

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2022

DRAFT  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
FINANCIAL STATEMENTS  
June 30, 2022

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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, 2022 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, 2022, 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, 2022, and 97.1 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*.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the District has adopted GASB Statement No. 87, *Leases*, for the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

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(Continued)

## ***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.

**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, 2022 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, 2022 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, 2022 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, 2022.

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, 2021 (not presented herein), and have issued our report thereon dated December 21, 2021 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, 2021 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 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 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 financial statements or to those 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, 2021.

## **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 <date of report> 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.

Crowe LLP

San Francisco, California  
<>, 2022

### 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 2022 with comparisons to the prior fiscal year.

#### Financial Highlights

- On June 30, 2022, total assets and deferred outflow of resources were \$875.1 million, an increase of \$76.0 million, or 10 percent, compared to June 30, 2021, when it was \$799.1 million. Total current assets on June 30, 2022, were \$339.6 million, an increase of \$50.6 million, or 17 percent, primarily related to year over year increases in cash and short-term investments, inventory, local sales taxes, property tax and prepaids at year-end. Capital assets, net of accumulated depreciation, increased slightly by \$6.6 million to \$447.9 million due to ongoing District capital programs and lease assets booked as part of the implementation of GASB 87. Other non-current assets increased by \$9.1 million in lease receivables, due to the adoption of GASB 87. Deferred outflows increased by \$9.6 million, or 14 percent, to \$77.4 million on June 30, 2022, primarily due to the pension related net of investment gains/losses, and the amortization of investment losses from prior periods.
- On June 30, 2022, total liabilities and deferred inflow of resources were \$702.3 million, an increase of \$17.9 million, or 3 percent compared to June 30, 2021, when they were \$684.4 million. Total current liabilities increased by \$19.7 million, or 22 percent, over fiscal year 2021 when they were \$87.9 million due to a net increase in related subcategories at year-end, most notably in accrued salary and wages, A/P and accrued expenses and accrued claims liabilities. Non-current liabilities decreased by \$13.0 million or 3 percent from June 30, 2021, when they were \$492.4 million. This was primarily due to decreases in the net pension liability, OPEB liabilities and Certificates of Participation (COPS). These changes in Pension and OPEB liabilities are attributable to net investment and actuarial activity. The increase in deferred inflows of \$11.2 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, and lease related deferrals related to the adoption of GASB 87.
- For Fiscal Year 2022, operating revenues increased significantly by \$11.2 million, or 40 percent, to \$39.3 million. This increase is due to the resumption of fare collection and increasing service levels and ridership. Contract fares declined by \$760 thousand, a reduction of 6 percent over June 30, 2021, when they were \$11.8 million. As of June 30, 2021, operating revenues were \$28.1 million.
- In Fiscal Year 2022, total operating expenses were \$511.6 million, an increase of \$26.1 million, or 5 percent, compared to \$485.5 million on June 30, 2021. Fringe benefits decreased by \$28.1 million largely due to a reduction in paid time off taken related to the pandemic and actuarial results related to pension expenses. Services increased by \$1.6 million primarily due to "Pass Through" expenditures ("Pass Through" revenues and expenditures are generated from projects belonging to other agencies, which may directly or indirectly benefit the District's operations). Other wages had increases in the maintenance and salaried categories contributing to the \$6.7 million increase. Notable year over year increases occurred in insurance of \$9.8 million, due to actuarial results, and fuel increased by 90 percent, or \$7.9 million, due to service resumption and increasing fuel prices.
- For Fiscal Year 2022, non-operating revenues were \$497.9 million, an increase of \$7.7 million, or 2 percent, compared to Fiscal Year 2021 when it was \$490.1 million. The most notable increases occurred in local sales taxes of \$17.1 million or 16 percent, joint ventures of \$9.7 million or 38 percent, and property taxes of \$6.7 million or 4 percent. Federal funds declined by \$18.5 million, or 20 percent, and state funds decreased by \$3.8 million primarily due to the receipt of "pass through" funds which are not available to fund District operations. There was also a reduction in local funds of \$3.8 million, or 5 percent, related to the pandemic.

