ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

FINANCIAL STATEMENTS
June 30, 2023

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Alameda-Contra Costa Transit District (the District), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

We did not audit the financial statements of the AC Transit Employees' Retirement Plan, which represent 99.6 percent and 99.6 percent, respectively, of the assets and net position of the fiduciary activities as of June 30, 2023, and 93.6 percent of the additions of the fiduciary activities for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the AC Transit Employees' Retirement Plan, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the AC Transit Employees' Retirement Plan were not audited in accordance with *Government Auditing Standards*.

(Continued)

Emphasis of Matter

As discussed in Note 2 to the financial statements, the District has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Employer's Net Pension Liability and Related Ratios, Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios, and Schedule of Employer's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information for the year ended June 30, 2023 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of District as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated December 23, 2022 which contained unmodified opinions on the respective financial statements of the business-type activities and fiduciary activities. The Comparative Schedules of Net Position, Comparative Schedules of Revenues, Expenses, and Changes in Net Position, Comparative Schedules of Cash Flows, and Comparative Schedules of Revenues, Expenses, and Changes in Net Position – Budgetary Basis (referred to collectively as "Comparative Schedules") for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Comparative Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

(Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated <>, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

[redacted]

San Francisco, California
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Management's Discussion & Analysis

This discussion and analysis of the Alameda-Contra Costa Transit District's financial performance provides an overview of the District's activities for fiscal year 2023 with comparisons to the prior fiscal year.

Financial Highlights

- On June 30, 2023, total assets and deferred outflow of resources were $1.02 billion, an increase of $160.0 million, or 19 percent, compared to June 30, 2022, when it was $859.5 million. Total current assets on June 30, 2023, were $292.3 million, a decrease of $21.8 million, or 7 percent, primarily related to year over year decreases in cash and short-term investments, inventory, local sales taxes, property tax and prepaids at year-end. Capital assets, net of accumulated depreciation, increased by $10.7 million to $443.0 million due to ongoing District capital programs and subscription assets booked as part of the implementation of GASB 96. Other non-current assets increased by $66.0 million in lease receivables. Deferred outflows increased by $104.5 million, or 135 percent, to $181.9 million on June 30, 2023, primarily due to the pension related net of investment gains/losses, and the amortization of investment losses from prior periods.

- On June 30, 2023, total liabilities and deferred inflow of resources were $819.3 million, an increase of $124.2 million, or 18 percent compared to June 30, 2022, when they were $695.1 million. Total current liabilities decreased by $15.5 million, or 14 percent, over fiscal year 2022 when they were $107.7 million due to a net decrease in related subcategories at year-end, most notably in accrued salary and wages, other accrued liabilities and accrued claims liabilities. Non-current liabilities increased by $165.7 million or 26 percent from June 30, 2022, when they were $472.4 million. This was primarily due to increases in the net pension liability. The change in net pension liability is attributable to net investment and actuarial activity. The decrease in deferred inflows of $26 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.

- For fiscal year 2023, operating revenues increased by $7.7 million, or 19 percent, to $47.2 million. This increase is due to increasing service levels and ridership. Contract fares increased by $1.6 million, an increase of 14 percent over June 30, 2022, when they were $11.1 million. As of June 30, 2022, operating revenues were $39.5 million.

- In fiscal year 2023, total operating expenses were $608.5 million, an increase of $88.2 million, or 17 percent, compared to $520.2 million on June 30, 2022. Fringe benefits increased by $55.6 million largely due to a increases in Workers Comp Insurance and actuarial results related to pension and OPEB expenses. Workers Comp current claims paid increased over $3.0 million compared to original estimates. And the net pension liability increased $175.2 million due to declines in the markets and the fair market value of assets held by the Pension fund. Services increased by $3.9 million primarily due to an increase in Professional and Technical Services. Other wages had an increase in the salaried category contributing to the $1.4 million increases.

  For fiscal year 2023, non-operating revenues were $533.5 million, an increase of $35.6 million, or 7 percent, compared to fiscal year 2022 when it was $497.9 million. The most notable increases occurred in local funds of $33 million or 42 percent, State Funds of 14.6 million or 65 percent and property taxes of $12.7 million or 8 percent. Federal funds declined by $33.7 million, or 46 percent primarily due to the decrease in COVID-related funds in fiscal year 2023. There was also a reduction in Joint Ventures of $2.7 million, or 8 percent, related to lack of STA funding.

- On June 30, 2023, net position was $200.3 million, an increase of $35.9 million, or 22 percent from June 30, 2022, when it was $164.4 million. This 2023 increase in net position was driven by the net result of total non-operating revenues during the fiscal year of $533.5 million combined with Passenger Fares and Other Operating Revenue of $47.2 million, totaling $580.7 million, over total expenses of $608.5 million. It should also be noted that without the receipt of $36.8 million of Federal COVID-related funding during the period the cumulative net position would have decreased by $912 thousand to $163.5 million at fiscal year-end.

(Continued)

Overview of the Financial Statements

The Financial Section of this report presents the District's financial statements as two components: basic financial statements and notes to the financial statements. It also includes other supplemental information in addition to the basic financial statements.

Basic Financial Statements

The *Statement of Fund Net Position* presents information about assets and liabilities with the difference between the two reported as *net position*. The change in net position over time is an indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* report shows the changes during the year and presents a comparison between operating revenues and operating expenses. Operating revenues and expenses are related to the District's principal business of providing bus transit services. Operating expenses include the cost of direct services to passengers, administrative expenses, contracted services, and depreciation on capital assets. All other revenues and expenses not included in these categories are reported as non-operating.

The *Statement of Cash Flows* reports inflows and outflows of cash and is classified into four major components:

- *Cash flows from operating activities* which includes transactions and events reported as components of operating income in the statement of revenues, expenses, and changes in net position.
- *Cash flows from non-capital financing activitie*s which include operating grant proceeds as well as operating subsidy payments from third parties and other non-operating items.
- *Cash flows from capital and related financing activities* which arise from the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets and the proceeds of capital grants and District contributions.
- *Cash flows from investing activities* which includes the proceeds from the sale of investments and receipt of interest. Outflows in this category include the purchase of investments.

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the information provided in the basic financial statements. These are found immediately following the financial statements to which they refer.

Other Information

This report also presents certain required supplementary information in accordance with the requirements of GASB. In addition, supplementary information and associated notes concerning compliance with the District's annual budget appear immediately following the required supplementary information.

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Analysis of Basic Financial Statements

Alameda-Contra Costa Transit District
Net Position
(in thousands)
Fiscal Year Ended June 30, 2023

	2023	2022	Change	%
Assets				
Current Assets	$ 292,252	$ 339,559	$ (47,307)	-14%
Capital Assets, net	443,048	432,323	10,725	2%
Other Non-Current Assets	102,418	35,762	66,656	186%
Total Assets	**$ 837,718**	**$ 807,644**	**$ 30,074**	**4%**
Deferred Outflows	$ 181,861	$ 77,362	$ 104,499	135%
Total Assets and Deferred Outflow of Resources	**1,019,579**	**885,006**	**134,573**	**15%**
Liabilities				
Current Liabilities	$ 92,152	$ 107,663	$ (15,511)	-14%
Long Term Portion of COPS	10,420	11,220	(800)	-7%
Net Pension Liability	384,696	209,479	175,217	84%
Net OPEB Liability	146,094	172,871	(26,777)	-15%
Other Non-Current Liabilities	96,845	78,775	18,070	23%
Total Liabilities	**$ 730,207**	**$ 580,008**	**$ 150,199**	**26%**
Deferred Inflows	**$** 89,100	**$** 115,110	**$** (26,010)	-23%
Total Liabilities and Deferred Inflow of Resources	**819,307**	**695,118**	**124,189**	**18%**
Net Position				
Net Investment in Capital Assets	$ 425,004	$ 413,376	$ 11,628	3%
Restricted for Capital Purchases	92,598	25,466	67,132	264%
Restricted for Debt Service	972	967	5	1%
Unrestricted	(318,302)	(275,387)	(42,915)	16%
Total Net Position	**$ 200,272**	**$ 164,422**	**$ 35,850**	**22%**
Total Liabilities and Net Position	**$ 1,019,579**	**$ 859,540**	**$ 186,049**	**22%**

(Continued)

Assets:

- On June 30, 2023, total assets and deferred outflow of resources were $1.02 billion, an increase of $160 million or 19 percent, compared to June 30, 2022, when it was $859.5 million. Current assets on June 30, 2023, were $292.3 million, a decrease of $21.8 million or 7 percent over June 30, 2022, when it was $339.6 million. Cash and investments were higher on June 30, 2023, by $30.5 million, grant receivables increased by $8.8 million. Property tax decreased by $6.7 million and local sales taxes receivable decreased by $2.0 million. Inventory increased by 3.7 million and prepaids increased by $2.1 million. Non-Current assets on June 30, 2023, were $545.5 million, an increase of $77.4 million over June 30, 2022, when they were $468.1 million. This change is attributable to net activity for the year for property plant and equipment and the implementation of GASB 96.

- Deferred outflows, which are primarily related to Pension and OPEB as of June 30, 2023, were $181.9 million. This was an increase of $104.5 million or 135%, over June 30, 2022, when it was $77.4 million. The pension component of deferred outflows increased by $100.5 million compared to June 30, 2022, at $59.8 million. OPEB related deferred outflows on June 30, 2023, were up by $4.1 million an increase of 24 percent over June 30, 2022, when it was $17.1 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, 2023, total liabilities and deferred inflows of resources were $819.3 million, increasing moderately when compared to June 30, 2022, when they were $695.1 million. Current liabilities on June 30, 2023, were $92.2 million a decrease of $15.5 million or 17 percent over June 30, 2022, when they were $107.7 million. Several factors contributed to this net result including decreases of $3.8 million in Accrued Salaries and Wages and $4.6 million in Other accrued liabilities. Additional decreases in current liabilities include $8.1 million in Claims Liabilities and $2.3 million due to pension, related to timing.

- Total other non-current liabilities were $638.1 million, an increase of $165.7 million or 26 percent from June 30, 2022, when it was $472.4 million. This result was due to increases in net pension liability. On June 30, 2023, the net pension liability was $384.7 million, an increase of $175.2 million, or 46 percent, over fiscal year 2022 when it was $209.5 million. As of June 30, 2023, the Net OPEB liability was $146.1 million a decrease of $26.8 million, or 18 percent, over fiscal year 2022 when it was $172.9 million. The net decrease in deferred inflows of $25.3 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 $54.9 million, or 5,237 percent, while deferred inflows from OPEB increased $29.6 million, or 37 percent.

Net Position:

- On June 30, 2023, net position was $200.3 million, an increase of $35.9 million, or 18 percent from June 30, 2022, when it was $164.4 million. During the current fiscal year total revenues grew by $43.3 million, or 8 percent, and expenses increased by $88.2 million or 17 percent. Total operating and non-operating revenues during the fiscal year ended June 30, 2023, were $580.7 million and capital revenues of $164.4 million totaling $745.1 million, over total expenses of $608.5 million. Federal emergency funds of $36.8 million were earned during the period and were instrumental in preserving the District's net position on June 30, 2023.

(Continued)

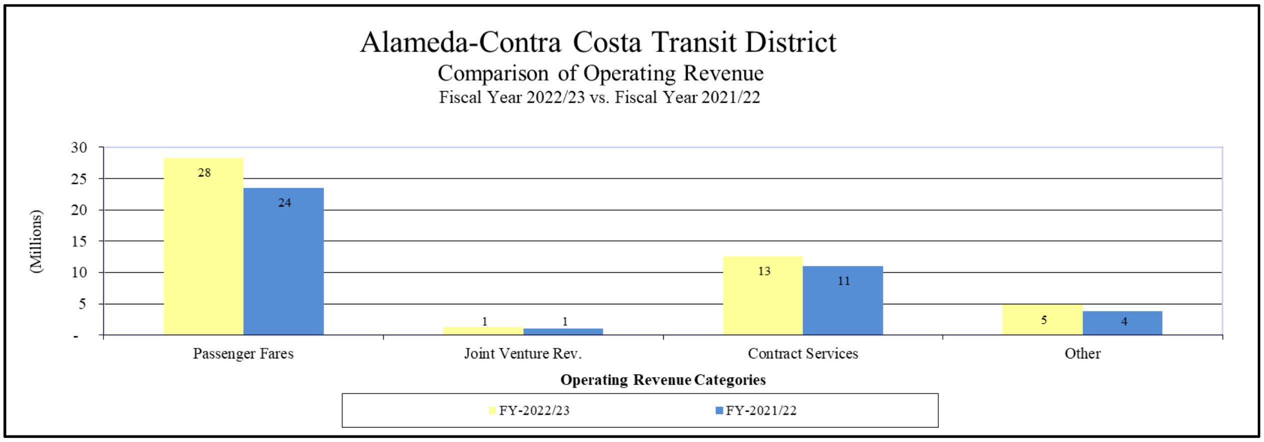
Alameda-Contra Costa Transit District
Statement of Revenues, Expenses and Changes in Net Position
(in thousands)
For the Years Ended June 30, 2023 and June 30, 2022

	2023	2022	Changes	%
Revenues				
Operating Revenues				
Passenger Fares	$ 28,372	$ 23,558	$ 4,814	20%
Contract Services	12,614	11,062	1,552	14%
Operating Revenues of Joint Ventu	1,320	1,033	287	28%
Other	4,857	3,828	1,029	27%
Total Operating Revenues	**47,163**	**39,481**	**$ 7,682**	**19%**
Non-Operating Revenues				
Property Taxes	178,683	165,993	12,690	8%
Local Sales Taxes (Note 7)	131,921	123,570	8,351	7%
Local Funds (Note 7)	111,610	78,652	32,958	42%
Federal	38,844	72,522	(33,678)	-46%
State	37,018	22,372	14,646	65%
Non-Oper. Revenues of Joint Ventı	32,458	35,158	(2,700)	-8%
Gain (Loss) on sale of capital asset	-	-	-	0%
Interest Income	4,202	472	3,730	790%
Interest Expense	(1,216)	(859)	(357)	42%
Total Non-Operating Revenues	**533,520**	**497,880**	**35,640**	**7%**
Total Revenues	**580,683**	**537,361**	**43,322**	**8%**
Expenses				
Operating Expenses				
Operator Wages	85,253	83,527	1,726	2%
Other Wages	81,146	79,767	1,379	2%
Fringe Benefits	225,746	170,196	55,550	33%
Depreciation and amortization	77,107	54,466	22,641	42%
Fuel & Oil	17,019	16,717	302	2%
Other Materials & Supplies	15,852	13,847	2,005	14%
Services	42,174	38,315	3,859	10%
Insurance	14,564	21,392	(6,828)	-32%
Expenses of Joint Venture	33,483	28,787	4,696	16%
Other	16,103	13,204	2,899	22%
Total Operating Expenses	**608,447**	**520,218**	**88,229**	**17%**
Gain/(Loss) before Contributed Capital	**(27,764)**	**17,143**	**(44,907)**	**-262%**
Capital Contributions	63,614	32,501	31,113	96%
Change in Net Position	**35,850**	**49,644**	**(13,794)**	**-28%**
Net Position, beginning of year	164,422	114,778	49,644	43%
Net Position, end of year	**$ 200,272**	**$ 164,422**	**$ 35,850**	**22%**

(Continued)

Operating Revenue:

- For fiscal year 2023, operating revenues increased by $7.7 million, or 19 percent, to $47.2 million over June 30, 2022, when they were $39.5 million. There was an increase in Passenger Fares of $4.8 million in fiscal year 2023, or 20 percent, over fiscal year 2022 with a total of $23.6 million. Contract Services increased by 14 percent or $1.6 million when compared to June 30, 2022, when they were $11.1 million. Joint Ventures increased by 28 percent to $1.3 million. This overall result is attributable to the District's bringing service to pre-pandemic levels.



