817	33,733,771
Fuel and lubricants	16,716,545	1,915,359	12,802,474	1,998,712	14,801,186	14,717,833
Office/printing supplies	842,441	96,526	645,189	100,726	745,915	741,715
Bus parts/maintenance supplies	13,004,347	1,490,021	9,959,463	1,554,863	11,514,326	11,449,484
Utilities	4,437,416	508,433	3,398,424	530,559	3,928,983	3,906,857
Insurance	21,392,288	2,451,100	16,383,421	2,557,767	18,941,188	18,834,521
Other expenses	9,095,496	1,042,150	6,965,844	1,087,502	8,053,346	8,007,994
ADA paratransit joint venture	28,786,857	3,154,925	21,087,868	4,544,064	25,631,932	24,242,793
Interest expense	500,490	57,340	383,267	59,883	443,150	440,607
Depreciation	54,111,169	6,199,986	41,441,387	6,468,796	47,911,183	47,641,373
Total expenses	\$ 519,732,038	59,544,568	398,002,458	62,185,012	460,187,470	457,547,026
Measure VV revenues		5,114,644	24,723,435	-	24,723,435	29,838,079
Net deficit		<u>\$ (54,429,924)</u>	<u>\$ (373,279,023)</u>	<u>\$ (62,185,012)</u>	<u>\$ (435,464,035)</u>	<u>\$ (427,708,947)</u>
Service Hours	1,720,504	210,609	1,325,577	184,318		1,536,186
Allocation Percentage	100.00%	12.24%	77.05%	10.71%		89.29%
Service Miles	17,372,568	1,857,461	13,221,936	2,293,171		15,079,397
Allocation Percentage	100.00%	10.69%	76.11%	13.20%		86.80%
Average	100.00%	11.47%	76.58%	11.96%		88.04%

See accompanying notes to the schedule.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
 SCHEDULE OF MAINTENANCE COSTS FUNDED BY MEASURE VV TAXES  
 BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
 For Year Ended June 30, 2022

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<u>Maintenance Costs and Funding</u>	<u>STSD #1</u>		<u>STSD #2</u>		<u>Total</u>
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	
Total model expenses					
041 Vehicle maintenance	\$ 57,498,882	89.76%	\$ 6,558,725	10.24%	\$ 64,057,607
042 Non-vehicle maintenance	<u>14,717,433</u>	89.76%	<u>1,678,702</u>	10.24%	<u>16,396,135</u>
Total maintenance costs	<u>72,216,315</u>		<u>8,237,427</u>		<u>80,453,742</u>
Measure VV taxes	<u>29,838,079</u>	100.00%	-	0.00%	<u>29,838,079</u>
Net costs funded by other resources	<u>\$ 42,378,236</u>		<u>\$ 8,237,427</u>		<u>\$ 50,615,663</u>

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
PROCEDURES PERFORMED AND CONCLUSIONS  
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 FUNDED BY  
MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT  
For The Year Ended June 30, 2022

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**NOTE 1 - GENERAL**

On November 30, 2004, the voters approved Measure BB, which superseded the Measure AA parcel tax authorizing Alameda and Contra Costa Counties (the Counties) to levy and collect a parcel tax 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 tax became effective on July 1, 2005 and was to terminate on June 30, 2016. However, on November 4, 2008, the voters approved Measure VV, which supersedes the Measure BB parcel tax. Measure VV became effective July 1, 2009 and increased the annual parcel tax to \$96 per parcel. Measure VV was originally effective through June 30, 2019, but voters approved the extension through June 30, 2039. 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. The District received approximately \$29.8 million in Measure VV taxes during the year ended June 30, 2022.

**NOTE 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 expenses 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.