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- On June 30, 2022, net position was \$172.8 million, an increase of \$58.1 million, or 51 percent from June 30, 2021, when it was \$114.8 million. This 2022 increase in net position was driven by the net result of total non-operating revenues during the fiscal year of \$497.9 million combined with Passenger Fares and Other Operating Revenue of \$39.3 million, totaling \$537.2 million, over total expenses of \$511.6 million. It should also be noted that without the receipt of \$65.5 million of Federal CRRSA and ARP Act funding during the period the cumulative net position would have increased modestly to \$107.3 million at fiscal year-end.

### **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 activities* 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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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

**Analysis of Basic Financial Statements**

**Alameda-Contra Costa Transit District  
Net Position  
(in thousands)  
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	Change	%
<b>Assets</b>				
Current Assets	\$ 339,559	\$ 288,992	\$ 50,567	17%
Capital Assets, net	447,902	441,263	6,639	2%
Other Non-Current Assets	10,296	1,137	9,159	806%
<b>Total Assets</b>	<b>797,757</b>	<b>731,392</b>	<b>66,365</b>	<b>9%</b>
<b>Deferred Outflows</b>	<b>77,362</b>	<b>67,746</b>	<b>9,616</b>	<b>14%</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>875,119</b>	<b>799,138</b>	<b>75,981</b>	<b>10%</b>
<b>Liabilities</b>				
Current Liabilities	107,663	87,975	19,688	22%
Long Term Portion of COPS	11,220	11,655	(435)	-4%
Net Pension Liability	209,479	218,783	(9,304)	-4%
Net OPEB Liability	164,248	180,075	(15,827)	-9%
Other Non-Current Liabilities	94,552	81,982	12,570	15%
<b>Total Liabilities</b>	<b>587,162</b>	<b>580,470</b>	<b>6,692</b>	<b>1%</b>
<b>Deferred Inflows</b>	<b>115,110</b>	<b>103,890</b>	<b>11,220</b>	<b>11%</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>702,272</b>	<b>684,360</b>	<b>17,912</b>	<b>3%</b>
<b>Net Position</b>				
Invested in Capital Assets, net of related debt	428,955	429,608	(653)	0%
Restricted for Capital Purchases	25,466	18,200	7,266	40%
Restricted for Debt Service	967	965	2	0%
Unrestricted	(282,541)	(333,995)	51,454	-15%
<b>Total Net Position</b>	<b>172,847</b>	<b>114,778</b>	<b>58,069</b>	<b>51%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 875,119</b>	<b>\$ 799,138</b>	<b>\$ 64,761</b>	<b>8%</b>

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

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**Assets:**

- On June 30, 2022, total assets and deferred outflow of resources were \$875.1 million, an increase of \$75.9 million or 10 percent, compared to June 30, 2021, when it was \$799.1 million. Current assets on June 30, 2022, were \$339.5 million, an increase of \$50.5 million or 17 percent over June 30, 2021, when it was \$289.0 million. While cash and investments were higher on June 30, 2022, by \$60.3 million, grant receivables increased by \$2.7 million. Property tax increased by \$7.9 million and local sales taxes receivable decreased by \$12.1 million. Inventory remained stable and prepaids decreased by \$1.3 million. Non-Current assets on June 30, 2022, were \$441.9 million, a decrease of \$457 thousand over June 30, 2021, when they were \$442.4 million. This change is attributable to net activity for the year for property plant and equipment.
- Deferred outflows, which are primarily related to Pension and OPEB as of June 30, 2022, were \$77.4million. This was an increase of \$9.6 million or14%, over June 30, 2021, when it was \$67.8 million. The pension component of deferred outflows increased by \$14.3 million compared to June 30, 2021, at \$45.5 million. OPEB related deferred outflows on June 30, 2022, were down by \$4.7 million a decrease of 21 percent over June 30, 2021, when it was \$21.8 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, 2022, total liabilities and deferred inflows of resources were \$702.3million, increasing moderately when compared to June 30, 2021, when they were \$684.4 million. Current liabilities on June 30, 2022, were \$107.7 million an increase of \$19.7 million or 22percent over June 30, 2021, when they were \$88.0 million. Several factors contributed to this net result including increases of \$10.9 million in A/P and Accrued Expenses and \$3.5 million in Unearned Revenues. Decreases in current liabilities include \$5.8 million in Claims Liabilities offset by increases of \$2.1 million due to pension, related to timing.
- Total other non-current liabilities were \$479.5 million, a decrease of \$13.0 million or 3 percent from June 30, 2021, when it was \$492.5 million. This result was due to decreases in net pension liability and Net OPEB Liability. On June 30, 2022, the net pension liability was \$209.4 million, a decrease of \$9.3 million, or 4 percent, over fiscal year 2021 when it was \$218.8 million. As of June 30, 2022, the Net OPEB liability was \$167.6 million a decrease of \$12.4 million, or 7 percent, over fiscal year 2021 when it was \$180.1. The net increase in deferred inflows of \$11.2 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 increased \$3.5 million, or 6 percent, while deferred inflows from OPEB increased \$7.6 million, or 12 percent.