Non-Operating Revenue:

- For fiscal year 2023, non-operating revenues were $533.5 million, which is an increase of $43.3 million, or 8 percent, compared to fiscal year 2022 when it was $497.9 million. This overall net increase included year over year increases in local sales taxes, property taxes, as well as local funds, which were offset by decreases in federal funds.

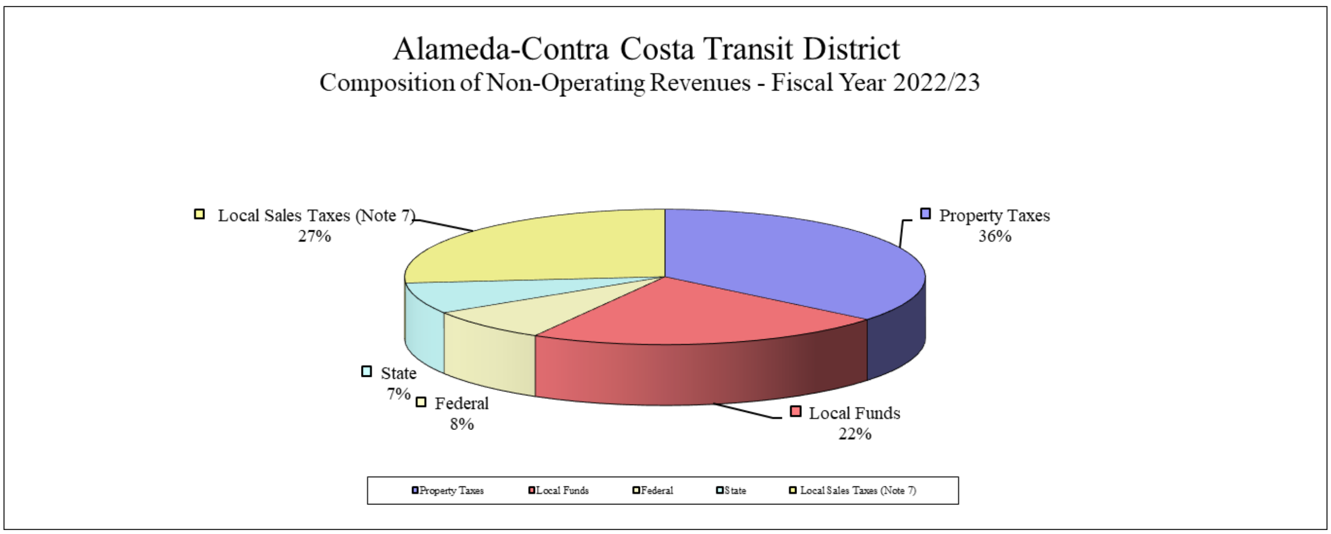
- At fiscal year-end 2023 property taxes were $178.7 million an increase of $12.7 million or 8 percent, over fiscal year 2022 when they were $166.0 million. The property tax number contains both regular property tax of $148.8 million, and a fixed parcel tax which came in at $29.9 million, the latter is accessed in a portion of our service area and is stable year over year. The regular property tax component has been growing over the previous three fiscal years at an average of 7.3 percent per year. Local sales tax revenues went from $123.6 million on June 30, 2022, to $131.9 million as of June 30, 2023, an increase of $8.4 million, or 7 percent. These include increases in Measure BB and AB1107 of $35 million and $2.8 million respectively. There was a decrease of $28.8 million, or 100 percent, in Measure B. The half-cent sales tax authorized by Measure B went into effect in April 2002 and ceased in April 2022 when Measure BB was increased by a half-cent.

- Local funds totaling $111.6 million on June 30, 2023, increased by $33 million, or 42 percent over June 30, 2022, when it was $78.7 million. Local funds on June 30, 2023, included Transportation Development Act (TDA) of $103 million. The item of note includes the increase in TDA funds of $29 million. The TDA funds, which are sales tax based, were up approximately 40% in both D1 and D2, due increases in local sales tax and the allocation cycle of that funding source. RM2 decreased slightly by $6.9 thousand as it is bridge toll based and less tolls were collected during the fiscal year.

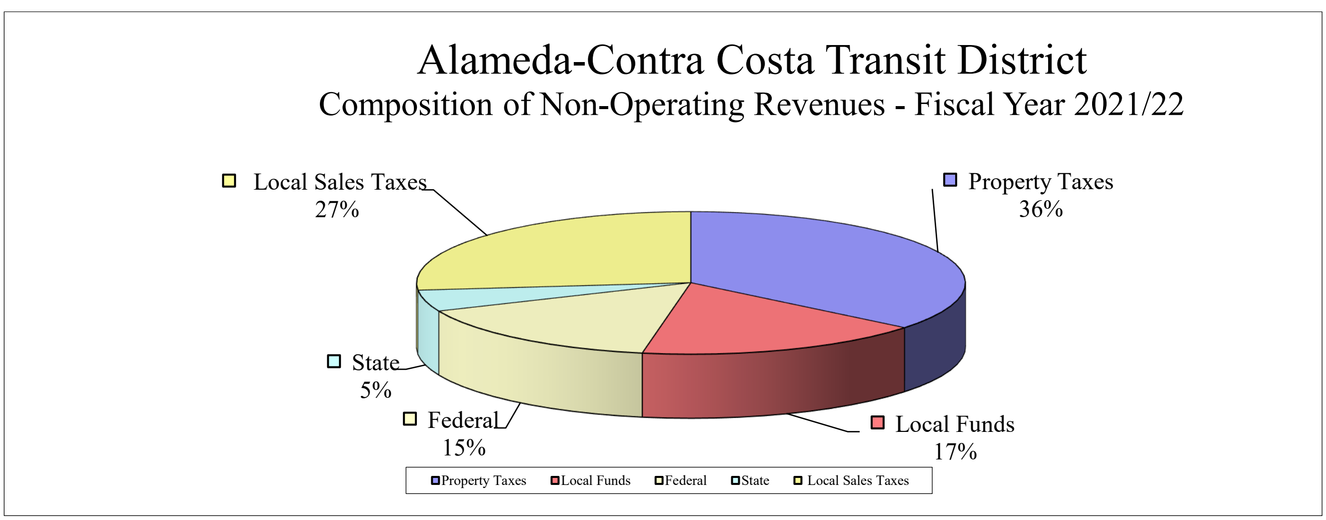
- State non-operating revenues include State Transit Assistance (STA) as well as other state sources. State funds available for funding regular transit service on June 30, 2023, were $37.0 million, an increase of $14.7 million or 65 percent over June 30, 2022, when they were $22.3 million.

- Federal non-operating revenues decreased by $33.7 million, to $38.8 million, or 46 percent, over June 30, 2022, when they were $72.5 million, with Federal ARP Act funds providing $36.8 million of this total.

- Non-Operating Revenues of Joint Venture includes discretely allocated revenues from the categories of Local, State and historically, at least, Federal sources. As of June 30, 2023, these combined sources contributed $32.5 million, a decrease of $2.7 million, or 8 percent less than on June 30, 2022, when they were $35.2 million. Funding sources in this category include Local Sales Taxes comprised of Measure BB of $17.1 million, and Measure C/J of $0.3 million, Regional Measure 2 operating funds of $2.9 million for Dumbarton service, State contributions come from Transit Development Assistance (TDA) funds totaling $6.1 million for the fiscal year ended June 30, 2023, an increase of $0.9 million over June 30, 2022, when they were $5.2 million. Increases from all these sources mirrored their counterparts in the Non-Operating Revenue section. Federal funding for these programs was $5.9 million for the fiscal year ended June 30, 2023. Federal funds when available in this category typically consist of "ADA Set Aside" and "Paratransit Lease" funds for fiscal year 2023. When we look at the operating and non-operating revenues for Joint Venture service compared to the cost of those services there was net income of Joint Venture service to the District for the fiscal year ended June 30, 2023, it is a net of $295 thousand.



When comparing the "Composition of Non-Operating Revenue" pie charts from FY-22/23 (above) to FY-21/22 (below) shift in composition between these fiscal years, as percent of total non-operating revenue in each respective fiscal year is as follows: Increases of 5 percent in Local Funds and 2 percent in State funding. Decrease in Federal Funds of 7 percent.



Expense Highlights

Operating Expenses:

- In fiscal year 2023, total operating expenses were $608.5 million, an increase of $88.2 million or 17 percent compared to $520.2 million in fiscal year 2022. The most significant increases occurred in Depreciation of $22.6 million, Fringe Benefits of $55.6 million, JPA of $4.7 million, and Services of $3.9 that substantially contributed to the overall increase in total operating expenses. There was a decrease of $6.8 million, or 32 percent, in Insurance.

- Operator wages totaling $85.3 million, for June 2023, were up $1.7 million, or 2 percent, over the year ending June 2022 when they were $83.5 million. Most of the employees in the Operator wages category did receive CBA scheduled increases.

- Other salary and wages were $81.1 million on June 30, 2023, an increase of $1.4 million, or 2 percent, over June 30, 2022, when it was $79.8 million. Most of the employees in the other salary and wages category received CBA scheduled increases.

- Fringe benefits on June 30, 2023, were $225.7 million, an increase of $55.6 million or 33 percent over June 30, 2022, when it was $170.2 million. Workers' Compensation Insurance increased by $6.6 million, or 28.6 percent, to $29.8 million as of June 30, 2023, over the prior period due in part to a less favorable actuarial result and an increase in period expenses. Fiscal year 2023 OPEB expense was $1.7 million, up $6.4 million, compared to 2022 when it was ($4.7) million primarily due to favorable GASB 74-75 actuarial result of $13.1 million for 2023, compared to 2022 which had unfavorable actuarial result of $35.9 million. Pension expense was $43.5 million, down $10.3 million or 31 percent, compared to 2022 when it was $33.2 million. Pension was unfavorably affected by a GASB 67-68 actuarial result of $19.9 million which was much worse than the improvement in 2022 when the impact was a positive $20.1 million, a $40.0 million dollar decline. In fiscal year 2023 current pension contributions were $70.1 million, up $3.1 million or 4.5 percent, compared to 2022 contributions of $67.1 million. Overall, total OPEB and Pension expense for 2023 was $91.7 million, an increase of $49.4 million or116.8 percent, compared to 2022 when it was $42.3 million.

- Depreciation and amortization increased by $22.6 million or 42 percent, due to reduction in the depreciable base compared to retirements and changes in average life of the assets. On June 30, 2023, fuel and oil were $17.0 million, an increase of $302 thousand or 2 percent over June 30, 2022, when it was $16.7 million. Materials and supplies consumption were $15.8 million as of June 30, 2023, an increase of $2 million, or 14 percent over June 30, 2022, when it was $13.8 million. This increase was due to a rise in the categories of MFG Equipment of $116 thousand, fuel system of $286 thousand, brakes and brake lining of $209 thousand and body parts of $105 thousand. These increases are in line with the resumption of normal service levels.

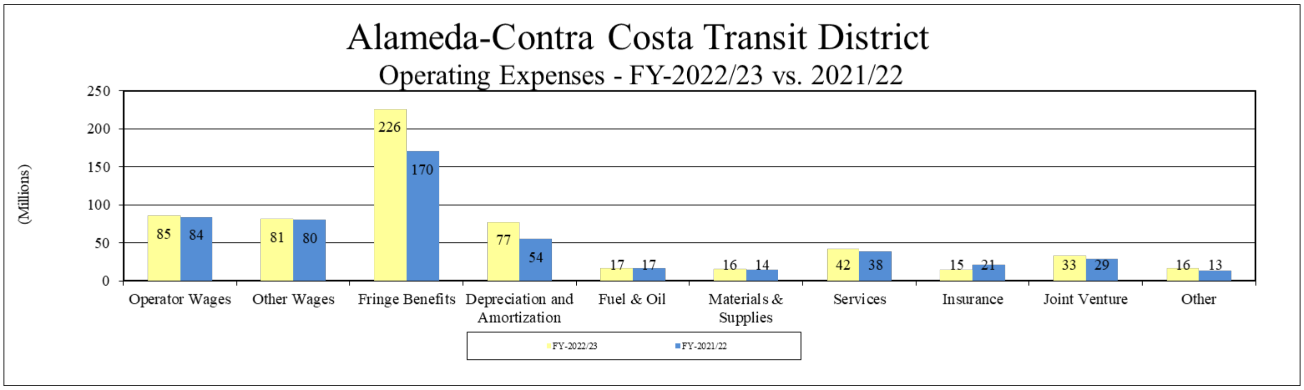
- Outside services increased by $3.9 million, to $42.2 million, or 10 percent, over fiscal year 2022 when it was $38.3 million. While there were largely offsetting increases and decreases in the subcategories making up the outside services expenditures, we note year over year increases in Professional and Technical Services of $3.1 million, or 89 percent, and Security Services of $1.4 million or 10 percent. These increases were offset by decreases in Temporary Help of $1.7 million or 31 percent and in Software as a Service (SAAS) of $1.9 million or 89 percent.

- In fiscal year 2023 insurance was $14.6 million, a decrease of $6.8 million over 2022, or 32 percent, when it was $21.4 million. A favorable actuarial result for public liability and property damage was responsible for this year over year decrease.

- The "expenses of joint venture" category includes the Paratransit and Dumbarton consortium expenses, showed an increase of $4.7 million, or 16 percent, over fiscal 2022 when it was $28.8 million. Paratransit Consortium expense increased by $4.2 million or 16 percent. This increase is due to the decision to keep the associated workforce intact and provide needed help to the community which paratransit serves, paratransit drivers and vehicles were used to provide "Meals on Wheels" service. Also, of note is that Dumbarton service expense increased by $0.5 million, or 16 percent, due to restoration of service to pre-pandemic levels.

(Continued)

- In fiscal year 2023 the category of "Other" expenses was $16.1 million, an increase of 22 percent over fiscal year 2022 when it was $13.2 million. Notable increases are Sales and Use Taxes, up $0.9 million, or 38 percent, to $3.1 million and Electric and Gas expense increased $.82 million or 40%, to $2.9 million. While election expense was a nominal bi-annual expense line item, at one time, it has grown significantly especially in Alameda County making it prudent to create a prepaid and amortizing it over the term of the associated elected officials. This is expected to create better matching and will eventually help to level out the election expense year over year once the next election cycle occurs.



Capital Program

The District received Capital Contributions of $63.6 million in fiscal Year 2023 compared to $32.5 million in fiscal Year 2022, an increase of $31.1 million, or 96 percent. In fiscal year 2023 capital contributions came from the following sources, federal $28 million, State $18.2 million, and local $17.4 million. Ongoing capital investment is crucial to an asset intensive industry such as ours.

Some of the capital acquisitions during the period include:

- Forty (40) Zero Emission Buses ($19.5 million)
- Fifty (50) 40-foot Diesel Buses ($23.2 million)
- Thirty-Six (36) 45-foot Coach Buses ($13.5 million)

Additional information concerning the District's Capital Assets can be found in *Note #6 - Capital Contributions Assistance in* the *Notes to the Financial Statements*.

Debt

In February 2009 the District issued a $15.0 million COPS (2009A) to help fund the July 2008 purchase of property located at 66th avenue in East Oakland. These was refunded in December 2019 and on June 30, 2020, the principal component of the annual lease payment was $11.7 million. The 2009A COPS were secured by specified capital assets and this obligation was scheduled to conclude in August 2034. In December 2019 the District refunded this issuance and used the proceeds to retire the 2009A COPS, and this refunding is referred to as the "2019 COPS." This refunding obligation is also scheduled to conclude in August 2034.