**NOTE 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.

**NOTE 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.

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**

**SPECIAL TRANSIT SERVICE  
SCHEDULES FOR DISTRICTS NO. 1 AND NO. 2**

June 30, 2022

# DRAFT

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

SPECIAL TRANSIT SERVICE  
SCHEDULES FOR DISTRICTS NO. 1 AND NO. 2  
June 30, 2022

## CONTENT

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, solely to assist you in evaluating compliance with the Board approved allocation methodology of the Schedule of Revenues and Expenses by Service Area for the year ended June 30, 2022. The Alameda-Contra Costa Transit District's (District) management is responsible for compliance and the accompanying schedules.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding compliance with the compliance with the Board approved allocation methodology of the Schedule of Revenues and Expenses by Service Area. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

Our procedures and findings are as follows:

**General:**

- A. We have read the Special Transit Service Districts (STSD) No. 1 and No. 2 allocation methodology for consistency with the prior year, and inquired of District Controller for any changes.

*Step performed without exception.*

**Schedule of Revenues and Expenses by Service Area:**

- B. We have compared the Schedule to the audited financial statements.

*Step performed without exception.*

- C. We compared service hours by STSD and by Alameda and Contra Costa Counties for the year ended June 30, 2022 that are used for allocation to the supporting spreadsheets prepared by the District.

*Step performed without exception.*

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(Continued)

# DRAFT

- D. We compared the net changes in service hours from the prior year to the year ended June 30, 2022 by Alameda and Contra Costa counties and STSD.

*Step performed without exception. District 1 service hours were 1,536,186 (89.29%) in FY22 and 1,540,245 (90.64%) in FY21. District 2 service hours were 184,318 (10.71%) in FY22 and 159,046 (9.36%) in FY21.*

- E. We compared service miles by STSD and by Alameda and Contra Costa Counties for the year ended June 30, 2021 that are used for allocation to the supporting spreadsheets prepared by the District.

*Step performed without exception.*

- F. We compared the net changes in service miles from the prior year to the year ended June 30, 2022 by Alameda and Contra Costa counties and STSD.

*Step performed without exception. District 1 service miles were 15,079,397 (86.80%) in FY22 and 15,231,503 (86.94%) in FY21. District 2 service miles were 2,293,171 (13.20%) in FY22 and 2,288,693 (13.06%) in FY21.*

- G. We recalculated the allocation of each financial statement caption in the Schedule by applying the District's allocation methodology for each caption to the District's total revenue or expense line item amount and compared this to the Schedule provided by the District.

*Step performed without exception.*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the schedule and allocation methodology. Accordingly, we do not express such an opinion or conclusion. 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 management and the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than the specified parties.

Crowe LLP

San Francisco, California  
December <>, 2022

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA**  
For the Year Ended June 30, 2022