**Net Position:**

- On June 30, 2022, net position was \$172.8 million, an increase of \$58.1 million, or51 percent from June 30, 2021, when it was \$114.8 million. During the current fiscal year total revenues grew by \$18.9 million, or 4 percent, and expenses increased by \$26.1million or 5 percent. Total operating and non-operating revenues during the fiscal year ended June 30, 2022, were \$537.2 million and capital revenues of \$32.5 million totaling \$569.7 million, over total expenses of \$\$511.6 million. Federal emergency funds of \$65.5 million were earned during the period and were instrumental in preserving the District's net position on June 30, 2022.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

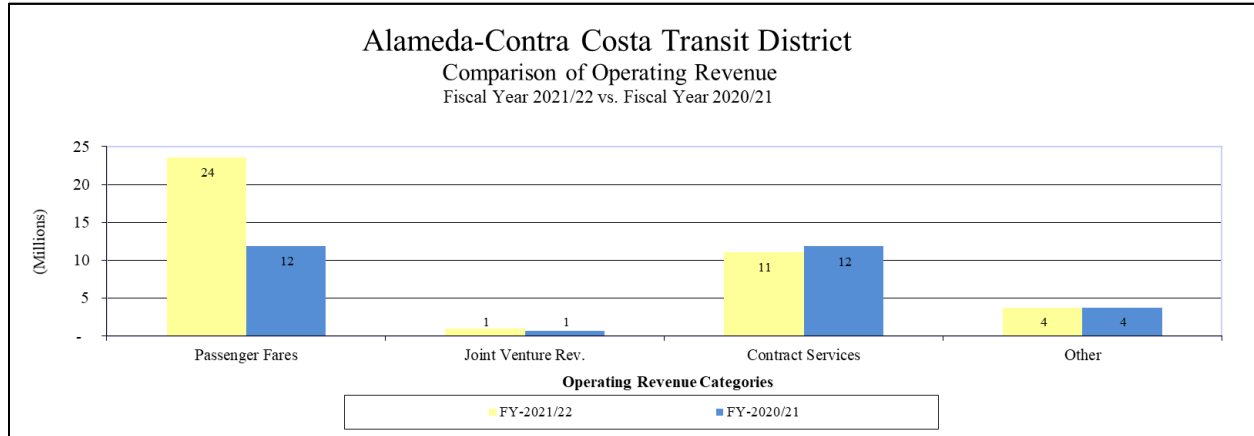
**Alameda-Contra Costa Transit District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
(in thousands)  
For the Years Ended June 30, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>	<u>Changes</u>	<u>%</u>
<b>Revenues</b>				
<b>Operating Revenues</b>				
Passenger Fares	\$ 23,558	\$ 11,900	\$ 11,658	98%
Operating Revenues of Joint Ventures	1,033	648	385	59%
Contract Services	11,062	11,822	(760)	-6%
Other	3,630	3,741	(111)	-3%
<b>Total Operating Revenues</b>	<b>39,283</b>	<b>28,111</b>	<b>11,172</b>	<b>40%</b>
<b>Non-Operating Revenues</b>				
Property Taxes	165,993	159,283	6,710	4%
Local Sales Taxes (Note 7)	123,570	106,415	17,155	16%
Local Funds (Note 7)	78,652	82,449	(3,797)	-5%
Federal	72,522	91,043	(18,521)	-20%
State	22,372	25,975	(3,603)	-14%
Non-Oper. Revenues of JPA and consortium	35,158	25,449	9,709	38%
Gain (Loss) on sale of capital assets	-	(8)	8	-100%
Interest Income	472	40	432	1080%
Interest Expense	(859)	(510)	(349)	68%
<b>Total Non-Operating Revenues</b>	<b>497,880</b>	<b>490,136</b>	<b>7,744</b>	<b>2%</b>
<b>Total Revenues</b>	<b>537,163</b>	<b>518,247</b>	<b>18,916</b>	<b>4%</b>
<b>Expenses</b>				
<b>Operating Expenses</b>				
Operator Wages	83,527	75,776	7,751	10%
Other Wages	79,767	73,014	6,753	9%
Fringe Benefits	161,573	189,665	(28,092)	-15%
Depreciation	54,466	43,107	11,359	26%
Fuel & Oil	16,717	8,796	7,921	90%
Other Materials & Supplies	13,847	12,329	1,518	12%
Services	38,315	36,688	1,627	4%
Insurance	21,392	11,496	9,896	86%
Expenses of JPA and consortium	28,787	20,585	8,202	40%
Other	13,204	13,994	(790)	-6%
<b>Total Operating Expenses</b>	<b>511,595</b>	<b>485,450</b>	<b>26,145</b>	<b>5%</b>
<b>Gain before Contributed Capital</b>	<b>25,568</b>	<b>32,797</b>	<b>(7,229)</b>	<b>-22%</b>
<b>Capital Contributions</b>	32,501	9,387	23,114	246%
<b>Change in Net Position</b>	<b>58,069</b>	<b>42,184</b>	<b>15,885</b>	<b>38%</b>
<b>Net Position, beginning of year</b>	114,778	72,594	42,184	58%
<b>Net Position, end of year</b>	<b>\$ 172,847</b>	<b>\$ 114,778</b>	<b>\$ 58,069</b>	<b>51%</b>