In accordance with requirements of GASB 87 the District has long-term liabilities for leases in the amount of $6.7 million.

In accordance with requirements of GASB 96 the District has long-term liabilities for Subscription-Based Information Technology Arrangements in the amount of $7.3 million.

Additional information on the District's long-term debt can be found in note (8) to the basic financial statements.

Subsequent Events

- In August 2023, AC Transit announced the launch of a Redistricting process to transition to a new seven ward election system.
- AC Transit received the highest recognition among public transit agencies by receiving the 2023 Outstanding Public Transportation System Award, in August 2023, from the American Public Transportation Association (APTA).
- The Board authorized payment to settle all claims, in August 2023, with O.C. Jones & Sons and all its subcontractors in the amount of $16.2M with respect to the East Bay Bus Rapid Transit Project. This closes out the civil construction contract.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate accountability for the funds the District receives. If you have questions about this report or need additional financial information, please contact the Alameda-Contra Costa Transit District, Attn: Chief Financial Officer, 1600 Franklin St. Oakland, California 94612.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – STATEMENT OF NET POSITION
June 30, 2023
(In thousands)

ASSETS	
Current assets	
Cash and cash equivalents (Note 3)	$ 84,044
Investments (Note 3)	93,843
Receivables:	
Federal and local grants:	
Capital	24,380
Planning, operating and other (Note 7)	10,787
Property tax	17,246
Local sales tax	6,968
Lease receivable	800
Other trade receivables	7,795
Total receivables, net	67,976
Due from Pension Trust Fund (Note 5)	12,303
Inventory	18,569
Prepaid expenses	15,517
Total current assets	292,252
Noncurrent assets	
Restricted cash and cash equivalents:	
Restricted for capital purchases (Note 3)	92,598
Restricted for certificates of participation - debt service (Note 3)	1,137
Lease receivable	8,683
Capital assets (Note 4)	
Nondepreciable	77,771
Depreciable, net	351,373
Right-to-use lease assets, net	6,758
Subscription assets, net	7,146
Total capital assets, net	443,048
Total noncurrent assets	545,466
Total assets	837,718
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 11)	160,276
OPEB related (Note 12)	21,143
Deferred loss on refunding debt (Note 8)	442
Total deferred outflows of resources	181,861
Total assets and deferred outflows of resources	$ 1,019,579

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – STATEMENT OF NET POSITION
June 30, 2023
(In thousands)

LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	$ 19,615
Accrued salaries and wages	724
Current portion of accrued vacation and sick leave	23,049
Due to Pension Trust Fund (Note 5)	8,722
Unearned revenue	16,736
Other accrued liabilities	10,417
Accrued interest payable	165
Current portion of lease liability (Note 9)	155
Current portion of claims liabilities (Note 15)	11,702
Current portion of remediation obligations (Note 14)	67
Current portion of certificates of participation (Note 8)	800
Total current liabilities	92,152
Noncurrent liabilities	
Accrued vacation and sick leave	10,090
Lease liability (Note 9)	6,669
Subscription liability (Note 10)	7,317
Claims liabilities (Note 15)	71,817
Remediation obligations (Note 14)	952
Certificates of participation (Note 8)	10,420
Net pension liability (Note 11)	384,696
Net OPEB liability (Note 12)	146,094
Total noncurrent liabilities	638,055
Total liabilities	730,207
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 11)	1,048
OPEB related (Note 12)	78,899
Lease related	9,153
Total deferred inflows of resources	89,100
Total liabilities and deferred inflows of resources	819,307
NET POSITION	
Net investment in capital assets	425,004
Restricted for capital purchases	92,598
Restricted for debt service	972
Unrestricted	(318,302)
Total net position	$ 200,272

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2023
(In thousands)

Operating Revenues	
Passenger fares	$ 28,372
Contract services	12,614
Operating revenues of JPA and consortium (Note 16)	1,320
Other	4,857
Total operating revenues	47,163
Operating expenses	
Operator wages	85,253
Other wages	81,146
Fringe benefits	225,746
Depreciation and amortization (Note 4)	77,107
Fuel and oil	17,019
Other material and supplies	15,852
Services	42,174
Insurance	14,564
Expenses of JPA and consortium (Note 16)	33,483
Other	16,103
Total operating expenses	608,447
Operating loss	(561,284)
Non-operating revenues (expenses)	
Operating assistance:	
Property taxes	178,683
Local sales tax (Note 7)	131,921
Local funds (Note 7)	111,610
State (Note 7)	37,018
Federal (Note 7)	38,844
Non-operating revenues of JPA and consortium	32,458
Interest income	4,202
Interest expense	(1,216)
Net non-operating revenues (expenses)	533,520
Gain (loss) before capital contributions	(27,764)
Capital contributions (Note 6)	63,614
Change in net position	35,850
Net position at beginning of year	164,422
Net position at end of year	$ 200,272

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – STATEMENT OF CASH FLOWS
Year ended June 30, 2023
(In thousands)

Cash flows from operating activities	
Cash received from customers	$ 39,064
Cash payments to suppliers for goods and services	(148,450)
Cash payments to employees for services and benefit payments	(385,180)
Other operating receipts	6,177
Net cash used in operating activities	(488,389)
Cash flows from noncapital financing activities	
Operating assistance received	536,318
Net cash provided by noncapital financial activities	536,318
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(77,538)
Capital contributions received	57,721
Principal paid on revolving line of credit	-
Principal paid on certificates of participation	(435)
Interest paid on certificates of participation	(1,182)
Net cash used in capital and related financial activities	(21,434)
Cash flows from investing activities	
Proceeds from investments	275,472
Purchase of investments	(286,731)
Investment income	4,202
Net cash used in investing activities	(7,057)
Change in cash and cash equivalents	19,438
Cash and cash equivalents, beginning of year	158,515
Cash and cash equivalents, end of year	$ 177,953
Summary of cash and cash equivalents reported on the Statement of Net Position:	
Unrestricted cash and cash equivalents	$ 84,044
Restricted cash and cash equivalents - capital purchases	92,598
Restricted for - certificates of participation - debt service	1,137
Total cash and cash equivalents reported on the Statement of Net Position	$ 177,779

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – STATEMENT OF CASH FLOWS
Year ended June 30, 2023
(In thousands)

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (561,284)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation/amortization	77,107
Effect of changes in assets and liabilities:	
Other trade receivables	(2,723)
Inventory	(3,745)
Due to/from Pension Trust Fund	(8,459)
Prepaid expenses	(2,049)
Accounts payable and accrued expenses	(1,961)
Accrued salaries and wages	(3,838)
Accrued vacation and sick leave	679
Unearned revenue	801
Other accrued liabilities	(4,626)
Claims liabilities	3,126
Net pension liability and deferred outflows/inflows from pension	19,879
Net OPEB liability and deferred outflows/inflows from OPEB	(1,296)
Net cash used in operating activities	$ (488,389)

Supplemental disclosure of cash flow information	
Non-cash investing, capital, and financing transactions:	
Net appreciation/(depreciation) in fair value of investments	$ 1,246
Construction in progress in accounts payable and accrued expenses	4,132
(Gain) loss on sale of capital assets	17

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

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
Year ended June 30, 2023
(In thousands)

	Pension and OPEB Trust Funds
ASSETS	
Cash and cash equivalents	$ 3,452
Contributions receivable from the District (Note 5)	6,503
Receivable from brokers for unsettled transactions	7,889
Interest receivable and other investment receivables	299
Investments at fair value:	
Short-term investments	12,059
Equity securities	90,398
Equity funds	303,658
Fixed income funds	320,196
Real estate funds	44,064
Total investments	770,375
Total assets	788,518
LIABILITIES	
Accounts payable and accrued expenses	2,602
Due to the District (Note 5)	5,679
Total liabilities	8,281
NET POSITION	
Restricted for:	
Pension	776,785
Other postemployement benefits (OPEB)	3,452
Total net position	$ 780,237

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year ended June 30, 2023
(In thousands)

	Pension and OPEB Trust Funds
ADDITIONS	
Employer contributions	$ 66,087
Employee contributions	1,503
Investment income:	
Dividends and interest income	8,338
Net appreciation (depreciation) in fair value of investments	(133,615)
Investment expenses	(3,170)
Net investment income	(128,447)
Total additions	(60,857)
DEDUCTIONS	
Benefit payments	72,297
Administrative expenses	1,486
Total deductions	73,783
Net increase in net position	(134,640)
Net position, beginning of year	841,589
Net position, end of year	$ 706,949

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

NOTE 1 – THE FINANCIAL REPORTING ENTITY

Organization: The Alameda-Contra Costa Transit District (the District) is a political subdivision of the State of California established in 1956 and is subject to Transit District Law as codified in the California Public Utilities Code.

Reporting Entity: The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. This statement sets forth accountability of a government's elected officials to their constituents as the basic criteria for inclusion of an organization in a governmental reporting entity. The governmental reporting entity consists of the District (primary government) and organizations for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the District's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to or impose a financial burden on the District.

The basic financial statements include a legally separate component unit, which are so financially intertwined with the District that they are, in substance, part of the District and are therefore considered blended component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

For financial reporting purposes, the District's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the District's Board of Directors. As such, the basic financial statements include the financial activities of the District's Special Transit Service Districts (Special Districts) No. 1 and No. 2 and other areas in which the District has contracted to provide transit service. Because these districts are not legally separate entities, they are not considered component units under GASB Statement No. 14. Special District No. 1 was the designation used from the creation of the District for its original territory, consisting of the cities and unincorporated areas from roughly Richmond and San Pablo through Hayward. Special District No. 2 was created by annexation agreements among the cities of Fremont and Newark, the County of Alameda and the District and ratified by a subsequent special election in November 1974 in Fremont and Newark. All property within the Special Districts is subject to taxes that may be levied by the District.

In May 1988, the District created AC Transit Financing Corporation (the Corporation), a nonprofit public benefit corporation incorporated in the State of California under the guidelines of the Nonprofit Public Benefit Corporation Law. Legally separate from the District, the Corporation is blended with the primary government because its sole purpose is to provide financial assistance to the District by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, equipment, land, building improvements, and other public improvements.

The financial activities of the Alameda-Contra Costa Transit District Employees' Pension Plan (the Plan) are reported within a fiduciary fund in the basic financial statements because the Plan exclusively serves the employees of the District. The financial position and changes in financial position of the Plan are reported on a calendar year basis.

The Plan is administered by the five-member Retirement Board made up of two representatives of the general public selected by the District's Board, two District employees who are elected officials of the Amalgamated Transit Union, Local 192 (ATU) and one District employee selected by the District's Board of Directors from the employees who are not represented by ATU. The Retirement Board has administrative and fiduciary responsibility over the Plan. The Retirement Board utilizes a third-party banking institution as custodian over the Plan's assets.

Separate financial statements for the Corporation and the Plan may be obtained from the District Controller.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The basic financial statements provide information about the District's enterprise fund and the pension/OPEB trust fund. Separate statements for each fund category - enterprise and fiduciary - are presented. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied; revenue from sales taxes are recognized in the fiscal year when the underlying exchange occurs; revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

Enterprise Fund (Proprietary Fund): The accounts of the District are organized on the basis of a proprietary fund-type, specifically an enterprise fund. The activities of this fund are accounted for with a set of self-balancing accounts that comprise the District's assets, deferred outflows, liabilities, deferred inflows and net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's cost of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) with pricing policies that establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to passengers for services provided. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Pension/OPEB Trust Funds (Fiduciary Fund): The Pension/OPEB Trust Funds account for the accumulated resources to be used for retirement annuity payments or other post-employment benefit payments to all members of the respective plans.

Use of Estimates: Management has made estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the basic financial statements in conformity with US GAAP. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Any restricted cash and investments used to service debt principal and interest payments of the District would not be considered cash equivalents.

Investments: The District applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which required governmental entities to report certain investments at fair value in the statement of net position and the statement of plan net position and recognize the corresponding change in fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the District has reported its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted for Certificates of Participation: In connection with the 2019 Refunding Certificates of Participation, the District was required to establish and maintain a reserve fund in the amount of $1.137 million. Pursuant to a trust agreement by and among the Corporation, the District, and the trustee, the restricted assets in the fund can only be used to service lease payments on the outstanding certificates of participation. The balance in the reserve fund at June 30, 2023 is $1.137 million. The reserves are reported as non-current assets.

Lease Receivable: At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

Inventories: Inventories consist primarily of bus replacement parts and fuel and are stated at average cost. Inventory usages are charged to expense, on a weighted-average basis, at the time that individual items are withdrawn from inventory.

Capital Assets: Capital assets are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets and right-to-use lease and subscription assets are amortized over the shorter of the estimated useful lives of the assets or the remaining agreement term, as follows:

Building, structures and other improvements	30 years
Revenue equipment	12 years
Service vehicles and other equipment	3 to 10 years
Engines and transmissions	5 years
Revenue vehicles (Mini vans)	7 years
Right-to-use lease buildings and structures	23 years
Subscription assets	2 to 7 years

The District's policy is to capitalize all property and equipment with a cost greater than $5,000 and a useful life of more than one year.

Deferred Outflows/Inflows of Resources: Deferred outflows of resources represent a consumption of net assets that applies to a future period(s). Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The District's activities are related to recognition of changes in its defined benefit plan's net pension liability and net OPEB liability that will be amortized in future periods. Additionally, there are certain costs related to the issuance of bonds that have been recorded as deferred outflows of resources and are being amortized over the remaining period during which the refunded bonds were scheduled to be repaid and future lease receipts that are recorded as deferred inflows of resources that will be recognized as revenue over the life of the lease.

Pension Plan: The District's noncontributory pension plan provides retirement benefits for all qualifying union and non-union employees. The District's annual contribution to fund the Plan is actuarially determined based on a percentage of gross payroll, which includes the normal cost of the Plan plus amortization of prior service costs over a period of not more than thirty years. Cash and investments in the Plan are restricted by law to provide for the future payment of pension benefits and related expenses. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Assistance: Grants are accounted for as non-operating revenue as soon as the agreement has been executed and all eligibility requirements have been met.

Contract Services: The District entered into an agreement with San Francisco Bay Area Rapid Transit District's (BART) in which payments are allocated to the District from BART for feeder services to facilitate the coordination of transit service and encourage transit use and improve the quality of transit service. See Note 15 for related party disclosures on the Consortium.

Property Taxes, Collection and Maximum Rates: The State of California (State) Constitution Article XIII A provides that the maximum basic property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold, transferred or improved. The State Legislature has determined the method of distribution of receipts of the tax levy among the counties, cities, school districts and other districts, including the District.

Alameda and Contra Costa Counties assess properties, bill for, collect and distribute property taxes. Property taxes are recorded as non-operating revenue (including secured delinquent property taxes) net of estimated uncollectible amounts, in the fiscal year of levy.

Assessed values are determined annually by the Assessor's Offices of Alameda and Contra Costa Counties on January 1 and become a lien on the real properties at January 1. The levy date for secured and unsecured properties is July 1 of each year. Secured taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent after August 31.

The District accrues delinquent property taxes from Contra Costa County under the Teeter plan (for secured and supplemental) whereby, delinquent taxes are received by the District from the County's own funds in the event that delinquent taxes are not received by a certain due date. In return, the District forgoes the penalties and interests that would accrue on these delinquent property taxes. The cumulative amount of delinquent taxes uncollected for the current and prior years has been recorded as a receivable.

