

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 12/10/2025

Staff Report No. 25-553

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Year-End Financial Statements and Independent Auditor's Report for FY 24-25

BRIEFING ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider receiving the Year-End Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2025.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

With this staff report and its attendant financial reports, the District officially closes out its fiscal year ended June 30, 2025. These timely financial reports provide the final reference point to review the financial performance of the past fiscal year and help provide a fully informed basis to assist in planning for future periods.

BUDGETARY/FISCAL IMPACT:

During Fiscal Year 2024-25, the District had revenues earned of \$612.2 million over expenses (not including depreciation) of \$581.9 million or an operating surplus (modified) of \$30.3 million. After applying depreciation expense of \$59.5 million and capital revenues of \$42.5 million, as of June 30, 2025, the increase to net position was \$13.2 million, to \$274.9 million which includes restricted funds and operating and capital reserves. It is noted that without the \$44.7 million of Federal American Rescue Plan (ARP) Act funds received during the period the District's Net Position would have decreased to \$230.2 million as of June 30, 2025.

BACKGROUND/RATIONALE:

The Statement of Fund Net Position presents information about assets and liabilities with the difference between the two reported as net position. In accordance with Board Policy 340, Accounting Policies, the annual audit of the financial statements has been completed and the report prepared by Crowe, LLP has been issued to the District. The auditors have rendered a clean opinion: "In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all

material respects, the respective financial position of the business-type activities and fiduciary activities of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

The auditors noted no findings of deficiency for FY 2024-25. There were some small adjustments posted during the audit, but none of them were material enough to impact the financial statements. Staff encourages readers to consider the financial information presented in the attached financial statements which are excerpted here.

Financial Highlights

Assets

- On June 30, 2025, total assets and deferred outflow of resources were \$967 million, a decrease of \$26 million or 3 percent, compared to June 30, 2024, when it was \$993 million. Current assets on June 30, 2025, were \$332 million, an increase of \$11.8 million or 4 percent over June 30, 2024, when it was \$321 million. Grant receivables decreased by \$6.4 million and local sales tax receivable decreased by \$3.1 million. Cash and investments were higher on June 30, 2025, by \$19.9 million, and property tax receivable increased by \$755 thousand. Other trade receivables increased by \$2.5 million. Inventory decreased by \$1.2 million and pension trust receivable decreased by \$1.1 million. Non-Current assets on June 30, 2025, were \$555.3 million, an increase of \$9.9 million over June 30, 2024, when they were \$545.4 million. This change is attributable to the increase in funding related to capital purchases.
- Deferred outflows, which are primarily related to Pension and OPEB as of June 30, 2025, were \$79.2 million, a decrease of \$48.2 million or 38 percent, over June 30, 2024, when it was \$127.4 million. The pension component of deferred outflows decreased by \$42.3 million compared to June 30, 2024, at \$102.9 million. OPEB related deferred outflows on June 30, 2025, were down by \$5.8 million, a decrease of 24 percent over June 30, 2024, when it was \$24 million. The change in these numbers is the product of changes in actuarial assumptions, and the difference between actuarially projected and actual earnings of pension investments.

Liabilities

- On June 30, 2025, total liabilities and deferred inflows of resources were \$692 million, decreasing moderately when compared to June 30, 2024, when they were \$731.7 million. Current liabilities on June 30, 2025, were \$120.9 million, an increase of \$20.5 million or 20 percent over June 30, 2024, when they were \$100.3 million. Several factors contributed to this net result including increases of \$15.2 million in claims liabilities and \$9.2 million in pension trust contribution payables. Additional changes include an increase in accrued expenses of \$4.6 million and decreases of \$5.5 million related to PTO liability and \$4.3 million in unearned revenues.
- Total non-current liabilities were \$502.8 million, a decrease of \$45.7 million or 8 percent from June 30, 2024, when it was \$548.5 million. This result was due to decreases in all subcategories. Most notably in net pension liability and net OPEB liability. On June 30, 2025, the net pension liability was \$274.5 million, a decrease of \$39.3 million, or 13 percent, over fiscal year 2024 when it was \$313.8 million. As of June 30, 2025, the Net OPEB liability was \$124.5 million, a decrease of \$682 thousand, or 1 percent, over fiscal year 2024 when it was \$125.1 million. The net decrease in deferred inflows of \$14.6 million

is the product of the net activity of expected and actual experience as reflected in the pension GASB 68 and GASB 75 actuarial studies. Deferred inflows from Pension decreased \$820 thousand, or 25 percent, while deferred inflows from OPEB decreased \$13.8 million, or 21 percent. Additionally, deferred inflows from Leases increased \$117 thousand, or 1% due to revaluation of escalating lease contracts.