(Continued)

**Operating Revenue:**

- For Fiscal Year 2022, operating revenues increased by \$11.2 million, or 40 percent, to \$39.3 million over June 30, 2021, when they were \$28.1 million. There was a substantial increase in Passenger Fares of \$11.6 million in fiscal year 2022, or 98 percent, over fiscal year 2021 with a total of \$11.9 million. Contract Services decreased by 6 percent or \$760 thousand when compared to June 30, 2021, when they were \$11.8 million. Joint Ventures increased by 59 percent to \$1.0 million. This overall result is attributable to the District's resumption of fare collection and bringing service to 85% of pre-pandemic levels.



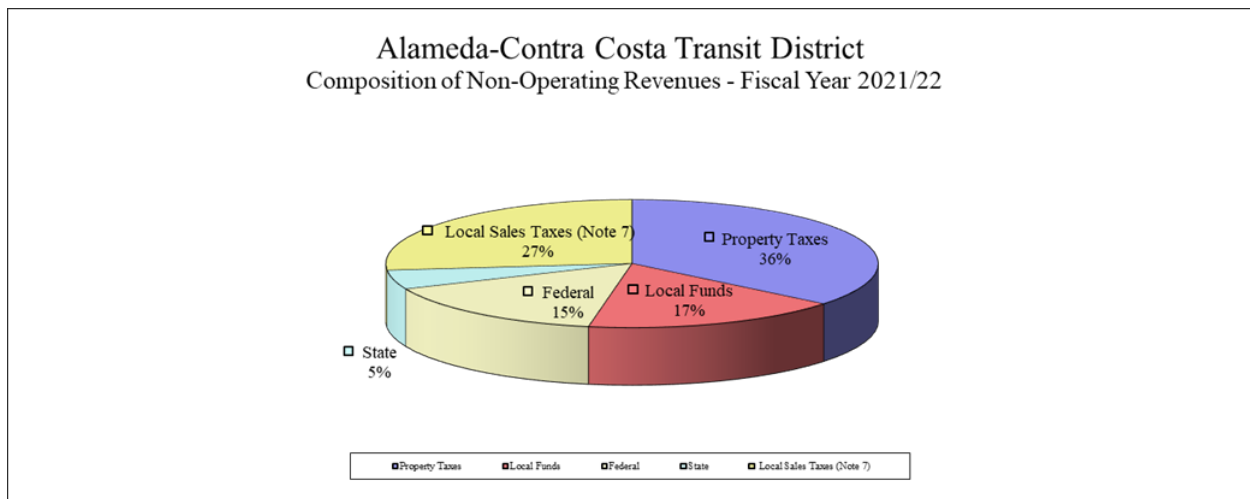
**Non-Operating Revenue:**

- For fiscal year 2022, non-operating revenues were \$497.8 million, which is an increase of \$7.7 million, or 2 percent, compared to fiscal year 2021 when it was \$490.1 million. This overall net increase included year over year increases in local sales taxes, property taxes, as well as joint venture, which were offset by decreases in local and federal funds.
- At fiscal year-end 2022 property taxes were \$165.9 million an increase of \$6.7 million or 4 percent, over fiscal year 2021 when they were \$159.3 million. The property tax number contains both regular property tax of \$136.1 million, and a fixed parcel tax which came in at \$29.8 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 9 percent per year. Local sales tax revenues went from \$106.4 million on June 30, 2021, to \$123.5 million as of June 30, 2022, an increase of \$17.1 million, or 16 percent. These include increases in Measure BB and AB1107 of \$15.7 million and \$8.6 million respectively. There was a decrease of \$5.2 million, or 15 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 \$78.6 million on June 30, 2022, decreased by \$3.8 million, or 5 percent over June 30, 2021, when it was \$82.5 million. Local funds on June 30, 2022, included Transportation Development Act (TDA) of \$74.0 million. While the overall year over year change in Local funds was 7 percent, there were items of note, namely TDA funds which are