On November 30, 2004, the voters approved Measure BB, which superseded the Measure AA parcel tax. Measure BB increased the amount of annual parcel tax to $48 per year and the term of the tax to 10 years from the date of implementation. The tax became effective on July 1, 2005 and was to terminate on June 30, 2015. 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 effective through June 30, 2019. On November 8, 2016, the voters approved Measure C1, which superseded Measure VV effective July 1, 2019 and renews the existing parcel tax through June 30, 2039. The revenue derived from this measure is to be used to sustain public transportation services provided by the District in Special District No. 1. The District received approximately $29.9 million in Measure C1 taxes during the year ended June 30, 2023.

Compensated Absences: The personnel policies of the District generally allow employees to accrue up to 240 hours of vacation and 140 days of sick leave. Members of the American Federation of State, County and Municipal Employees (AFSCME) bargaining unit accrue up to 480 hours of vacation. Unused accrued vacation is paid to the employee upon termination from District employment. Unused accrued, vested sick leave is paid, upon retirement, to those employees with ten or more years of District service.

Capital Contributions: The District receives grants from the Federal Transit Administration (FTA) and state and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recorded as revenues after net non-operating revenues, and the cost of the related assets is included in capital assets.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: The financial statements utilize a net position presentation. Net position is subdivided into net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category represents restrictions on net position externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. At June 30, 2023, the District has restricted net position in the amount of $972,000 related to the 2019 Certificates of Participation (COPS) and $92.6 for the future capital expenditures. The net position restricted for debt service is maintained in a reserve fund to service lease payments on the outstanding 2019 COPS.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any projects or other purposes.

Recent Accounting Pronouncements Adopted:

- GASB Statement No. 91, *Conduit Debt Obligations*, was adopted with no impact on the financial statements.
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, was adopted with no impact on the financial statements.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (*SBITAs*) establishes uniform accounting and financial reporting requirements for SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. The adoption of this Standard did not have a material effect on the District's net position or changes in net position. See Note 10 of the financial statements for additional disclosures about the SBITA's.
- GASB Statement No. 99, *Omnibus*, was adopted with no impact on the financial statements.

NOTE 3 – CASH AND INVESTMENTS

Investment Policy: The District's investment policy, which is more restrictive than required by the California Government Code, stipulates the type, maturity limit, and diversification of securities held by the District. The objectives of the policy, in order of priority, are compliance with applicable laws, preservation of capital, liquidity to meet required cash demands and maximization of income. The District's investment policy does not permit investments in medium term notes, municipal securities or reverse repurchase agreements, which are permitted by the California Government Code. In accordance with the District's investment policy, the District may invest in the following types of investments, subject to certain restrictions, such as rating quality or maximum percentages of the portfolio:

- Repurchase agreements
- Securities of U.S. government and its agencies
- California Local Agency Investment Fund
- Negotiable certificates of deposit
- Commercial paper
- Bankers' acceptances
- Money market accounts (Non-U.S. government)

(Continued)

NOTE 3 – CASH AND INVESTMENTS (Continued)

Presentation: At June 30, 2023, the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	$ 177,779
Investments	93,843
Total	$ 271,623
Reported in the Enterprise Fund as:	
Cash and cash equivalents	$ 84,044
Restricted – noncurrent cash and cash equivalents	93,735
Investments	93,843
Total	$ 271,623

Fair Value: The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2023:

- U.S. Treasury bills and notes of $93.8 million are based on quoted market prices in active markets for identical assets using the market approach (Level 1 inputs).

Interest Rate Risk – The District has limited exposure to interest rate risk due to its liquidity needs to meet cash flow demand requirements. All its investments have a remaining maturity at date of purchase of eighteen months or less. None of the District's investments are highly sensitive to interest rate changes.

Credit Risk – The District's credit rating risk is governed by the California Government Code 53601 which limits investments in money markets to the highest ranking attained by the rating agency which is Aaa/AA+. The District had no investments in money market accounts as of June 30, 2023. There are no credit limits on the securities of U.S. Treasury since these investments are backed by the full faith and credit of the United States government.

The District had $93.8 million of U.S. Treasury notes and bills as of June 30, 2023, which were all rated Aaa/AA.

Concentration of Credit Risk – The District manages this risk by requiring that no more than 20% of its total investment portfolio (with the exception of securities of the U.S. Treasury or U.S. government agencies) be invested in a single security type or with a single financial institution. The District did not have any individual security holdings meeting or exceeding 20% of its total portfolio as of June 30, 2023.

Foreign Currency Risk – Foreign currency risk is the risk that the changes in foreign exchange rates will affect the fair value of an investment denominated in a foreign currency. At June 30, 2023, there was no exposure to foreign currency risk as all the District's cash equivalents and investments are denominated in U.S. dollar currency.

(Continued)

NOTE 3 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The California Government Code requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Such collateral is considered to be held in the District's name.

NOTE 4 – CAPITAL ASSETS

Following is a summary of capital assets at June 30, 2023 (in thousands):

	July 1, 2022	Additions	Retirements	Transfers	June 30, 2023
Non-depreciable capital assets:					
Land	$ 28,686	$ -	$ -	$ -	$ 28,686
Work in progress	108,853	78,148	-	(137,916)	49,085
Total	137,539	78,148	-	(137,916)	77,771
Depreciable capital assets:					
Revenue equipment	492,141	29,653	(1,062)	-	520,732
Service vehicles and other equipment	133,683	4,811	(100)	-	138,394
Buildings, structure and improvements	342,620	103,476	(1)	-	446,095
Total	968,444	137,941	(1,163)	-	1,105,222
Less: accumulated depreciation:					
Revenue equipment	(319,489)	(31,638)	988	-	(350,139)
Service vehicles and other equipment	(126,468)	(2,256)	140	-	(128,583)
Buildings, structure and improvements	(234,799)	(40,330)	2	-	(275,127)
Total	(680,756)	(74,223)	1,130	-	(753,849)
Depreciable capital assets net of accumulated depreciation	287,688	63,718	(33)	-	351,373
Capital assets, net of accumulated depreciation	$ 425,227	$ 141,866	$ (33)	$ (137,916)	$ 429,144

(Continued)

NOTE 4 – CAPITAL ASSETS (Continued)

	July 1, 2022	Additions	Retirements	Transfers	June 30, 2023
Right-to-use lease buildings/structure	$ 7,434	$ -	$ -	$ -	$ 7,434
Less: accumulated amortization of right-to use lease buildings/ structure	(338)	(338)	-	-	(676)
Right-to-use lease buildings/structure net of accumulated amortization	$ 7,096	$ (338)	$ -	$ -	$ 6,758
Subscription assets	$ 9,555	$ -	$ -	$ -	$ 9,555
Less: accumulated amortization of subscription assets	-	(2,409)	-	-	(2,409)
Right-to-use lease buildings/structure net of accumulated amortization	$ 9,555	$ (2,409)	$ -	$ -	$ 7,146

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2023 and the Pension Trust Fund is reported as of December 31, 2022; therefore, interfund payables and receivables do not equal. Interfund receivables and payables arise due to the following two reasons.

First, the timing of reimbursements from the Pension Trust Fund for administration costs and retiree benefits payments made by the District. At June 30, 2023 and December 31, 2022, the Pension Trust Fund had a payable to the Enterprise Fund of $12.3 million and $5.7 million, respectively, for these administration costs and retiree benefits payments made by the District.

Second, payments to the Pension Trust Fund for contributions based on covered payroll. At June 30, 2023 and December 31, 2022, the Pension Trust Fund had a receivable from the Enterprise Fund of $8.7 million and $6.5 million, respectively, for contributions to be made by the Enterprise Fund to the Pension Trust Fund.

NOTE 6 – CAPITAL CONTRIBUTIONS ASSISTANCE

The District has several grant contracts in process with the FTA that provide federal funds for the acquisition of buses, other equipment and improvements. Under the terms of the grants, proceeds from equipment sold or retired are refundable to the federal government in proportion to the original federal capital grant funds used in the purchase. The District has also received allocations of funds generated from net bridge toll revenues of the San Francisco-Oakland Bay Bridge and from PTMISEA grants, see Note 12. These funds are received under provisions of the California Streets and Highways Code and are allocated based on claims approved by the Metropolitan Transportation Commission (MTC). These grants are summarized for the year ended June 30, 2023 as follows (in thousands):

Federal grants	$ 27,984
State and local grants	35,630
	$ 63,614

(Continued)

NOTE 7 – OPERATING ASSISTANCE

State and Local Operating Assistance: The Transportation Development Act (TDA) creates in each local jurisdiction a Local Transportation Fund that is funded by a 1/4 cent from the retail sales tax collected statewide. State Transit Assistance (STA) funds are generated by the state's sales tax on diesel fuel. The California Department of Tax and Fee Administration (CDTFA) (previously known as the State Board of Equalization) returns these funds to the local jurisdiction according to the amount of sales taxes collected in that jurisdiction. TDA funds are allocated to the District from Alameda and Contra Costa counties to meet, in part, the District's operating requirements. The allocation is based on population within the District.

In 2004, voters approved Regional Measure 2 (RM2), raising the toll on regional state-owned toll bridges by $1. The measure established a Regional Traffic Relief Plan to help finance highway, transit, bicycle and pedestrian projects in the bridge corridors and their approaches, and to provide operating funds for key transit services.

Below is a summary of state and local operating assistance for the year ended June 30, 2023 (in thousands):

Local operating assistance:	
Operating revenues	$ 1,132
Transportation Development Act	103,016
Regional Measure 2	10,987
Regional Measure 3	5,528
Less: amount reported within non-operating revenues of JPA and consortium	(9,053)
	$ 111,610
State operating assistance:	
State Transit Assistance	$ 36,183
Other state assistance	500
Pass thru	335
	$ 37,018

Local Sales Tax: The local sales tax assistance (AB 1107) is derived from the one-half percent retail tax imposed on the three BART counties (Alameda, Contra Costa and San Francisco). Of the total amount collected, 75% is a direct BART subsidy with the District and the San Francisco Municipal Railway System (MUNI) sharing the remaining 25% equally.

In 1987, the District began receiving local sales tax revenue under Measure B. Approved by the voters of Alameda County, Measure B provides for the collection and distribution by the Alameda County Transportation Authority of a one-half percent transactions and use tax. The District is authorized to receive 11.617% of the annual tax collected under the condition that the money be used for service exclusively in Alameda County.

In 2009, the District began receiving local sales tax revenue under Measure J, which is an extension of existing Measure C one-half percent sales tax for financing of transportation projects in Contra Costa County. As a transit operator in Contra Costa County, the District is eligible to submit project proposals to the Contra Costa Transportation Authority (CCTA) for funding under Measure J.

(Continued)

NOTE 7 – OPERATING ASSISTANCE (Continued)

In 2015, the District began receiving local sales tax revenue under Measure BB. Approved by the voters of Alameda County, Measure BB provides for the collection and distribution by the Alameda County Transportation Authority of an existing one-half percent transaction and use tax scheduled to terminate on March 31, 2022 and the augmentation of the tax by an additional one-half percent. The District is authorized to receive 23.3% of the annual tax collected under the condition that money be used for transportation improvements benefitting Alameda County.

Local sales tax assistance for the year ended June 30, 2023, is summarized below (in thousands):

AB 1107	$ 54,555
Measure J	6,330
Measure BB	88,456
Less: amount reported within non-operating revenues of JPA and consortium	(17,420)
	$ 131,921

Federal Operating Assistance: All federal funding sources are distributed by FTA after approval by the MTC. Federal operating funding sources for the year ended June 30, 2023 are summarized below (in thousands):

5307 and 5309 Operating grants	$ 43,306
Less: amount reported within non-operating revenues of JPA and consortium	(4,462)
	$ 38,844

At June 30, 2023, federal grant funds totaling $2.0 million were recorded as a receivable.

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2023 (in thousands):

	Original Issue Amount	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount Due Within One Year
Direct Placements						
2019 Refunding COP 2.195% - 3.326%, due August 1, 2034	$ 11,655	$ 11,655	$ -	$ (435)	$ 11,220	$ 800
Total long-term debt		11,655	-	(435)	11,220	800
Other long-term liabilities						
Lease liability		7,292	-	(468)	6,824	155
Subscription liability		-	7,317	-	7,317	-
Accrued vacation and sick leave		32,460	679	-	33,139	23,049
Claims liabilities (Note 15)		80,393	3,126	-	83,519	11,702
Remediation obligations (Note 14)		1,019	-	-	1,019	67
Total long-term liabilities		$ 132,819	$ 11,122	$ (903)	$ 143,038	$ 35,773

(Continued)

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Certificates of Participation: On December 11, 2019, the Corporation issued Refunding Certificates of Participation Series 2019 (2019 COPS). The proceeds (less $408,000 of issuance costs and underwriters fees) from the issuance of the $11.66 million were used to refund and retire the 2009A COPS. In connection with this transaction, the Corporation incurred a deferred loss on refunding that is reported as a deferred outflow of resources in the amount of $583,000 which is recognized as a component of interest expense over the remaining life of the debt. Interest on the 2019 COPS is payable semi-annually on February 1 and August 1 of each year through the year 2034. There is no right under any circumstances to accelerate the payments or otherwise declare any payments not then in default to be immediately due and payable.

Revolving Line of Credit: On August 1, 2019, the District secured a Revolving Line of Credit (credit agreement) to support the delivery of the East Bay Bus Rapid Transit Project (BRT). The amount outstanding under the credit agreement could not exceed $35 million at any one time and had a maturity date of August 1, 2022. The line of credit was paid off in April 2022 and had no balance as of June 30, 2023.

The District's debt service requirements to maturity for each of the next five fiscal years and thereafter are summarized as follows (in thousands):

Year Ended	Principal	Interest	Total
2024	$ 800	$ 322	$ 1,122
2025	820	302	1,122
2026	840	282	1,122
2027	865	258	1,123
2028	885	234	1,119
2029-2033	4,850	749	5,599
2034-2035	2,160	72	2,232
Total	$ 11,220	$ 2,218	$ 13,438

Debt Limit: Board policy on debt management (as defined by Board Policy 316) states that ''total annual debt service expenses shall not exceed ten percent of operating revenue (including subsidies) provided that in no event shall such indebtedness exceed twenty percent of assessed value of all real and personal property within the District." The District's legal annual debt service limit as June 30, 2023, is approximately $52 million.

Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years.

NOTE 9 – LEASES

The District is the lessee under one lease for buildings and structure. This lease began in 2017 and runs through fiscal year 2043 and includes 3% annual rent escalators. As required by GASB Statement No. 87, the District has recorded a net lease asset of $6.8 million and a lease liability of $6.8 million as of June 30, 2023. The District recognized $0 of interest expense and $337,917 of amortization expense for the year ended June 30, 2023. The District also leases other buildings and structures which have variable rates and thus are recognized as incurred.

(Continued)

NOTE 9 – LEASES (Continued)

The annual payment requirements for the one lease that is recorded under GASB 87 are as follows (in thousands):

Year Ended	Principal	Interest	Total
2024	$ 170	$ 176	$ 346
2025	184	172	356
2026	200	167	367
2027	216	162	378
2028	233	157	390
2029-2033	1,448	683	2,131
2034-2038	2,001	469	2,470
2039-2043	2,372	178	2,550
Total	$ 6,824	$ 2,164	$ 7,002

The District is also the lessor in several lease agreements for warehouse space, cell phone sites, and bus bay terminals. Many of these are on a month to month basis and are not recorded under GASB Statement No. 87, however, there are four leases that are. Accordingly, the District has a lease receivable of $9.5 million and deferred inflows of resources related to the lease of $9.2 million. The District recognized $0.9 million of lease income and $0.2 million of interest income related to these leases for the year ended June 30, 2023. These four leases have annual receipts ranging from $16,000 to $470,000 and lease terms that range from December 31, 2023 to December 31, 2072.

