

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

In planning and performing our audit of the financial statements of Alameda-Contra Costa Transit District (“the District”) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Company’s internal control over financial reporting (“internal control”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control. Matters communicated in this letter are classified as follows.

- **Deficiency** – A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- **Significant Deficiency** – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- **Material Weakness** – A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control that we are required to or wish to communicate to you.

	<b>Net OPEB Liability</b>	<b>Significant Deficiency</b>
Control Deficiency:	During our testing of the OPEB plans transactions and balances, we noted that while the deferred inflows and deferred outflows of the ATU Local 192 Benefits Trust plan agreed to the actuarial valuation, the net OPEB liability did not. As a result, an audit adjustment for \$3.2 million was proposed and posted.  Management did not implement internal controls at the level of precision necessary to ensure that the liability was properly adjusted. It appeared that they calculated the correct liability on their worksheet, however, the journal entry that was posted was incorrect, resulting in an understated balance.	
Potential Effect:	The net OPEB liability and OPEB expense were both understated by approximately \$3.2 million prior to the audit adjustment.	
Recommendation:	We recommend that management review all closing journal entries to ensure that they are properly posted and review the general ledger after journal entries are posted to ensure that the adjusted balances agree to any supporting documentation.	
Management’s Response:	Management concurs with the finding. All proposed entries are reviewed and approved by a second senior accountant or Manager. We will add a second review by another Senior Manager, the Controller or CFO, for complex entries such as the OPEB and Pension actuarial adjustments. This review will include a reconciliation of the affected accounts after the entry is posted to ensure the net effect of the entry is as expected.	

The purpose of this letter 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. This letter 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. Accordingly, this letter is not suitable for any other purpose.

The District's written response to the significant deficiency identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Crowe LLP

San Francisco, California  
November <>, 2021