	STSD #1	STSD #2	Total	STSD #2 as a % of Total	Allocation Method- ology
<b>Revenues:</b>					
Passenger fares	\$ 22,998,434	\$ 1,592,826	\$ 24,591,260	6.48%	(1)
BART transfers	3,202,322	221,786	3,424,108	6.48%	(3)
Contract services	7,638,159	-	7,638,159	0.00%	(14)
Advertising	1,302,340	176,861	1,479,201	11.96%	(2)
Interest income	44,604	7,126	51,730	13.78%	(6)
Other	1,994,824	270,902	2,265,726	11.96%	(14)
Total operating revenues	<u>37,180,683</u>	<u>2,269,501</u>	<u>39,450,184</u>	5.75%	
<b>Subsidies:</b>					
Property taxes	109,479,213	26,676,126	136,155,339	19.59%	(7)
Property taxes - Measure VV	29,838,078	-	29,838,078	0.00%	(10)
Local sales tax - Measure B	26,594,526	2,160,300	28,754,826	7.51%	(11)
Local sales tax - Measure BB	47,136,731	6,401,264	53,537,995	11.96%	(2)
Local sales tax - Measure J	5,651,216	-	5,651,216	0.00%	(10)
Local operating assistance	8,702,898	4,171,301	12,874,199	32.40%	(14)
State - AB1107	45,744,908	6,043,735	51,788,643	11.67%	(15)
State - AB2972 Home to School	500,000	-	500,000	0.00%	(10)
State - TDA	60,385,923	13,615,872	74,001,795	18.40%	(14)
State - STA	22,995,506	3,672,468	26,667,974	13.77%	(5)
Federal operating assistance	69,439,382	9,057,933	78,497,315	11.54%	(2)
Total subsidies	<u>426,468,381</u>	<u>71,798,999</u>	<u>498,267,380</u>	14.41%	
Total revenue & subsidies	<u>463,649,064</u>	<u>74,068,500</u>	<u>537,717,564</u>	13.77%	
<b>Expenses:</b>					
Operator wages	74,063,545	9,463,629	83,527,174	11.33%	(4)
Other wages	70,229,897	9,537,364	79,767,261	11.96%	(2)
Fringe benefits	111,062,759	14,630,721	125,693,480	11.64%	(13)
Pension expense	38,473,877	5,068,311	43,542,188	11.64%	(13)
Services	33,733,771	4,581,115	38,314,886	11.96%	(2)
Fuel & lubricants	14,717,833	1,998,712	16,716,545	11.96%	(2)
Office/Printing supplies	741,715	100,726	842,441	11.96%	(2)
Bus parts/Maint. supplies	11,449,484	1,554,863	13,004,347	11.96%	(2)
Utilities	3,906,857	530,559	4,437,416	11.96%	(2)
Insurance	18,834,521	2,557,767	21,392,288	11.96%	(2)
Other expenses	8,007,994	1,087,502	9,095,496	11.96%	(2)
Purchased transportation	24,242,793	4,544,064	28,786,857	15.79%	(8)
Interest expense	440,607	59,883	500,490	11.96%	(9)
Depreciation	47,641,373	6,469,796	54,111,169	11.96%	(2)
Total operating expenses	<u>457,547,026</u>	<u>62,185,012</u>	<u>519,732,038</u>	11.96%	
Income before capital contributions	6,102,038	11,883,488	17,985,526	66.07%	
Capital contributions	<u>29,387,094</u>	<u>3,114,285</u>	<u>32,501,379</u>	9.58%	(14)
Change in net position	<u>\$ 35,489,132</u>	<u>\$ 14,997,773</u>	<u>\$ 50,486,905</u>		

See accompanying notes to the schedule.

**NOTE 1 – GENERAL**

Special Transit Service District (STSD) No. 1 was the designation used from the creation of the Alameda-Contra Costa Transit District (District) for its original territory, consisting of the cities and surrounding unincorporated area from Richmond and San Pablo through Hayward. STSD No. 1 extends from San Pablo Bay to Hayward, including the cities of Richmond, San Pablo, El Cerrito, Albany, Berkeley, Emeryville, Oakland, Piedmont, Alameda, San Leandro, Hayward, and the unincorporated areas of Ashland, Castro Valley, Cherryland, El Sobrante, Kensington, and San Lorenzo. STSD No. 2 was created through an annexation agreement and includes the City of Fremont and the City of Newark in southwestern Alameda County where the District operates a network of local routes. Local service within Union City is operated by a separate agency, Union City Transit. Service to Palo Alto across the Dumbarton Bridge on the DB line is provided by the District under contract with a consortium of operators, led by the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SCHEDULE PRESENTATION**

The accompanying Schedule was prepared in accordance with accounting principles generally accepted in the United States of America and the allocation methodology guidelines listed below. This Schedule does not present the financial position, changes in financial position, or cash flows of the District.

**NOTE 3 – BASIS OF ACCOUNTING**

The Schedule has been prepared in accordance with the accrual basis of accounting.