NOTE 10 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA's)

The District has entered into numerous subscription based information technology arrangements. The District has evaluated and reported these agreements under GASB Statement No. 94, *Subscription Based Information Technology Arrangements*. Future payments under noncancelable SBITA contracts at June 30, 2023 are as follows (dollar amounts in thousands):

Year Ended	Payments
2024	$ 2,630
2025	2,525
2026	1,371
2027	909
2028	626
2029-2031	1,434
	9,495
Less interest	(2,178)
Total	$ 7,317

(Continued)

NOTE 11 – PENSION PLAN

Plan Description: The AC Transit Employees' Retirement Plan (Plan) is a single-employer defined benefit pension plan, which provides retirement benefits for all qualifying union and non-union employees. Administration of the Plan is performed by the Plan's management staff and overseen by the Plan's Retirement Board. The Plan issues stand-alone financial statements on a calendar year basis. Copies of these financial statements can be obtained from the District Controller, 1600 Franklin Street, Oakland, CA 94621.

The Plan's members are members of the Amalgamated Transit Union (ATU), the American Federation of State, County and Municipal Employees (AFSCME), the International Brotherhood of Electrical Workers (IBEW) and unrepresented employees. Each union vesting period is based upon its individual collective bargaining entity, which is five years for all employees other than ATU employees, who have an eight-year vesting requirement.

Benefits Provided: Benefit provisions are established in the Plan document. The Plan document cannot be changed by the Retirement Board. Any change to the Plan document must be made by the District Board and for represented employees no changes can be made without the consent of the applicable union. Retirement benefits vest after either eight years of service or five years of service, depending on the employee's classification. Most District employees who retire at or after age 55 with vested benefits are entitled to an annual retirement benefit, payable monthly for life, at a rate based upon age, the higher of either the average of the last 36 months of employment or the average of the highest three years of earnings and the completed years of service with the District.

Participants Covered by Benefit Terms: As of December 31, 2022, employee membership in the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	<>
Terminated employees entitled to benefits but not yet receiving them	<>
	<>
Current employees:	
Vested	<>
Non-vested	<>
	<>

Contributions: The District makes contributions, based upon the Plan's actuarial calculation each fiscal year. As of January 1, 2013 (January 1, 2016 for public transit districts), California law required all new participants in a public retirement system to make employee contributions that covered at least 50% of the normal cost of the retirement benefits accrued each year. This contribution obligation did not apply to unrepresented District employees hired prior to January 1, 2016. The application of that obligation to employees who are in bargaining units represented by employee organizations and who were hired after that date remains under consideration. For the year ended June 30, 2023, the District's average contribution rate was 31% of annual covered payroll and the District's contributions to the Plan were $61.7 million.

(Continued)

NOTE 11 – PENSION PLAN (Continued)

Actuarial Methods and Assumptions: The actuary used the following assumptions and methods in calculating the annual required contributions and the funded status:

Valuation date	January 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll (6 years remaining as of 1/1/2022) with separate periods of Extraordinary Actuarial Gains or Losses (17 years as of 1/1/2022) and 20-year closed periods for all UAL changes after 1/1/17 due to actuarial gains and losses or changes in assumptions and methods
Asset valuation method	5-year smoothed market, 80%/120% corridor around market

Actuarial assumptions:

Investment rate of return	6.75%, net of investment expense
Amortization growth rate	3.00%
Price inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service
Health Mortality	RP-2014 Adjusted to 2006 Blue Collar Annuitant Mortality Table (110% adjustment factor for male ATU/IBEW members and 130% for ATU/IBEW females, 110% adjustment factor for male AFSCME/Non-Union members), projected with generational improvements using MP-2018

Measurements as of the reporting date are based on the fair value of assets as of December 31, 2022, and the total pension liability as of the valuation date, January 1, 2022, rolled forward to December 31, 2022. There were no significant events between the valuation date and the measurement date. The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2018.

Mortality rates were based on the Sex distinct RP-2000 Combined Mortality tables with ages set forward one year for ATU/IBEW members and no set-forward for AFSCME/Non-Union members.

The long-term expected rate of return on the pension plan investments was determined using a building block method which estimates expected future rates of return (net of inflation) for each major asset class.

(Continued)

NOTE 11 – PENSION PLAN (Continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Domestic Equity	22%	4.6%
Domestic Small Cap Equity	6%	5.7%
International Equity	14%	5.1%
International Small Cap Equity	3%	6.5%
Emerging Market Equity	6%	9.2%
Fixed Income (Core)	19%	0.7%
Fixed Income (Credit)	13%	2.7%
Emerging Market Debt	6%	3.3%
Real Estate	5%	4.7%
Private Debt	5%	5.7%
Cash	1%	0.0%
	100%	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – There were no changes in assumptions or benefit terms since the prior measurement date.

Changes Since the Measurement Date – There were no changes between the measurement date and the District's reporting date.

Discount Rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will contribute to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability (UAL) as a level percentage of payroll. The remaining portion of the extraordinary investment loss from 2008 is being amortized over a closed period, with 19 years remaining as of January 1, 2020. The remainder of the UAL is being amortized over a closed period, with 8 years remaining as of January 1, 2020. The receivable contribution for the UAL payment for the fiscal year containing the valuation date is being amortized over a 20-year closed period. Any unexpected changes in the UAL after 2016 are amortized over new 20-year closed layers.

Net Pension Liability: The components of the net pension liability of the District at the measurement date of December 31, 2022 are as follows (in thousands):

Total pension liability	$ 1,161,481
Less: Plan fiduciary net position	(776,785)
District's net pension liability	$ 384,696
Funded ratio (Plan's fiduciary net position / total pension liability)	66.9%

(Continued)

NOTE 11 – PENSION PLAN (Continued)

The changes in the net pension liability for the Plan follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at January 1, 2022	$ 1,120,830	$ 911,351	$ 209,479
Changes for the year:			
Service cost	29,192	-	29,192
Interest	74,373	-	74,373
Difference between expected and actual experience	4,937	-	4,937
Contributions – employer	-	61,716	(61,716)
Contributions – member	-	1,503	(1,503)
Net investment income	-	(128,574)	128,574
Benefit payments	(67,851)	(67,851)	-
Administrative expense	-	(1,360)	1,360
Net changes	40,651	(134,566)	175,217
Balance at December 31, 2022	$ 1,161,481	$ 776,785	$ 384,696

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability (in thousands) as of June 30, 2023, calculating using the discount rate of 6.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate of 1-percent-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate.

	(5.75%) 1% Decrease	(6.75%) Current Discount	(7.75%) 1% Increase
Net pension liability	$ 509,266	$ 384,696	$ 278,602

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued AC Transit Employees' Retirement Plan audited financial statements and may be obtained from the District Controller.

NOTE 11 – PENSION PLAN (Continued)

For the year ended June 30, 2023, the District recognized pension expense of $81.6 million. At June 30, 2023, the District reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Outflows of Resources	Inflows of Resources
Employer contributions subsequent to measurement date	$ 27,069	$ -
Differences between expected and actual experience	9,529	-
Changes in assumptions	15,861	1,048
Net difference between projected and actual earnings on pension plan investments	107,817	-
Total	$ 160,276	$ 1,048

Deferred outflows of resources related to contributions subsequent to the measurement date of $27.1 million will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

	Deferred Outflows/ (Inflows) of Resources
June 30, 2024	$ 19,949
June 30, 2025	32,355
June 30, 2026	40,887
June 30, 2027	38,968
	$ 132,159

Payable to the Pension Plan: As disclosed in Note 5, the District reported a payable of $8.7 million for the outstanding amount of contributions to the Plan for the year ended June 30, 2023.

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

ATU Local 192 Benefit Trust

Plan Description: The ATU Local 192 Benefits Trust (the Trust) administers a single-employer defined benefit post-employment plan to assist eligible retirees with their medical costs. The Trust consists of three programs that provide other post-employment benefits: The ATU Retiree Health & Welfare Program, the AFSCME Retiree Medical Program and the IBEW Retiree Medical Program. The Trust provides medical benefits to all vested retirees at least 55 years old by paying a portion of the medical insurance premiums or reimbursement of eligible medical expenses not to exceed the maximum negotiated rates. Rates are negotiated between the District and the respective bargaining units. The Trust's board of trustees has historically adopted rates based on the premiums offered by participating providers. The Trust does not issue stand-alone financial statements.

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Benefits Provided: Individuals are eligible for retiree benefits with the following subsidies at age 55 with eight years of service for ATU and at age 55 with 10 years of service for AFSCME/IBEW. The Trust subsidizes a portion of medical insurance premiums or reimburses eligible medical expenses in an amount not to exceed the following negotiated monthly amounts:

ATU Local 192	Pre-Age 65: $691	Post-Age 65: $335
AFSCME	Pre-Age 65: $691	Post-Age 65: $335
IBEW	Pre-Age 65: $691	Post-Age 65: $335

No subsidy is provided for spouse coverage for IBEW and AFSCME. After the death of an ATU retiree, a subsidy of $150 per month is available for the life of the surviving spouse. No dental, vision, or life insurance benefits are included.

Participants Covered by Benefit Terms: As of June 30, 2022, employee membership in the Trust was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,159
Active plan members	2,028
	3,187

Contributions: The District is required to make contributions to the Trust based on the number of hours worked by active union employees. The establishment and modification of the memorandums of understanding between the District and the respective bargaining units creates the authority under which the District is obligated to make its contributions. For fiscal year 2023, the required contribution rates were as follows:

ATU Local 192	$1.40 per hour per employee (will increase to $1.50 per hour if the Trust's funds fall below $2 million in assets.)
AFSCME	$0.91 per hour per employee
IBEW	$1.04 per hour per employee

Actuarial Methods and Assumptions: The actuary used the following assumptions and methods in calculating the annual required contributions and the funded status:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	0.50%
Administrative expenses	3.00% of benefits
Salary increases	3.50%
Health Mortality	ATU/IBEW Retirees and beneficiaries: RP-2014 Headcount Weighted Blue Collar annuitant base table, adjusted to 2006, with 110% adjustment factor to base rates for males and 130% for females. AFSCME: RP-2014 Headcount-Weighted Blue Collar annuitant base table, adjusted to 2006, with 110% adjustment factor to base rates for males and no adjustment for females Active members: RP-2014 Non-Annuitant Blue Collar Table Adjusted to 2006

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Measurements as of the reporting date are based on the fair value of assets as of June 30, 2022 and the total OPEB liability as of the valuation date, June 30, 2022.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study performed in 2015.

Best estimates of the arithmetic real rates of return for each major asset class included in the Trust's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Short term investments	100%	0.5%

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The discount rate was increased from 2.18% to 4.09% and the long-term investment rate of return decreased from 6.94% to 0.5%.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.09%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Trust based on the negotiated required contribution for each bargaining unit. Based on those assumptions, the Trust's fiduciary net position was never projected to be greater than the benefits to be made in all years. The plan fiduciary net position will not be sufficient to make all benefit payments due for current participants in the coming year and will not be sufficient to make any benefit payments thereafter. As a result, the discount rate was determined using the June 30, 2022 municipal bond rate, which was derived from the S&P Municipal Bond 20-Year High Grade Rate Index.

Net OPEB Liability: The components of the net OPEB liability of the District at the measurement date of June 30, 2022 are as follows (in thousands):

Total OPEB liability	$ 83,063
Less: Trust fiduciary net position	(2,988)
District's net OPEB liability	$ 80,075
Funded ratio (Trust's fiduciary net position / total OPEB liability)	3.60%

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The changes in the net OPEB liability for the Trust follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2021	$ 99,301	$ 3,625	$ 95,676
Changes for the year:			
Service cost	4,217	-	4,217
Interest	2,212	-	2,212
Difference between expected and actual experience	(1,477)	-	(1,477)
Changes of assumptions	(17,029)	-	(17,029)
Contributions – employer	-	3,958	(3,958)
Net investment loss	-	(291)	291
Benefit payments	(4,161)	(4,161)	-
Administrative expense	-	(143)	143
Net changes	(16,238)	(637)	(15,601)
Balance at June 30, 2022	$ 83,063	$ 2,988	$ 80,075

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the net OPEB liability (in thousands) as of June 30, 2023, calculating using the discount rate of 4.09%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate of 1-percent-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate.

	(3.09%) 1% Decrease	(4.09%) Current Discount	(5.09%) 1% Increase
Net OPEB liability	$ 88,352	$ 80,075	$ 72,956

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rate: The Trust Plan only provides for a fixed subsidy to retirees. Therefore, the total liability is not affected by changes in the health care trend rate. Sensitivity analysis is not applicable.

OPEB Plan Fiduciary Net Position: For the year ended June 30, 2023, the District recognized OPEB expense of $3.0 million. At June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	Outflows of Resources	Inflows of Resources
Employer contributions subsequent to measurement date	$ -	$ -
Differences between expected and actual experience	-	29,916
Changes in assumptions	4,341	20,326
Net difference between projected and actual earnings on OPEB plan investments	1,263	-
Total	$ 5,605	$ 50,242

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Deferred outflows of resources related to contributions subsequent to the measurement date of $0 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (in thousands):

	Deferred Outflows/ Inflows of Resources
June 30, 2024	$ (9,514)
June 30, 2025	(9,547)
June 30, 2026	(9,487)
June 30, 2027	(3,846)
June 30, 2028	(3,450)
June 30, 2029	(2,954)
June 30, 2030	(2,573)
June 30, 2031	(2,177)
June 30, 2032	(1,089)
	$ (44,637)

As of June 30, 2023, the Trust Plan has the following assets, liabilities, and net position:

ASSETS	
Cash and cash equivalents	$ 3,452
Total assets	3,452
LIABILITIES	
Accounts payable and accrued expenses	-
Total liabilities	-
NET POSITION	
Restricted for:	
Other postemployement benefits (OPEB)	3,452
Total net position	$ 3,452

(Continued)

Activity for the Trust Plan for the year ending June 30, 2023 is as follows:

ADDITIONS	
Employer contributions	$ 4,371
Employee contributions	-
Investment income:	
Dividends and interest income	2
Net appreciation (depreciation) in fair value of investments	125
Investment expenses	-
Net investment income	127
Total additions	4,498
DEDUCTIONS	
Benefit payments	4,446
Administrative expenses	126
Total deductions	4,572
Net increase in net position	(74)
Net position, beginning of year	3,526
Net position, end of year	$ 3,452

Retiree Benefits Non-Trust Plan

Plan Description: The District administers a single-employer defined benefit post-employment plan called the Retiree Benefits Non-Trust Plan (the OPEB Plan) to assist eligible retirees with their medical costs. The OPEB Plan provides medical, dental, vision and life insurance benefits to all vested retirees and their spouses at least 55 years old by paying the current participating providers' insurance premiums. The medical insurance benefit is also available for a retiree's dependent, if applicable. The OPEB Plan differs from the Trust in that it provides Trust plan members supplemental healthcare benefits in addition to medical benefits, as well as providing medical benefits to District employees who are unrepresented. Insurance premium rates are negotiated between the District and the respective bargaining units. The District has historically adopted rates based on the premiums offered by participating providers.

During fiscal year 2018, the District joined the California Employer's Retirement Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by CalPERS. A copy of the aggregate CERBT annual financial report may be obtained at www.calpers.ca.gov. CERBT serves as an irrevocable trust, ensure that funds contributed into the Trust are dedicated to service the needs of member districts, and their employees and retirees. The OPEB Plan does not issue stand-alone financial statements.

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Benefits Provided: Individuals are eligible for retiree benefits with the following subsidies at age 55 with eight years of service for ATU and at age 55 with 10 years of service for AFSCME/IBEW.

Medical Benefits before Age 65 (HMO) – The District does not subsidize directly.