Net Position

- On June 30, 2025, net position was \$274.9 million, an increase of \$13.2 million, or 5 percent from June 30, 2024, when it was \$261.7 million. During the current fiscal year total revenues grew by \$3.7 million, or 1 percent, and expenses increased by \$73.6 million or 13 percent. Total operating and non-operating revenues during the fiscal year ended June 30, 2025, were \$612.2 million and capital revenues were \$42.5 million totaling \$654.7 million, over total expenses of \$641.5 million. The receipt of Federal ARP Act funds of \$44.7 million earned during the period was instrumental in preserving the District's net position on June 30, 2025.

Operations

Operating Revenues

- For Fiscal Year 2025, operating revenues decreased by \$871 thousand, or 2 percent, to \$49.6 million over June 30, 2024, when they were \$50.4 million. There was an increase in Passenger Fares of \$415 thousand in fiscal year 2025, or 1 percent, over fiscal year 2024 with a total of \$32.8 million. Contract Services decreased by 4 percent or \$433 thousand when compared to June 30, 2024, when they were \$12.1 million. JPA revenue increased by 1 percent to \$1.99 million. This overall result is attributable to the increase in JPA service levels and ridership.

Operating Expenses

- In fiscal year 2025, total operating expenses were \$641.5 million, an increase of \$73.6 million or 13 percent compared to \$567.9 million in Fiscal Year 2024. The most significant increases occurred in insurance of \$8.4 million and Fringe Benefits of \$49.7 million.

Non-Operating Revenue

- For fiscal year 2025, non-operating revenues were \$562.6 million, which is an increase of \$4.6 million, or 1 percent, compared to fiscal year 2024 when it was \$558.1 million. This overall net increase included year over year increases in federal funds and property taxes, which were offset by decreases in local funds, state funds, and interest income, as well as Non-Operating Revenues of the JPA.
- For FY 2024-25 property taxes were \$193.5 million, an increase of \$4.3 million or 2.2% over the prior fiscal year when they were \$189.3 million. Local sales tax revenues increased from \$129.1 million in the prior fiscal year to \$129.6 million, a change of \$500 thousand or 0%. These include an increase in Measure BB of \$1.4 million and decreases in AB1107 and Measure J of \$316,000 and \$296,000 respectively. Local funds totaling \$106.7 million in FY 2024-25 decreased by \$792 thousand or 1% over the prior fiscal year when it was \$107.4 million. Local funds included Transportation Development Act (TDA) of \$985.5 million, which is a decrease of \$6.7 million over the prior fiscal year. Federal non-operating revenues increased by \$14.2 million or 45% to \$45.7 million over the prior fiscal year, with Federal ARP Act funds providing \$44.7 million of this total.

Receipt by the Board of Directors of the Annual Audited Financial Statements formally closes the 2024-25 Fiscal Year.

ADVANTAGES/DISADVANTAGES:

There are no disadvantages to accepting the Audited Financial Statements.

ALTERNATIVES ANALYSIS:

There are no alternatives to producing and accepting the Annual Audited Financial Statements.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 340 - Accounting Policies

ATTACHMENTS:

1. Audited Basic Financial Statements for the Fiscal Year Ended June 30, 2025.
2. Measure BB
3. Measure J
4. Measure VV/C1
5. Prop 111 (Gann Limit)
6. Evaluation of Board of Director Expenses
7. Special Transit Service District 1/District 2
8. Single Audit
9. Prop 1B - PTMISEA
10. LCTOP
11. Management Letter
12. SAS 114 Letter
13. NTD

Prepared by:

Kenneth Myers, Controller

Approved/Reviewed by:

Chris Andrichak, Chief Financial Officer