**NOTE 4 – BASIS OF ALLOCATION**

The revenues and expenses on the Schedule are prorated between STSD No. 1 and No. 2 based on an allocation methodology that is specific to each financial statement caption. The primary allocation basis is an equal weighting of the relationship of hours and miles of service between the counties and the Special Transit Service District within the counties. The complete listing of allocation methodology is reported on page 5.

DRAFT  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
ALLOCATION METHODOLOGY  
For the Year Ended June 30, 2022

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- (1) Fare box revenues are allocated on the basis of estimated revenues for each route operated by a District as record by the GFI system. Estimated revenues consist of cash collected on a route, plus the impact of estimated revenues related to passes and tickets used on that same route.
  - (2) This revenue/expense line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula:  
$$\frac{(\text{District svc. Hours/Total svc. Hours}) + (\text{District svc. Miles/Total svc. Miles})}{2}$$
  - (3) BART transfer revenue is allocated on the basis of each District's pro-rata share of fare box revenues as calculated under (1) above.
  - (4) Actual operator pay per the general ledger is allocated to each District based on its prorata share of scheduled operator pay as recorded by the OTS 370 report.
  - (5) State transit assistance revenues are allocated to each District based on its pro-rata share of "qualifying revenues", which are defined by the District to include the following: property taxes, Measure VV revenues, Measure B revenues, Measure BB revenues, Measure J revenues, fare box revenues, contract services, and Dumbarton reimbursement Revenues.
  - (6) Interest income is allocated to each District based on its pro-rata share of total revenues and subsidies, excluding interest income.
  - (7) Property taxes are allocated to each District on the basis of actual revenue as reported to the District by Alameda and Contra Costa County.
  - (8) ADA paratransit subsidies are expenses that are allocated to each District based on its prorata share of ridership as reported to the District by its paratransit contractor.
  - (9) Interest expense is allocated to each District based on its pro-rata share of total expenses, excluding interest expense.
  - (10) Allocation of this revenue or expenses line item is not necessary as it is associated solely with a single District.
  - (11) Measure B revenues were allocated between the Districts using two different methodologies. For the former Measure B, revenues are allocated using the formula in (2) above. Subsequent to May 31, 2002, Measure B revenues are based on the revised legislation, which allocates a specific portion of the total revenues received from each District.
  - (12) TDA revenues are allocated to each District on the basis of actual revenues as reported to the District by the Metropolitan Transportation Commission.
  - (13) Fringe benefits and pension expenses are allocated using the sum of each District's pro-rata share of operator's wages and other wages divided by the sum of total operator wages and other wages.
  - (14) This revenue or expense line item is allocated to the District in which such services are provided, or if District wide, using methodology (2) above.
  - (15) Allocation of this revenue line item is based upon the allocation percentage approved by the District's Board of Directors.
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**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**FINANCIAL STATEMENTS**  
June 30, 2022

DRAFT  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
ENTERPRISE FUND - STATEMENT OF NET POSITION  
June 30, 2022  
(In thousands)

**ASSETS**

Current assets

Cash and cash equivalents (Note 3)	\$ 131,912
Restricted cash and cash equivalents:	
Restricted for capital purchases (Note 3)	25,466
Investments (Note 3)	82,584
Receivables:	
Federal and local grants:	
Capital	18,487
Planning, operating and other (Note 7)	7,857
Property tax	23,951
Local sales tax	8,977
Other trade receivables	5,072
Total receivables, net	64,344
Due from Pension Trust Fund (Note 5)	6,161
Inventory	14,824
Prepaid expenses	13,468
Total current assets	338,759

Noncurrent assets

Restricted cash and cash equivalents:	
Restricted for certificates of participation - debt service (Note 3)	1,137
Capital assets (Note 4)	
Nondepreciable	137,539
Depreciable, net	303,267
Total capital assets, net	440,806
Total noncurrent assets	441,943
Total assets	780,702

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related (Note 9)	59,823
OPEB related (Note 10)	14,815
Deferred loss on refunding debt (Note 8)	481
Total deferred outflows of resources	75,119
Total assets and deferred outflows of resources	\$ 855,821