Medical Benefits after Age 65 (HMO) – The District subsidizes a fixed $40.00 per month for single coverage and $80.00 per month for dual coverage directly from the District assets. This amount is in addition to subsidy provided under the Trust Plan.

Dental Benefits – The District subsidizes a fixed $20.00 per month for any level of dental coverage. If retiree waives dental coverage, the retiree is given $20.00 as additional earnings in pension. If the retiree dies and surviving spouse was enrolled in the dental plan, the spouse also receives $20.00 subsidy. If the surviving spouse waives dental coverage, the spouse receives $20.00 as additional earnings.

Vision Benefits – The District subsidizes the full cost (currently $14.90 per month) for single coverage only. If the spouse was enrolled in vision plan at the time of retiree's death, the spouse is eligible to elect vision at no cost.

Life Insurance Benefits – The District provides $25,000 of non-contributory retiree life insurance coverage. There are a few legacy IBEW retirees that receive $2,000 of life insurance coverage.

Executive Life Insurance Benefits – The District offers $50,000 of executive retiree life insurance coverage. Retirees contribute $20.14 per month towards their coverage.

Supplemental Life Insurance Benefits – The District offers $5,000 of supplemental retiree life insurance coverage. Retirees contribute $20.14 per month towards their coverage.

Non-represented participants are eligible for retiree benefits with the following subsidies at age 50 with 5 years of service.

Medical Benefits before Age 65 (HMO) – The District subsidizes a percentage of the lowest offered premium (currently $1,281 per month). The spouse is also eligible for the lowest offered premium, but the spouse must contribute $100.00 per month.

Medical Benefits after Age 65 (HMO) – The District subsidizes a percentage of the lowest offered premium (currently $398 per month) for the retiree. The District also gives the retiree and the spouse $40.00 each if they are enrolled in Medicare Parts A and B. The spouse is also eligible for lowest offered premium, but the spouse must contribute $100.00 per month. Subsidized spouse medical benefit coverage continues after the death of the retiree if the spouse continues to make the requisite $100 per month contribution. The spouse of an employee who dies in active service is not eligible for subsidized coverage.

Dental Benefits – The District subsidizes $79 per month for single coverage. No additional subsidy is assumed for dependent coverage.

Vision Benefits – The District subsidizes $15 per month for single coverage. No subsidy is assumed for dependent coverage.

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Life Insurance Benefits – For employees who retire on or after March 1, 2009, the District provides $50,000 of non-contributory retiree life insurance coverage for employees. Employees who retired prior to March 1, 2009, the District provides $25,000 of life insurance coverage.

Executive Life Insurance Benefits – The District offers $50,000 of executive retiree life insurance coverage. Retirees contribute $20.14 per month towards their coverage.

Supplemental Life Insurance Benefits – The District offers $5,000 of supplemental retiree life insurance coverage. Retirees contribute $20.14 per month towards their coverage.

Participants Covered by Benefit Terms: As of June 30, 2022, employee membership in the OPEB Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,541
Active plan members	2,112
	3,653

Contributions: The District has historically funded the OPEB Plan on a pay-as-you-go basis. There is currently no requirement for either the District or the OPEB Plan members to make contributions to the OPEB Plan. For the year ended June 30, 2023, the District's contributions to the OPEB Plan via CERBT were $3,000,000. As of June 30, 2023, no employee contributions have been received by the OPEB Plan.

Actuarial Methods and Assumptions: The actuary used the following assumptions and methods in calculating the annual required contributions and the funded status:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.50%
Health care trend rate	Pre-65: 7.0% for FY2023, decreasing 0.5% per year to an ultimate rate of 5.0% for FY2026 and later Post-65: 6.5% for FY2023, decreasing 0.5% per year to an ultimate rate of 5.0% for FY2026 and later
Salary increases	3.50%
Health Mortality	RP-2014 headcount weighted Blue Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis for Union employees and retirees. RP-2014 headcount weighted White Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis used for non-represented employees and retirees.

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Measurements as of the reporting date are based on the fair value of assets as of June 30, 2022 and the total OPEB liability as of the valuation date, June 30, 2022.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study performed in 2015.

Best estimates of the arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return Years 1-10	Long Term Expected Real Rate of Return Years 11-60
Global equity	49%	5.25%	5.71%
Fixed income	23%	1.79%	2.40%
Real Estate Investment Trusts	20%	3.25%	7.88%
Treasury Inflation-Protected Securities	5%	1.00%	2.25%
Commodities	3%	0.34%	4.95%

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The discount rate increased from 2.18% to 4.09% and the investment rate of return decreased from 6.94% to 5.5%.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.09%. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the OPEB Plan based on the negotiated required contribution for each bargaining unit. Based on those assumptions, the OPEB Plan's fiduciary net position was never projected to be greater than the benefits to be made in all years. The plan fiduciary net position will not be sufficient to make all benefit payments due for current participants in the coming year and will not be sufficient to make any benefit payments thereafter. As a result, the discount rate was determined using the June 30, 2022 municipal bond rate, which was derived from the S&P Municipal Bond 20-Year High Grade Rate Index.

Net OPEB Liability: The components of the net OPEB liability of the District at the measurement date of June 30, 2022 are as follows (in thousands):

Total OPEB liability	$ 74,576
Less: OPEB Plan fiduciary net position	(8,557)
District's net OPEB liability	$ 66,019
Funded ratio (OPEB Plan's fiduciary net position / total OPEB liability)	11.47%

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The changes in the net OPEB liability for the OPEB Plan follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2021	$ 87,078	$ 9,883	$ 77,195
Changes for the year:			
Service cost	3,540	-	3,540
Interest	1,938	-	1,938
Changes of benefit terms	-	-	-
Difference between expected and actual experience	7,397	-	7,397
Changes of assumptions	(21,874)	-	(21,874)
Contributions – employer	-	3,503	(3,503)
Net investment income	-	(1,318)	1,318
Administrative expenses	-	(8)	8
Benefit payments	(3,503)	(3,503)	-
Net changes	(12,502)	(1,326)	(11,176)
Balance at June 30, 2022	$ 74,576	$ 8,557	$ 66,019

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the net OPEB liability (in thousands) as of June 30, 2023, calculating using the discount rate of <>%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate of one-percent-point lower (1%) or one-percentage-point higher (1%) than the current rate.

	(3.09%) 1% Decrease	(4.09%) Current Rate	(5.09%) 1% Increase
Net OPEB liability	$ 76,260	$ 66,019	$ 57,605

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rate: The following table presents the net OPEB liability (in thousands) as of June 30, 2023, calculating using the health care trend rate of 7.00% (pre-65) and 6.50% (post-65), as well as what the District's net OPEB liability would be if it were calculated using a health care trend rate of one-percent-point lower (6.00% and 5.50%) or one-percentage-point higher (8.00% and 7.50%) than the current rate.

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 61,834	$ 66,019	$ 71,215

(Continued)

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB plan fiduciary net position: For the year ended June 30, 2023, the District recognized OPEB expense of $2.7 million. At June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	Outflows of Resources	Inflows of Resources
Employer contributions subsequent to measurement date	$ 3,000	$ -
Differences between expected and actual experience	9,824	2,714
Changes in assumptions	1,698	25,920
Net difference between projected and actual investment earnings	1,016	23
Total	$ 15,538	$ 28,657

Deferred outflows of resources related to contributions subsequent to the measurement date of $3.0 million will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (in thousands):

	Deferred Outflows/ Inflows of Resources
June 30, 2024	$ (2,341)
June 30, 2025	(2,346)
June 30, 2026	(2,602)
June 30, 2027	(2,467)
June 30, 2028	(1,462)
June 30, 2029	(1,822)
June 30, 2030	(1,900)
June 30, 2031	(1,179)
	$ (16,119)

NOTE 13 – COMMITMENTS

PTMISEA Grants: The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of $4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, $3.6 billion in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects.

During fiscal year 2010, the District submitted a Corrective Action Plan requesting additional PTMISEA grant funding on top of its fiscal year 2009 allocation to purchase buses.

The California Department of Transportation (CalTrans) determined that the District was eligible to receive an additional allocation totaling $8.8 million (2009 allocation). The funds were sent to the District prior to its purchase of the buses but are committed to funding future bus purchases. The funds must be encumbered within three years and expended within three years of being encumbered.

(Continued)

NOTE 13 – COMMITMENTS (Continued)

The District also acts a pass-through agency for the Transbay Joint Powers Authority (the TJPA) for various transportation projects such as the Transbay Transit Center.

In fiscal year 2023, the District did not receive any additional funding, and $2,744 million of cost was incurred on various capital projects' design services, construction services and equipment.

The following table shows the changes in activity related to the PTMISEA grant funds during the fiscal year as well as the remaining commitment as of June 30, 2023 (in thousands):

Total Allocations as of June 30, 2023	Less Allocations Passed-through to TJPA as of June 30, 2023	Total Allocations Received in FY 2023	Cumulative Expenses Incurred through June 30, 2023	Interest Income	Commitment at June 30, 2023
$ 112,515	$ (21,165)	$ -	$ (90,469)	$ 549	$ 1,430

NOTE 14 – CONTINGENCIES

Claims and Potential Litigation: There are claims and litigation pending, which are considered normal to the District's operation of the transit system. The District maintains insurance coverage for such incidents, as summarized in Note 14, and provisions have been made in the financial statements for estimated losses under the self-insurance retention limits of insurance policies.

Pollution Remediation: The District has an estimated $1.0 million in liabilities for the monitoring and potential clean-up costs for pollution remediation obligations. The District has several locations where soil and groundwater have been contaminated.

The Alameda County Health Care Services Agency (ACHCS) and the Alameda County Water District (ACWD) issued directives to the District to perform groundwater monitoring and require conceptual models and feasibility studies to address possible mitigation measures. The estimated liabilities were measured at current value using the expected cash flow technique for each obligating event based on current and estimated costs. Changes to estimated liabilities will be made when new information, such as changes in remediation plans, technology and legal or regulatory requirements, becomes available. There were no changes in estimates for the year ending June 30, 2023.

Lease and Use Agreement for the Temporary Terminal and Transit Center: In September 2008, the District approved a Lease and Use Agreement for the Temporary Terminal and the new Transit Center with the TJPA. The agreement sets forth the parties' use of rights and obligations up to the year 2050 with respect to (a) the District's bus operations in the Temporary Terminal and the new Transit Center; (b) the District's contribution to offset annual operating costs for the Temporary Terminal and Transit Center; and (c) the District's capital contributions to build the Transit Center in the sum of $57 million (in 2011 dollars). The District's $57 million contribution will be funded through a combination of payments from various grant funded sources and a proposed passenger facilities charge.

(Continued)

NOTE 14 – CONTINGENCIES (Continued)

Remaining projected contributions are scheduled as follows (in thousands):

	Payments
2024	$ 2,000
2025	2,000
2026	2,000
2027	2,000
2028	2,000
Thereafter	11,300

Business Disruption: In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has impacted economic activity and financial markets globally and locally and has resulted in a decrease in passenger fare and sales tax revenue and an increase in operating expenses. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future. However, the District received Federal CARES Act funding and created health and safety guidelines to help mitigate the impact of the disruption in operations for the year ended June 30, 2023 and the subsequent fiscal year.

The extent to which COVID-19 impacts the District will depend on future developments, which are still highly uncertain and cannot be predicted. As a result, the District cannot determine the impact this disruption may have on its financial statements for the year ending June 30, 2023.

NOTE 15 – RISK MANAGEMENT

As of June 30, 2023, the District has the following coverages:

Type of Coverage	Deductible	Coverage Limit
General Liability	$1,000,000	$2,000,000 per occurrence with excess up to $53,000,000
Auto Liability	$2,000,000	$2,000,000 per occurrence with excess up to $53,000,000
Workers' Compensation	$1,000,000	Statutory Limit
Property, Boiler and Machinery, Auto Physical Damage	$100,000	$100,000,000

The District accrues a liability for claims and litigation (including a reserve for claims incurred but not reported) based on an actuarial study. The liability includes allocated and unallocated claims adjustment expenses and incremental claim expense. In addition, the District is partially self-insured for health and dental exposure. Management has evaluated the potential liability and recorded an accrual, which includes an amount for incurred but not reported claims.

(Continued)

NOTE 15 – RISK MANAGEMENT (Continued)

Changes in the reported liability resulted from the following (in thousands):

	Workers' Compensation Liability	Public Liability	Dental Liability	Total
Balance at June 30, 2021	$ 64,743	$ 7,724	$ 757	$ 73,224
Claims and changes in estimates	19,209	6,180	4,912	30,301
Claim payments	(15,956)	(3,020)	(4,156)	(23,132)
Balance at June 30, 2022	67,996	10,884	1,513	80,393
Claims and changes in estimates	(15,107)	(4,480)	4,683	(14,904)
Claim payments	19,197	3,372	(4,539)	18,030
Balance at June 30, 2023	$ 72,086	$ 9,776	$ 1,657	$ 83,519

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year.

The classification of the current and long-term portion of the self-insurance liabilities for the year ended June 30, 2023 are summarized as follows (in thousands):

	Current	Long-term	Total
Workers' compensation liability	$ 6,673	$ 65,413	$ 72,086
Public liability	3,372	6,404	9,776
Dental liability	1,657	-	1,657
	$ 11,702	$ 71,817	$ 83,519

NOTE 16 – JOINT POWERS AUTHORITY (JPA) AND CONSORTIUM

In 1994, the District and BART executed a joint powers authority (JPA) agreement establishing the East Bay Paratransit Consortium. In addition to self-generated farebox revenues by these services, the District supports the project primarily through Federal, State, and local subsidies, designated at source to these programs with short falls covered by its own operating funds. The purpose of the Consortium is to provide Americans with Disabilities complementary paratransit services in Alameda and western Contra Costa counties. The area served encompasses the AC Transit/BART coordinated service area. Revenues and expenses for the Consortium are split 69/31 between the District and BART, respectively, and the District's financial statements reflect its portion of revenues and expenses as operating activities. The District has no equity interest in the Consortium.

Effective October 1, 2003, the Consortium discontinued the practice of rotating lead agency responsibilities on an annual basis. Key administrative support functions are now permanently assigned to each participating agency. Also, effective October 1, 2003, a Service Review Advisory Committee (SRAC) was established to serve in an advisory capacity to the Service Review Committee. The primary mission of the SRAC will be to advise on planning, policy and other matters related to the Consortium; advocate for high quality, safe, reliable and courteous paratransit services; and to provide a forum for public input and participation in the review, assessment and evaluation of the ADA paratransit service.

(Continued)

NOTE 16 – JOINT POWERS AUTHORITY (JPA) AND CONSORTIUM (Continued)

Since July 1, 1993, under a cooperative agreement, the District has also been serving as the lead agency in a consortium that also includes BART, The City of Union City, San Mateo County Transit District (SamTrans) and the Santa Clara Valley Transportation Authority (VTA) to provide Dumbarton Express Bus Service which runs from the Union City Bart Station across the Dumbarton Bridge into Santa Clara and San Mateo counties, including a connection with CalTrain. Over this timespan this service has been periodically put out to bid, and typically it has been run by a third party purchased transportation provider. While the District is the lead agency, funding from other agencies is directed to the District to support this consortium service.