sales tax based were essentially stable year over year with a \$2.0 million increase, due to the allocation cycle of that funding source. RM2 increased \$0.8 million or 41 percent as these are bridge toll based and more 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, 2022, were \$22.3 million, a decrease of \$3.6 million or 14 percent over June 30, 2021, when they were \$26.0 million.

(Continued)

DRAFT  
 ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2022

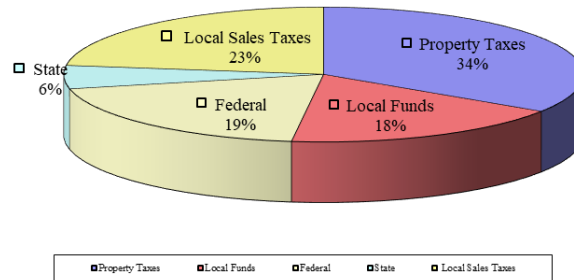
- Federal non-operating revenues decreased by \$18.5 million, to \$72.5 million, or 20 percent, over June 30, 2021, when they were \$91.0 million, with Federal CRRSA and ARP Act funds providing \$65.5 million of this total. There was federal preventive maintenance funding for the period ended June 30, 2022, in the amount of \$5.7 million, compared to \$6.2 million in fiscal year June 30, 2021, a decrease of 7 percent.
- “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, 2022, these combined sources contributed \$35.1 million, an increase of \$9.7 million, or 38 percent, more than on June 30, 2021, when they were \$25.4 million. Funding sources in this category include Local Sales Taxes comprised of Measure B of \$5.5 million, Measure BB of \$10.3 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 State Transit Assistance (STA) funds totaling \$4.7 million for the fiscal year ended June 30, 2022, an increase of \$0.9 million over June 30, 2021, when they were \$3.8 million. Increases from all these sources mirrored their counterparts in the Non-Operating Revenue section. Federal funding for these programs was \$4.3 million for the fiscal year ended June 30, 2022. Federal funds when available in this category typically consist of “ADA Set Aside” and “Paratransit Lease” funds for fiscal year 2022. When we look at the operating and non-operating revenues for Joint Venture service compared to the cost of those services there was net expense of Joint Venture service to the District for the fiscal year ended June 30, 2022, it is a net of \$6.3 million, up from \$4.8 million for the year ended June 30, 2021.