(Continued)

**DRAFT**  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
ENTERPRISE FUND - STATEMENT OF NET POSITION  
June 30, 2022  
(In thousands)

**LIABILITIES**

Current liabilities

Accounts payable and accrued expenses	\$ 20,090
Accrued salaries and wages	4,562
Current portion of accrued vacation and sick leave	22,370
Due to Pension Trust Fund (Note 5)	11,039
Unearned revenue	15,935
Other accrued liabilities	15,043
Accrued interest payable	170
Current portion of claims liabilities (Note 13)	11,423
Current portion of remediation obligations (Note 12)	67
Current portion of certificates of participation (Note 8)	435
Total current liabilities	101,134

Noncurrent liabilities

Accrued vacation and sick leave	10,090
Claims liabilities (Note 13)	68,970
Remediation obligations (Note 12)	952
Certificates of participation (Note 8)	11,220
Revolving line of credit (Note 8)	15,777
Net pension liability (Note 9)	209,479
Net OPEB liability (Note 10)	167,668
Total noncurrent liabilities	484,156

Total liabilities	585,290
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**DEFERRED INFLOWS OF RESOURCES**

Pension related (Note 9)	55,933
OPEB related (Note 10)	49,333
Total deferred inflows of resources	105,266

Total liabilities and deferred inflows of resources	690,556
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**NET POSITION**

Net investment in capital assets	429,151
Restricted for capital purchases (Note 11)	25,466
Restricted for debt service	967
Unrestricted	(290,319)
Total net position	\$ 165,265

The accompanying notes are an integral part of these financial statements.

**DRAFT**  
 ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
 ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 Year ended June 30, 2022  
 (In thousands)

<b>Operating Revenues</b>	
Passenger fares	\$ 23,558
Contract services	11,062
Operating revenues of JPA and consortium (Note 14)	1,033
Other	3,745
Total operating revenues	39,398
 <b>Operating expenses</b>	
Operator wages	83,527
Other wages	79,767
Fringe benefits	169,236
Depreciation (Note 4)	54,111
Fuel and oil	16,717
Other material and supplies	13,847
Services	38,315
Insurance	21,392
Expenses of JPA and consortium (Note 14)	28,787
Other	13,532
Total operating expenses	519,231
Operating loss	(479,833)
 <b>Non-operating revenues (expenses)</b>	
Operating assistance:	
Property taxes	165,993
Local sales tax (Note 7)	123,570
Local funds (Note 7)	78,652
State (Note 7)	22,372
Federal (Note 7)	72,522
Non-operating revenues of JPA and consortium	35,158
Interest income	52
Interest expense	(500)
Net non-operating revenues (expenses)	497,819
Gain (loss) before capital contributions	17,986
Capital contributions (Note 6)	32,501
Change in net position	50,487
Net position at beginning of year	114,778
<b>Net position at end of year</b>	<b>\$ 165,265</b>

The accompanying notes are an integral part of these financial statements.

# Parcel Tax Fiscal Oversight Committee Meeting

November 8, 2022



# Special Transit Service District 2 (SD2)

- The Agreed Upon Allocation Methodology was jointly developed by representatives from SD1 and SD2
- The Allocation Methodology was formally approved by the District's Board of Directors and the Cities of Fremont and Newark
- In FY 2014-15 the District's Board voted to permit the allocation of AB1107 funds to Special District 2
- The SD1/SD2 and Measure VV Reports are produced on an annual basis and continue to utilize the adopted methodology



# FY 2021-22 Highlights

- Parcel Tax receipts of \$29.8M were received in December 2021
- The receipts covered operation and maintenance expenses which were incurred to that date in SD1



# FY 2021-22 Highlights

<i>(amounts in \$1,000s)</i>	Total	SD1	SD2
<b>Operating Revenues</b>	\$39,450	\$37,181	\$2,270