In fiscal year 2023, the District recognized $33.8 million of revenue and subsidy and incurred $33.5 million of expenses related to the JPA and the Consortium. Neither the JPA nor the Consortium issue separate financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2023
(In thousands)

	2023	2022	2021	2020	2019	2018
Total pension liability:						
Service cost	$ 29,192	$ 28,772	$ 26,939	$ 25,699	$ 22,789	$ 21,186
Interest	74,373	71,917	69,951	67,116	66,063	64,249
Differences between expected and actual experience	4,937	1,711	5,654	8,617	5,058	369
Changes of assumptions	-	26,435	-	(5,244)	10,041	-
Benefit payments, including refunds of member contributions	(67,851)	(64,655)	(62,834)	(60,321)	(56,697)	(54,631)
Net changes in total pension liability	40,651	64,180	39,710	35,867	47,254	31,173
Total pension liability, beginning	1,120,830	1,056,650	1,016,940	98,073	933,819	902,646
Total pension liability, ending	$ 1,161,481	$1,120,830	$1,056,650	$1,016,940	$ 981,073	$ 933,819
Plan fiduciary net position:						
Contributions – employer	$ 61,716	$ 59,830	$ 60,989	$ 56,863	$ 54,723	$ 52,369
Contributions – member	1,503	232	158	92	19	-
Net investment income (loss)	(128,574)	79,616	94,790	110,146	(34,344)	87,481
Benefit payments, including refunds of member contributions	(67,851)	(64,655)	(62,834)	(60,321)	(56,697)	(54,631)
Administrative expense	(1,360)	(1,539)	(2,089)	(1,462)	(1,050)	(1,033)
Net change in plan fiduciary net position	(134,566)	73,484	91,014	105,318	(37,349)	84,186
Plan fiduciary net position, beginning	911,351	837,867	746,853	641,535	678,884	594,698
Plan fiduciary net position, ending	$ 776,785	$ 911,351	$ 837,867	$ 746,853	$ 641,535	$ 678,884
Net pension liability, ending	$ 384,696	$ 209,479	$ 218,783	$ 270,087	$ 339,538	$ 254,935
Plan fiduciary net position as a percentage of the total pension liability	66.88%	81.31%	79.29%	73.44%	65.40%	72.70%
Covered payroll	$ 184,703	$ 177,724	$ 193,938	$ 183,248	$ 176,763	$ 167,786
Net pension liability as a percentage of covered payroll	208.27%	117.86%	112.81%	147.39%	192.09%	151.94%

Notes to Schedule:

Benefit changes: There were no changes in benefits in any year.

Changes in assumptions: In FY2022, the discount rate was reduced from 7.00% to 6.75%. No changes in FY2021. In FY2020, the discount rate was reduced from 7.125% to 7.00%. In FY2019, the discount rate was reduced from 7.25% to 7.125%. Additionally, there were minor changes in the mortality tables. There were no changes in assumptions in FY2018 or FY2017. In FY2016, there were changes in the demographic assumptions, which among other things included the adoption of generational mortality assumptions. Additionally, there were minor changes in the mortality tables.

This is a 10-year schedule. The information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The amounts presented for each fiscal year were determined as of the December 31 year-end that occurred within the fiscal year.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2023
(In thousands)

	2017	2016	2015
Total pension liability:			
Service cost	$ 18,740	$ 16,614	$ 16,698
Interest	62,964	57,571	55,840
Differences between expected and actual experience	(11,563)	(2,243)	-
Changes of assumptions	-	52,583	-
Benefit payments, including refunds of member contributions	(52,560)	(49,875)	(47,410)
Net changes in total pension liability	17,581	74,649	25,127
Total pension liability, beginning	885,065	810,416	785,289
Total pension liability, ending	$ 902,646	$ 885,065	$ 810,416
Plan fiduciary net position:			
Contributions – employer	$ 48,479	$ 42,274	40,384
Contributions – member	-	-	-
Net investment income (loss)	46,601	(1,458)	23,507
Benefit payments, including refunds of member contributions	(52,560)	(49,875)	(47,410)
Administrative expense	(1,007)	(863)	(867)
Net change in plan fiduciary net position	41,513	(9,922)	15,614
Plan fiduciary net position, beginning	553,185	563,107	547,493
Plan fiduciary net position, ending	$ 594,698	$ 553,185	$ 563,107
Net pension liability, ending	$ 307,948	$ 331,880	$ 247,309
Plan fiduciary net position as a percentage of the total pension liability	65.88%	62.50%	69.48%
Covered payroll	$ 150,234	$ 133,012	$ 129,310
Net pension liability as a percentage of covered payroll	204.98%	249.51%	191.25%

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
PENSION PLAN – SCHEDULE OF EMPLOYER'S CONTRIBUTIONS – LAST 10 FISCAL YEARS
Year ended June 30, 2023
(In thousands)

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation To the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 40,384	$ 40,384	$ -	$ 129,825	31.11%
2016	42,274	42,274	-	139,231	30.36%
2017	48,479	48,479	-	155,582	31.16%
2018	52,369	52,369	-	171,934	30.46%
2019	54,723	54,723	-	181,975	30.07%
2020	56,863	56,863	-	183,702	30.95%
2021	60,989	60,989	-	171,437	35.58%
2022	59,830	59,830	-	181,138	33.03%
2023	61,716	61,716	-	199,369	30.86%

Notes to Schedule:

Valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll (8 years remaining as of 1/1/2020) with separate periods of Extraordinary Actuarial Gains or Losses (19 years as of 1/1/2020) and 20 year closed periods for all UAL changes after 1/1/17 due to actuarial gains and losses or changes in assumptions and methods
Asset valuation method	5-year smoothed market, 80% / 120% corridor around market

Actuarial assumptions:

Discount rate	6.75%
Amortization growth rate	3.00%
Price inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service
Mortality	RP-2014 Adjusted to 2006 Blue Collar Annuitant Mortality Table (110% adjustment factor for male ATU/IBEW members and 130% for ATU/IBEW females, 110% adjustment factor for male AFSCME/Non-Union members), projected with generational improvements using MP-2018

This is a 10-year schedule. The information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (TRUST) – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET OPEB LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2023
(In thousands)

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	$ 4,217	$ 3,806	$ 3,639	$ 3,762	$ 3,821	$ 3,475
Interest	2,212	2,749	2,828	2,910	3,206	4,713
Differences between expected and actual experience	(1,477)	(7,680)	(2,484)	(31)	(3,880)	(48,101)
Changes of assumptions	(17,029)	2,425	1,401	(5,396)	1,781	857
Benefit payments	(4,161)	(3,068)	(4,062)	(4,086)	(4,086)	(4,220)
Net changes in total OPEB liability	(16,238)	(1,768)	1,322	(2,841)	842	(43,276)
Total OPEB liability, beginning	99,301	101,069	99,747	102,588	101,746	145,022
Total OPEB liability, ending	$ 83,063	$ 99,301	$ 101,069	$ 99,747	$ 102,588	$ 101,746
Plan fiduciary net position:						
Contributions – employer	$ 3,958	$ 3,965	$ 4,500	$ 4,541	$ 4,541	$ 4,739
Net investment income (loss)	(291)	(256)	(1,103)	(89)	(89)	177
Benefit payments	(4,161)	(3,068)	(4,062)	(4,086)	(4,086)	(4,220)
Administrative expense	(143)	(125)	(126)	(135)	(135)	(142)
Net change in plan fiduciary net position	(637)	516	(791)	231	231	554
Plan fiduciary net position, beginning	3,625	3,109	3,900	3,669	3,669	3,115
Plan fiduciary net position, ending	$ 2,988	$ 3,625	$ 3,109	$ 3,900	$ 3,900	$ 3,669
Net OPEB liability, ending	$ 80,075	$ 95,676	$ 97,960	$ 95,847	$ 98,688	$ 98,077
Plan fiduciary net position as a percentage of the total OPEB liability	3.60%	3.65%	3.08%	3.91%	3.80%	3.61%
Covered payroll	$ 202,800	$ 205,700	$ 213,700	$ 213,800	$ 214,000	$ 215,200
Net OPEB liability as a percentage of covered payroll	39.48%	46.51%	45.84%	44.83%	46.12%	45.57%

Notes to Schedule:

Benefit changes	There were no changes in benefits in any years.
Changes in assumptions	In FY2023, the discount rate was increased to 4.09%In FY2022, the discount rate was decreased from 2.66% to 2.18%. In FY2021, the discount rate was decreased from 2.79% to 2.66% and the long-term investment rate of return was decreased from 1.0% to 0.5%. In FY2020, the health mortality assumptions were updated. In FY2019, the discount rate decreased from 2.98% to 2.79% and the mortality improvement scale was updated from MP-2017 on a fully generational basis to MP-2018 on a fully generational basis.

This is a 10-year schedule. The information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

(a) Due to the change in change in accounting principle, the measurement dates are the same for FY20 and FY19, resulting in the same plan fiduciary net position and change in plan fiduciary net position for each of the two fiscal years.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (TRUST) – SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST 10 FISCAL YEARS
Year ended June 30, 2023
(In thousands)

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation To the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
2017	$ 7,963	$ 4,739	$ 3,224	$ 215,200	2.2%
2018	6,857	4,541	2,316	214,000	2.1%
2019	6,741	4,541	2,200	213,800	2.1%
2020	6,525	4,500	2,025	213,700	2.1%
2021	6,700	3,965	2,735	205,700	1.9%
2022	6,809	3,958	2,851	202,800	2.0%
2023	<>	<>	<>	223,000	<>%

* Payroll is based on total actual calendar year covered payroll, provided by the Plan.

Notes to Schedule:

Valuation date	July 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	4.09%
Salary increases	3.50%
Mortality	RP-2014 headcount weighted Blue Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis for Union employees and retirees. RP-2014 headcount weighted White Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis used for non-represented employees and retirees.
Health care trend rate	The Trust Plan only provides for a fixed subsidy to retirees. Therefore, the total liability is not affected by changes in the health care trend rate.

This is a 10-year schedule. The information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (NON-TRUST) – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET OPEB LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2023
(In thousands)

	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	$ 3,540	$ 3,178	$ 1,809	$ 1,818	$ 2,327	$ 2,136
Interest	1,938	2,289	1,369	1,606	1,681	1,655
Changes of benefit terms	-	-	33,583	-	-	-
Differences between expected and actual experience	7,397	(272)	3,175	(3,438)	(1,286)	739
Changes of assumptions	(21,874)	978	(1,005)	(5,919)	1,256	223
Benefit payments	(3,503)	(3,925)	(2,732)	(2,331)	(2,331)	(2,505)
Net changes in total OPEB liability	(12,502)	2,249	36,199	(8,264)	1,647	2,249
Total OPEB liability, beginning	87,078	84,829	48,630	56,894	54,247	51,998
Total OPEB liability, ending	$ 74,576	$ 87,078	$ 84,829	$ 48,630	$ 56,894	$ 54,247
Plan fiduciary net position:						
Contributions – employer	$ 3,503	$ 9,925	$ 2,732	$ 3,831	$ 3,831	$ 3,505
Net investment income (loss)	(1,318)	1,172	92	124	124	-
Benefit payments	(8)	(3,925)	(2,732)	(2,331)	(2,331)	(2,505)
Administrative expense	(3,503)	(3)	(1)	(1)	(1)	-
Net change in plan fiduciary net position	(1,326)	7,169	91	1,623	1,623	1,000
Plan fiduciary net position, beginning	9,883	2,714	2,623	1,000	1,000	-
Plan fiduciary net position, ending	$ 8,557	$ 9,883	$ 2,714	$ 2,623	$ 2,623	$ 1,000
Net OPEB liability, ending	$ 66,019	$ 77,195	$ 82,115	$ 46,007	$ 54,271	$ 53,247
Plan fiduciary net position as a percentage of the total OPEB liability	11.47%	11.35%	3.20%	5.39%	4.61%	1.81%
Covered payroll	$ 219,600	$ 222,100	$ 229,300	$ 230,000	$ 228,600	$ 229,600
Net OPEB liability as a percentage of covered payroll	30.06%	34.76%	35.81%	20.00%	23.74%	23.19%

Notes to Schedule:

Benefit changes	In FY2021, additional supplemental life insurance benefit and executive life insurance benefit was added.
Changes in assumptions	In FY2023, the discount rate increased to 4.09%. In FY2022, the discount rate was decreased from 2.66% to 2.18%. In FY2021, the discount rate decreased from 2.79% to 2.66%, the investment rate of return was decreased from 7.59% to 6.94%. In FY2020, the health mortality assumptions were updated. In FY2019, the discount rate decreased from 2.98% to 2.79% and the mortality improvement scale was updated from MP-2017 on a fully generational basis to MP-2018 on a fully generational basis.

This is a 10-year schedule. The information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

[a] Due to the change in change in accounting principle, the measurement dates are the same for FY20 and FY19, resulting in the same plan fiduciary net position and change in plan fiduciary net position for each of the two fiscal years.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (NON-TRUST) – SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST 10 FISCAL YEARS
Year ended June 30, 2023
(In thousands)

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation To the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
2017	$ 3,781	$ 3,505	$ 276	$ 229,600	1.5%
2018	4,006	3,831	175	228,600	1.6%
2019	3,501	1,500	2,001	230,000	0.7%
2020	3,194	-	3,194	229,300	0.0%
2021	5,605	6,000	3,605	222,100	2.7%
2022	5,703	-	(5,703)	219,600	0.0%
2023	<>	<>	<>	241,000	<>%

* Payroll is based on total actual calendar year covered payroll, provided by the Plan.

Notes to Schedule:

Valuation date	July 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	4.09%
Salary increases	3.50%
Mortality	RP-2014 headcount weighted Blue Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis for Union employees and retirees. RP-2014 headcount weighted White Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis used for non-represented employees and retirees.
Health care trend rate	Pre-65: 7.0% for FY2021, decreasing 0.5% per year to an ultimate rate of 5.0% for FY2024 and later Post-65: 5.5% for FY2021, decreasing 0.25% per year to an ultimate rate of 5.0% for FY2022 and later

This is a 10-year schedule. The information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF NET POSITION
June 30, 2023 and 2022
(In thousands)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 84,044	$ 131,912
Investments (Note 3)	93,843	82,584
Receivables:		
Federal and local grants:		
Capital	24,380	18,487
Planning, operating and other (Note 7)	10,787	7,857
Property tax	17,246	23,951
Local sales tax	6,968	8,977
Lease receivable	800	800
Other trade receivables	7,795	5,072
Total receivables, net	67,976	65,144
Due from Pension Trust Fund (Note 5)	12,303	6,161
Inventory	18,569	14,824
Prepaid expenses	15,517	13,468
Total current assets	292,252	339,559
Noncurrent assets		
Restricted cash and cash equivalents:		
Restricted for capital purchases (Note 3)	92,598	25,466
Restricted for certificates of participation - debt service (Note 3)	1,137	1,137
Lease receivable	8,683	9,159
Capital assets (Note 4)		
Nondepreciable	77,771	137,539
Depreciable, net	351,373	287,688
Right-to-use lease assets, net	6,758	7,096
Subscription assets, net	7,146	-
Total capital assets, net	443,048	432,323
Total noncurrent assets	545,466	468,085
Total assets	837,718	782,178
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 11)	160,276	59,823
OPEB related (Note 12)	21,143	17,058
Deferred loss on refunding debt (Note 8)	442	481
Total deferred outflows of resources	181,861	77,362
Total assets and deferred outflows of resources	$ 1,019,579	$ 859,540

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF NET POSITION
June 30, 2023 and 2022
(In thousands)