When comparing the “Composition of Non-Operating Revenue” pie charts from FY-21/22 (above) to FY-20/21 (below) shift in composition between these fiscal years, as percent of total non-operating revenue in each respective fiscal year is as follows: Decreases of 1 percent in Local Funds, 4 percent in Federal funding and 1 percent in State funding. Increases include 4 percent in Local Sales Taxes and 2 percent in Property Taxes.

(Continued)

**Alameda-Contra Costa Transit District**  
 Composition of Non-Operating Revenues - Fiscal Year 2020/21



### Expense Highlights

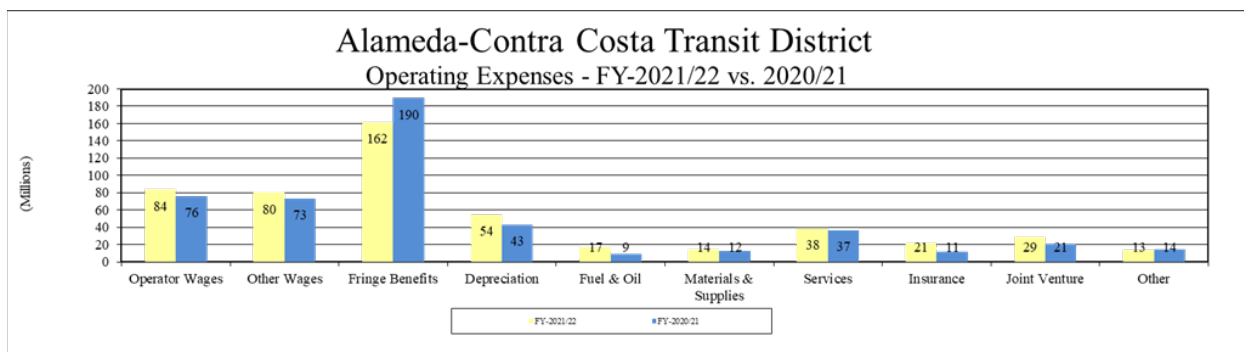
#### Operating Expenses:

- In fiscal year 2022, total operating expenses were \$511.5 million, an increase of \$26.1 million or 5 percent compared to \$485.4 million in Fiscal Year 2021. The most significant increases occurred in depreciation of \$11.3 million, insurance of \$9.8 million, \$8.2 million in JPA and \$7.9 in fuel and oil that substantially contributed to the overall increase in total operating expenses. Decreases include fringe benefits of \$28.0 million, or 15 percent, and “Other” of \$0.7 million, or 6 percent.
- Operator wages totaling \$83.5 million, for June 2022, were up \$7.7 million over the year ending June 2021 when they were \$75.8 million. This increase is due to hiring of operators in effort to rebuild service levels.
- Other salary and wages were \$79.7 million on June 30, 2022, an increase of \$6.7 million, or 9 percent, over June 30, 2021, when it was \$73.0 million. Most of the employees in the other salary and wages category did receive CBA scheduled increases and AFSCME members in this category reached a contract agreement during this fiscal year.
- Fringe benefits on June 30, 2022, were \$161.5 million, a decrease of \$28.0 million or 15 percent over June 30, 2021, when it was \$189.7 million. While medical expense remained stable, there was an increase in dental expense of \$0.3 million, or 8 percent. Due in part to a less favorable actuarial result and an increase in period expenses workers’ compensation expense increased by \$2.4 million, to \$23.1 million as of June 30, 2022, over the prior period. Fiscal year 2022 OPEB expense was -\$8.9 million, down \$49.1 million compared to 2021 when it was \$40.1 million, primarily due to favorable GASB 74-75 actuarial result of \$13.1 million for 2022, compared to 2021 which had unfavorable actuarial result of \$35.9 million. Pension expense was \$43.5 million, down \$10.3 million or 31 percent compared to 2021 when it was \$33.2 million. Pension was favorably affected by a GASB 67-68 actuarial result of \$20.0 million which was not as significant as the improvement in 2021 when the impact was \$27.2 million. In fiscal year 2022 pension contributions were \$63.6 million, up \$3.2 million or 5 percent, compared to 2021 contributions of \$60.4 million. Overall, total OPEB and pension expense for 2022 was down \$38.7 million to \$34.5 million, compared to 2021 at \$73.3 million.