- Primarily Farebox
- Allocated on the basis for each route as recorded by GFI fare system

<i>(amounts in \$1,000s)</i>	Total	SD1	SD2
<b>Subsidies</b>	\$498,267	\$426,295	\$71,973

- Property Taxes, Sales Taxes, State and some Federal assistance
- Property Taxes are allocated on the basis of actual revenue collected as reported to the District by Alameda and Contra Costa Counties



# FY 2021-22 Highlights

<i>(amounts in \$1,000s)</i>	Total	SD1	SD2
<b>Total Expenses</b>	\$511,364	\$449,402	\$61,962

- Consistent with the transit industry, approximately 71% of expenses (excl. depreciation) are related to wages and fringe benefits, including pensions
- These costs are allocated using factors such as pro-rata share of scheduled pay, and pro-rata share of service hours and miles in SD1/SD2 for other wages
- Pro-rata share of service hours and miles in SD1/SD2 are used to allocate general professional service contracts, fuel, bus parts, maintenance, insurance
- Purchased transportation (primarily Paratransit service) is allocated based on the pro-rata share of ridership for that service in SD1/SD2



# FY 2021-22 Highlights - Revenues

	Total	SD1	SD2	Methodology
<b>Farebox</b>	\$24,591,260	\$22,998,434	\$1,592,826	A
<b>BART Transfers</b>	3,424,108	3,202,322	221,786	B
<b>Contract Services</b>	7,638,159	7,638,159	-	C

(A) Farebox revenues are allocated on the basis of estimated revenues for each route operated by a District as recorded by the fareboxes. Revenues consist of cash collected plus estimated revenues related to passes and tickets used on the same route

(B) BART Transfer revenue is allocated on the basis of each District's pro-rata share of farebox revenue

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. The pro-rata allocation percentage is calculated

using the following formula: 
$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$



# FY 2021-22 Highlights - Revenues

	Total	SD1	SD2	Methodology
<b>Advertising</b>	\$1,479,201	\$1,302,340	\$176,861	C
<b>Interest Income</b>	51,730	44,588	7,142	D
<b>Other</b>	2,265,725	1,994,824	270,902	C

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula: 
$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(D) Interest income is allocated to each District based on its pro-rata share of total revenue and subsidies, excluding interest income



# FY 2021-22 Highlights - Revenues

	Total	SD1	SD2	Methodology
<b>Property tax</b>	\$136,155,339	\$109,479,213	\$26,676,126	E
<b>Parcel tax - Measure VV</b>	29,838,078	29,838,078	-	F

(E) Property taxes are allocated to each District on the basis of actual revenue as reported to the District by Alameda and Contra Costa Counties

(F) Line item is associated solely with a single District



# FY 2021-22 Highlights - Revenues

	Total	SD1	SD2	Methodology
Local sales tax – Measure B	\$28,754,826	\$26,594,526	\$2,160,300	G
Local sales tax – Measure BB	53,537,995	47,136,731	6,401,264	C
Local sales tax – Measure J	5,651,216	5,651,216	-	F

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District’s pro-rata share of service hours and service miles. Each District’s allocation percentage is calculated using the following formula:  $\frac{((District\ svc.\ Hours / Total\ svc.\ Hours) + (District\ svc.\ Miles / Total\ svc.\ Miles))}{2}$

(F) Line item is associated solely with a single District

(G) Measure B revenues are allocated based on the legislation which has a specific portion of the total revenues associated with each District.



