

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

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

June 30, 2019

DRAFT
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

SPECIAL TRANSIT SERVICE
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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, which were agreed to by management and the Board of Directors of the Alameda-Contra Costa Transit District ("the District") solely to assist the specified parties in evaluating the Schedule of Revenues and Expenses by Service Area for the year ended June 30, 2019. The District's management is responsible for the accompanying schedule and allocation methodology. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

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, 2019 that are used for allocation to the supporting spreadsheets prepared by the District.

Step performed without exception.

- D. We compared the net changes in service hours from the prior year to the year ended June 30, 2019 by Alameda and Contra Costa counties and STSD.

Step performed without exception. District 1 service hours were 1,936,031 (90.83%) in FY19 and 1,949,138 (90.70%) in FY18. District 2 service hours were 195,483 in FY19 (9.17%) and 199,753 in FY18 (9.30%).

- E. We compared service miles by STSD and by Alameda and Contra Costa Counties for the year ended June 30, 2019 that are used for allocation to the supporting spreadsheets prepared by the District.

Step performed without exception.

(Continued)

- F. We compared the net changes in service miles from the prior year to the year ended June 30, 2019 by Alameda and Contra Costa counties and STSD.

Step performed without exception. District 1 service miles were 21,002,614 (88.12%) in FY19 and 20,737,104 (87.91%) in FY18. District 2 service miles were 2,832,413 (11.88%) in FY19 and 2,853,172 (12.09%) in FY18.

- 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.



San Francisco, California

<> 2019

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA
For the Year Ended June 30, 2019

	<u>STSD #1</u>	<u>STSD #2</u>	<u>Total</u>	<u>STSD #2 as a % of Total</u>	<u>Allocation Method- ology</u>
Revenues					
Passenger fares	\$ 53,520,787	\$ 3,824,902	\$ 57,345,689	6.67%	(1)
BART transfers	5,772,837	412,560	6,185,397	6.67%	(3)
Contract services	8,641,950	-	8,614,950	0.00%	(14)
Advertising	1,535,938	180,716	1,716,654	10.53%	(2)
Interest income	1,124,387	168,093	1,292,480	13.01%	(6)
Other income	<u>2,305,579</u>	<u>271,101</u>	<u>2,576,680</u>	10.52%	(14)
Total revenue	<u>72,901,478</u>	<u>4,857,372</u>	<u>77,758,850</u>	6.25%	
Subsidies					
Property taxes	80,994,979	21,901,411	110,467,273	19.83%	(7)
Property taxes - Measure VV	29,727,022	-	29,717,022	0.00%	(10)
Local sales tax - Measure B	30,860,641	2,506,843	33,367,484	7.51%	(11)
Local sales tax - Measure BB	33,046,428	3,888,196	36,934,624	10.53%	(2)
Local sales tax - Measure J	5,063,883	-	5,063,883	0.00%	(10)
Local operating assistance	18,040,276	5,089,569	23,129,845	22.00%	(14)
State - AB1107	41,317,649	5,458,813	46,776,462	11.67%	(15)
State - AB2972 Home to School	500,000	-	500,000	0.00%	(10)
State - TDA	62,683,713	14,111,040	76,794,753	18.38%	(14)
State - STA	23,882,944	3,359,757	27,242,701	12.33%	(5)
Federal operating assistance	<u>12,221,243</u>	<u>1,437,934</u>	<u>13,659,177</u>	10.53%	(2)
Total subsidies	<u>345,909,661</u>	<u>57,753,563</u>	<u>403,663,224</u>	14.31%	
Total revenue and subsidies	<u>418,811,139</u>	<u>62,610,935</u>	<u>481,422,074</u>	19.24%	
Expenses					
Operator wages	80,994,979	9,079,508	90,074,487	10.08%	(4)
Other wages	61,658,150	7,254,611	68,912,761	10.53%	(2)
Fringe benefits	94,246,352	10,786,917	105,033,269	10.27%	(13)
Pension expenses	62,904,650	7,199,719	70,104,369	10.27%	(13)
Services	44,706,323	5,260,083	49,966,406	10.53%	(2)
Fuel & lubricants	12,973,070	1,526,393	14,499,463	10.53%	(2)
Office and printing supplies	573,239	67,446	640,685	10.53%	(2)
Bus parts and maintenance supplies	11,664,451	1,372,423	13,036,874	10.53%	(2)
Utilities	3,134,557	368,807	3,503,364	10.53%	(2)
Insurance	9,899,197	1,164,725	11,063,922	10.53%	(2)
Other expenses	2,950,869	347,195	3,298,064	10.53%	(2)
Purchased transportation	26,136,261	6,294,180	32,430,441	19.41%	(8)
Interest expense	798,612	97,981	896,593	10.93%	(9)
Depreciation	<u>38,540,310</u>	<u>4,534,598</u>	<u>43,074,908</u>	10.53%	(2)
Total expenses	<u>451,181,020</u>	<u>55,354,586</u>	<u>506,535,606</u>	10.93%	
Income (loss) before capital contributions	(32,369,881)	7,256,349	(25,113,532)	(28.89)%	
Capital contributions - federal and local	<u>67,794,721</u>	<u>4,068,593</u>	<u>71,863,314</u>	5.66%	(14)
Change in net position	<u>\$ 35,424,840</u>	<u>\$ 11,324,942</u>	<u>\$ 46,749,782</u>		

See accompanying notes to the schedule.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA
June 30, 2019

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 4.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ALLOCATION METHODOLOGY
For the Year Ended June 30, 2019

- (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 prorated 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 prorated 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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