	2023	2022
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 19,615	$ 18,090
Accrued salaries and wages	724	4,562
Current portion of accrued vacation and sick leave	23,049	22,370
Due to Pension Trust Fund (Note 5)	8,722	11,039
Unearned revenue	16,736	15,935
Other accrued liabilities	10,417	15,043
Accrued interest payable	165	170
Current portion of lease liability (Note 9)	155	155
Current portion of claims liabilities (Note 15)	11,702	19,797
Current portion of remediation obligations (Note 14)	67	67
Current portion of certificates of participation (Note 8)	800	435
Total current liabilities	92,152	107,663
Noncurrent liabilities		
Accrued vacation and sick leave	10,090	10,090
Lease liability (Note 9)	6,669	7,137
Subscription liability (Note 10)	7,317	-
Claims liabilities (Note 15)	71,817	60,596
Remediation obligations (Note 14)	952	952
Certificates of participation (Note 8)	10,420	11,220
Net pension liability (Note 11)	384,696	209,479
Net OPEB liability (Note 12)	146,094	172,871
Total noncurrent liabilities	638,055	472,345
Total liabilities	730,207	580,008
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 11)	1,048	55,933
OPEB related (Note 12)	78,899	49,333
Lease related	9,153	9,844
Total deferred inflows of resources	89,100	115,110
Total liabilities and deferred inflows of resources	819,307	695,118
NET POSITION		
Net investment in capital assets	425,004	413,376
Restricted for capital purchases	92,598	25,466
Restricted for debt service	972	967
Unrestricted	(318,302)	(275,387)
Total net position	$ 200,272	$ 164,422

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2023 and 2022
(In thousands)

	2023	2022
Operating Revenues		
Passenger fares	$ 28,372	$ 23,558
Contract services	12,614	11,062
Operating revenues of JPA and consortium (Note 16)	1,320	1,033
Other	4,857	3,828
Total operating revenues	47,163	39,481
Operating expenses		
Operator wages	85,253	83,527
Other wages	81,146	79,767
Fringe benefits	225,746	170,196
Depreciation and amortization (Note 4)	77,107	54,466
Fuel and oil	17,019	16,717
Other material and supplies	15,852	13,847
Services	42,174	38,315
Insurance	14,564	21,392
Expenses of JPA and consortium (Note 16)	33,483	28,787
Other	16,103	13,204
Total operating expenses	608,447	520,218
Operating loss	(561,284)	(480,737)
Non-operating revenues (expenses)		
Operating assistance:		
Property taxes	178,683	165,993
Local sales tax (Note 7)	131,921	123,570
Local funds (Note 7)	111,610	78,652
State (Note 7)	37,018	22,372
Federal (Note 7)	38,844	72,522
Non-operating revenues of JPA and consortium	32,458	35,158
Interest income	4,202	472
Interest expense	(1,216)	(859)
Net non-operating revenues (expenses)	533,520	497,880
Gain (loss) before capital contributions	(27,764)	17,143
Capital contributions (Note 6)	63,614	32,501
Change in net position	35,850	49,644
Net position at beginning of year	164,422	114,778
Net position at end of year	$ 200,272	$ 164,422

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF CASH FLOWS
Years ended June 30, 2023 and 2022
(In thousands)

	2023	2022
Cash flows from operating activities		
Cash received from customers	$ 39,064	$ 40,678
Cash payments to suppliers for goods and services	(148,450)	(113,989)
Cash payments to employees for services and benefit payments	(385,180)	(350,335)
Other operating receipts	6,177	4,861
Net cash used in operating activities	(488,389)	(418,785)
Cash flows from noncapital financing activities		
Operating assistance received	536,318	503,558
Net cash provided by noncapital financial activities	536,318	503,558
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(77,538)	(37,792)
Capital contributions received	57,721	28,657
Principal paid on revolving line of credit	-	(15,000)
Principal paid on certificates of participation	(435)	-
Interest paid on certificates of participation	(1,182)	(801)
Net cash used in capital and related financial activities	(21,434)	(24,936)
Cash flows from investing activities		
Proceeds from investments	275,472	26,588
Purchase of investments	(286,731)	(51,073)
Investment income	4,202	472
Net cash used in investing activities	(7,057)	(24,013)
Change in cash and cash equivalents	19,438	35,824
Cash and cash equivalents, beginning of year	158,515	122,691
Cash and cash equivalents, end of year	$ 177,953	$ 158,515
Summary of cash and cash equivalents reported on the Statement of Net Position:		
Unrestricted cash and cash equivalents	$ 84,044	$ 131,912
Restricted cash and cash equivalents - capital purchases	92,598	25,466
Restricted for - certificates of participation - debt service	1,137	1,137
Total cash and cash equivalents reported on the Statement of Net Position	$ 177,779	$ 158,515

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF CASH FLOWS
Years ended June 30, 2023 and 2022
(In thousands)

	2023	2022
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (561,284)	$ (480,737)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation/amortization	77,107	54,466
Effect of changes in assets and liabilities:		
Other trade receivables	(2,723)	2,514
Inventory	(3,745)	159
Due to/from Pension Trust Fund	(8,459)	7,281
Prepaid expenses	(2,049)	1,382
Accounts payable and accrued expenses	(1,961)	8,348
Accrued salaries and wages	(3,838)	392
Accrued vacation and sick leave	679	290
Unearned revenue	801	3,544
Other accrued liabilities	(4,626)	1,215
Claims liabilities	3,126	7,169
Net pension liability and deferred outflows/inflows from pension	19,879	(20,084)
Net OPEB liability and deferred outflows/inflows from OPEB	(1,296)	(4,724)
Net cash used in operating activities	$ (488,389)	$ (418,785)
Supplemental disclosure of cash flow information		
Non-cash investing, capital, and financing transactions:		
Net appreciation/(depreciation) in fair value of investments	$ 1,246	$ (311)
Construction in progress in accounts payable and accrued expenses	4,132	646
(Gain) loss on sale of capital assets	17	8

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
BUDGETARY BASIS – ENTERPRISE FUND – TRANSIT ONLY
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Years ended June 30, 2023 and 2022
(In thousands)

	2023	2022
Revenues:		
Passenger fares	$ 29,696	$ 24,591
BART transfers	3,201	3,424
Contract services	9,412	7,638
Advertising	1,729	1,479
Interest income	4,202	472
Other	3,124	2,350
Total operating revenues	51,364	39,954
Subsidies:		
Property taxes	148,800	136,155
Property taxes - Measure VV	29,883	29,838
Local sales tax - Measure B	-	28,755
Local sales tax - Measure BB	88,456	53,538
Local sales tax - Measure J	6,330	5,651
Local operating assistance	17,647	12,874
State - AB1107	54,555	51,789
State - AB2972 Home to School	500	500
State - TDA	103,016	74,002
State - STA	36,518	26,668
Federal operating assistance	44,829	78,497
Total subsidies	530,534	498,267
Total revenue & subsidies	581,898	538,221
Expenses:		
Operator wages	85,253	83,527
Other wages	81,146	79,767
Fringe benefits	139,361	126,654
Pension expense	86,385	43,542
Services	42,174	38,315
Fuel & lubricants	17,019	16,717
Office/Printing supplies	1,065	842
Bus parts/Maint. supplies	14,787	13,004
Utilities	5,138	4,437
Insurance	14,564	21,392
Other expenses	10,964	8,769
Purchased transportation	33,483	28,787
Interest expense	1,216	859
Total operating expenses	532,555	466,612
Excess of revenues over expenses	49,343	71,609
Depreciation/amortization	(77,107)	(54,466)
Capital contributions	63,614	32,501
Change in net position	$ 35,850	$ 49,644

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
BUDGETARY BASIS – ENTERPRISE FUND – TRANSIT ONLY
SCHEDULE OF REVENUES, SUBSIDIES AND EXPENSES, BUDGET VERSUS ACTUAL
Year ended June 30, 2023
(In thousands)

	Actual	Final Budget	Variance Favorable (Unfavorable)
Revenues:			
Passenger fares	$ 29,696	$ 28,750	$ 946
BART transfers	3,201	2,700	501
Contract services	9,412	6,996	2,416
Advertising	1,729	1,050	679
Interest income	4,202	100	4,102
Other	3,124	2,447	677
Total operating revenues	51,364	42,043	9,321
Subsidies:			
Property taxes	148,800	131,698	17,102
Property taxes - Measure VV	29,883	30,054	(171)
Local sales tax - Measure BB	88,456	69,604	18,852
Local sales tax - Measure J	6,330	5,290	1,040
Local operating assistance	17,647	17,984	(337)
State - AB1107	54,555	50,000	4,555
State - AB2972 Home to School	500	-	500
State - TDA	103,016	103,220	(204)
State - STA	36,518	29,636	6,882
Federal operating assistance	44,829	67,466	(22,637)
Total subsidies	530,534	504,952	25,582
Total revenue & subsidies	581,898	546,995	34,903
Expenses:			
Operator wages	85,253	95,911	10,658
Other wages	81,146	85,911	4,765
Fringe benefits	139,361	143,288	3,927
Pension expense	86,385	67,175	(19,210)
Services	42,174	47,878	5,704
Fuel & lubricants	17,019	17,572	553
Office/Printing supplies	1,065	-	(1,065)
Bus parts/Maint. supplies	14,787	11,456	(3,331)
Utilities	5,138	6,586	1,448
Insurance	14,564	24,037	9,473
Other expenses	10,964	14,112	3,148
Purchased transportation	33,483	32,725	(758)
Interest expense	1,216	344	(872)
Total operating expenses	532,555	546,995	14,440
Excess of revenues over expenses	49,343	$ -	$ 49,343
Depreciation/amortization	(77,107)		
Capital contributions	63,614		
Change in net position	$ 35,850		

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
BUDGETARY BASIS – ENTERPRISE FUND – TRANSIT ONLY
SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA
Year ended June 30, 2023

	STSD #1	STSD #2	Total	STSD #2 as a % of Total
Revenues:				
Passenger fares	$ 27,956,710	$ 1,739,662	$ 29,696,372	5.86%
BART transfers	3,013,877	187,544	3,201,421	5.86%
Contract services	9,412,377	-	9,412,377	0.00%
Advertising	1,535,036	193,988	1,729,024	11.22%
Interest income	3,607,174	594,921	4,202,095	14.16%
Other	2,774,866	350,670	3,125,536	11.22%
Total operating revenues	48,300,040	3,066,785	51,366,825	5.97%
Subsidies:				
Property taxes	119,459,892	29,340,205	148,800,097	19.72%
Property taxes - Measure VV	29,882,503	-	29,882,503	0.00%
Local sales tax - Measure B	-	-	-	0.00%
Local sales tax - Measure BB	78,531,269	9,924,304	88,455,573	11.22%
Local sales tax - Measure J	6,330,474	-	6,330,474	0.00%
Local operating assistance	13,007,172	4,640,034	17,647,206	26.29%
State - AB1107	48,188,075	6,366,521	54,554,596	11.67%
State - AB2972 Home to School	500,000	-	500,000	0.00%
State - TDA	84,045,396	18,970,370	103,015,766	18.42%
State - STA	31,426,095	5,091,673	36,517,768	13.94%
Federal operating assistance	39,845,523	4,983,915	44,829,438	11.12%
Total subsidies	451,216,399	79,317,022	530,533,421	14.95%
Total revenue & subsidies	499,516,439	82,383,807	581,900,246	14.16%
Expenses:				
Operator wages	75,764,486	9,488,677	85,253,163	11.13%
Other wages	72,041,484	9,104,164	81,145,648	11.22%
Fringe benefits	123,793,879	15,566,561	139,360,440	11.17%
Pension expense	76,736,032	9,649,234	86,385,266	11.17%
Services	37,442,417	4,731,745	42,174,162	11.22%
Fuel & lubricants	15,109,787	1,909,483	17,019,270	11.22%
Office/Printing supplies	945,531	119,490	1,065,021	11.22%
Bus parts/Maint. supplies	13,128,251	1,659,068	14,787,319	11.22%
Utilities	4,561,982	576,516	5,138,498	11.22%
Insurance	12,929,959	1,634,009	14,563,968	11.22%
Other expenses	9,734,011	1,230,125	10,964,136	11.22%
Purchased transportation	27,006,999	6,476,358	33,483,357	19.34%
Interest expense	1,074,804	141,527	1,216,331	11.64%
Depreciation/amortization	68,456,243	8,651,083	77,107,326	11.22%
Total operating expenses	538,725,865	70,938,040	609,663,905	11.64%
Income before capital contributions	(39,209,426)	11,445,767	(27,763,659)	-41.23%
Capital contributions	63,521,222	92,380	63,613,602	0.15%
Change in net position	$ 24,311,796	$ 11,538,147	$ 35,849,943	

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District's fiscal policies establish the framework for the management and control of the District's resources to ensure that the District remains fiscally sound. The District's goals and policies, which are approved by the Board of Directors, determine where and how District resources should be dedicated. For this reason, District goals, objectives, short and long-range planning and performance analyses are incorporated into the budget development process.

It is the policy of the District that the Board of Directors approves an annual budget prior to the beginning of each fiscal year. The budget is developed generally using the accrual basis of accounting. See the following section for a reconciliation of budget versus generally accepted accounting principles.

NOTE 2 – BUDGETARY BASIS DIFFERENCES

As discussed in Note 2, the accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the differences between GAAP and budgetary basis:

- Perspective differences resulting from the Corporation and the Paratransit operations not budgeted.
- Capital outlay presented represents capital outlay funded by the District's operations and this is reported as an outflow of budgetary resources but is not considered an expense for financial reporting purposes.

There was no net impact due to these differences between budgetary and GAAP accounting on the June 30, 2023 basic financial statements of the District.

NOTE 3 – SCHEDULE OF REVENUES AND EXPENSE BY SERVICE AREA

As discussed in Note 1 to the financial statements, the District's basic financial statements include the financial activities of the District's Special Transit Service Districts No. 1 and No. 2. The amounts recorded in this schedule do not reflect paratransit activity and activity of the AC Transit Financing Corporation. The District's revenues between these Special Transit Service Districts are allocated based predominantly either on estimated actual revenues, farebox revenue allocations or on a ratio that uses service hours and service miles in Special Transit Service Districts No. 1 and No. 2. The District's expenses between these Special Transit Districts are allocated based predominantly either on operator wages or on a ratio that uses service hours and service miles in both Special Transit Service Districts No. 1 and No. 2.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
June 30, 2023
(In thousands)

	Pension	OPEB Trust	Total
ASSETS			
Cash and cash equivalents	$ -	$ 3,452	$ 3,452
Contributions receivable from the District (Note 5)	6,503	-	6,503
Receivable from brokers for unsettled transactions	7,889		7,889
Interest receivable and other investment receivables	299	-	299
Investments at fair value:			
Short-term investments	12,059	-	12,059
Equity securities	90,398	-	90,398
Equity funds	303,658	-	303,658
Fixed income funds	320,196	-	320,196
Real estate funds	44,064	-	44,064
Total investments	770,375	-	770,375
Total assets	785,066	3,452	788,518
LIABILITIES			
Accounts payable and accrued expenses	2,602	-	2,602
Due to the District (Note 5)	5,679	-	5,679
Total liabilities	8,281	-	8,281
NET POSITION			
Restricted for:			
Pension	776,785	-	776,785
Other postemployement benefits (OPEB)	-	3,452	3,452
Total net position	$ 776,785	$ 3,452	$ 780,237

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2023
(In thousands)

	Pension	OPEB Trust	Total
ADDITIONS			
Employer contributions	$ 61,716	$ 4,371	$ 66,087
Employee contributions	1,503	-	1,503
Investment income:			-
Dividends and interest income	8,336	2	8,338
Net appreciation (depreciation) in fair value of investments	(133,740)	125	(133,615)
Investment expenses	(3,170)	-	(3,170)
Net investment income	(128,574)	127	(128,447)
Total additions	(65,355)	4,498	(60,857)
DEDUCTIONS			
Benefit payments	67,851	4,446	72,297
Administrative expenses	1,360	126	1,486
Total deductions	69,211	4,572	73,783
Net increase in net position	(134,566)	(74)	(134,640)
Net position, beginning of year	911,351	3,526	914,877
Net position, end of year	$ 776,785	$ 3,452	$ 780,237