# FY 2021-22 Highlights - Revenues

	Total	SD1	SD2	Methodology
State - AB1107	\$51,788,643	\$45,744,908	\$6,043,735	H
State - AB2972 Home-to-School	500,000	500,000	-	F
State - TDA	74,001,795	60,385,923	13,615,872	C
State - STA	26,667,974	22,995,506	3,672,468	I

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula: 
$$\frac{((District\ svc.\ Hours / Total\ svc.\ Hours) + (District\ svc.\ Miles / Total\ svc.\ Miles))}{2}$$

(F) Line item is associated solely with a single District

(H) Allocation is based upon an allocation percentage approved by the District's Board of Directors

(I) STA revenues are allocated to each District based on its pro-rata share of "qualifying revenues", which are defined by the District as: property taxes, Measure VV, Measure B, Measure BB, Measure J, farebox, contract service revenue, and Dumbarton Express reimbursement revenues



# FY 2021-22 Highlights - Revenues

	Total	SD1	SD2	Methodology
<b>Local operating assistance</b>	\$12,874,199	\$8,702,898	\$4,171,301	C
<b>Federal operating assistance</b>	78,497,315	69,265,854	9,231,461	C

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District’s pro-rata share of service hours and service miles. Each District’s allocation percentage is calculated using the following formula: 
$$\frac{((District\ svc.\ Hours / Total\ svc.\ Hours) + (District\ svc.\ Miles / Total\ svc.\ Miles))}{2}$$



# FY 2021-22 Highlights - Expenses

	Total	SD1	SD2	Methodology
<b>Operator wages</b>	\$83,527,174	\$74,063,545	\$9,463,629	J
<b>Other wages</b>	79,767,261	70,229,897	9,537,364	C
<b>Fringe benefits</b>	118,107,302	104,359,612	13,747,690	K
<b>Pension expenses</b>	43,542,188	38,473,877	5,068,311	K

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula: 
$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$

(J) Actual operator pay is allocated to each District based on its pro-rata share of scheduled operator pay as recorded by the District's operator timekeeping system

(K) Fringe benefits and pension expenses are allocated using the sum of each District's pro-rata share of operator and other wages divided by the sum of total wages.



# FY 2021-22 Highlights - Expenses

	Total	SD1	SD2	Methodology
<b>Services</b>	\$38,314,886	\$33,733,771	\$4,581,115	C
<b>Fuel &amp; Lubricants</b>	16,716,545	14,717,843	1,998,712	C
<b>Office and printing supplies</b>	842,441	741,715	100,726	C
<b>Bus parts and maint. supplies</b>	12,509,341	11,013,663	1,495,678	C
<b>Utilities</b>	4,437,416	3,906,857	530,559	C

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated

using the following formula: 
$$\frac{((\text{District svc. Hours} / \text{Total svc. Hours}) + (\text{District svc. Miles} / \text{Total svc. Miles}))}{2}$$



# FY 2021-22 Highlights - Expenses

	Total	SD1	SD2	Methodology
<b>Insurance</b>	\$21,392,288	\$18,834,521	\$2,557,767	C
<b>Other expenses</b>	9,393,747	8,270,585	1,123,162	C
<b>Purchased transportation</b>	28,786,858	23,489,996	5,296,862	L

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated

using the following formula: 
$$\frac{((District\ svc.\ Hours / Total\ svc.\ Hours) + (District\ svc.\ Miles / Total\ svc.\ Miles))}{2}$$

(L) ADA Paratransit subsidies are expenses that are allocated to each District based on its pro-rata share of ridership as reported to the District by its paratransit contractor



# FY 2021-22 Highlights - Expenses

	Total	SD1	SD2	Methodology
<b>Interest expense</b>	\$440,459	\$387,088	\$53,371	M
<b>Depreciation</b>	53,586,317	47,179,275	6,407,042	C
<b>Capital contributions (all)</b>	32,501,399	29,387,112	3,114,287	C

(C) This line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula: 
$$\frac{((District\ svc.\ Hours / Total\ svc.\ Hours) + (District\ svc.\ Miles / Total\ svc.\ Miles))}{2}$$

(M) Interest expense is allocated to each District based on its pro-rata share of total expenses, excluding interest expense



# Questions?