(Continued)

DRAFT  
 ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2022

- Depreciation increased by \$11.3 million or 26 percent, due to reduction in the depreciable base compared to retirements and changes in average life of the assets. On June 30, 2022, fuel and oil was \$16.7 million, an increase of \$7.9 million or 90 percent over June 30, 2021, when it was \$8.8 million. This increase was due to rising fuel costs and to a significant return to pre-pandemic service levels. Materials and supplies consumption was \$13.8 million as of June 30, 2022, an increase of \$1.5 million, or 12 percent over June 30, 2021, when it was \$12.3 million. This increase was due to a rise in the categories of engine of \$2.2 million, fuel system of \$1.5 million and body parts of \$1.1 million. These increases are in line with the resumption of normal service levels.
- Outside services increased by \$1.6 million, to \$38.3 million, or 4 percent, over fiscal year 2021 when it was \$36.7 million. "Pass through" expenditures which are exclusively reported in this object class, were \$3.7 million in 2022, or a decrease of \$1.9 million, or 34 percent than in fiscal 2021 when they were \$5.7 million. While there were largely offsetting increases and decreases in the subcategories making up the outside services expenditures other than "Pass Through," we note year over year increases in temporary help of \$5.4 million, or 36 percent, SaaS (Software as a Service) of \$4.9 million, or 66 percent, and Clipper of \$1.3 million, or 562 percent. These increases were offset by decreases in claims administration of \$1.5 million, or 66 percent, custodial services of \$0.7 million, or 14 percent, and advertising production costs, of \$0.6 million, or 74 percent.
- In fiscal year 2022 insurance was \$21.3 million, an increase of \$9.8 million over 2021, or 86 percent, when it was \$11.5 million. An unfavorable actuarial result for public liability and property damage was responsible for this year over year increase.
- The "expenses of joint venture" category includes the Paratransit and Dumbarton consortium expenses, showed an increase of \$8.2 million, or 40 percent, over fiscal 2021 when it was \$20.5 million. Paratransit Consortium expense increased by \$7.8 million or 44 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 \$0.3 million, or 13 percent, due to restoration of service to pre-pandemic levels.
- In fiscal year 2022 the category of "other" expenses was \$13.2 million, a decrease of 6 percent over fiscal year 2021 when it was \$14.0 million. Within the composition of this series increases in certain line items were offset by decreases in others as the net result suggests. Notable increases are sales and use taxes, up \$0.6 million, or 9 percent, to \$0.7 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



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### Capital Program

The District received Capital Contributions of \$32.5 million in Fiscal Year 2022 compared to \$9.4 million in Fiscal Year 2021, an increase of \$23.1 million, or 246 percent. In fiscal year 2022 capital contributions came from the following sources, federal \$4.8 million, State \$15.0 million, and local \$12.7 million. Ongoing capital investment is crucial to an asset intensive industry such as ours.

Some of the capital acquisitions during the period included:

- Forty (40) Zero Emission Buses (\$24 million)
- AHSC Low Floor Electric Bus (\$1.9 million)
- GO and Division Security and Infrastructure Upgrades (\$1.7 million)

Additional information concerning the District's Capital Assets can be found in *Note #6 - Capital 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.

The District entered into a credit line agreement in August 2019 with a limit of \$35 million. This is dedicated to cover potential funding shortfalls for the District's Bus Rapid Transit project. This facility has a three-year term and as of June 30, 2022, the outstanding balance was zero and the line of credit was closed. In accordance with requirements of GASB 87 the District booked long-term liabilities for leases in the amount of \$15.8 million.

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

### Subsequent Events

- In June 2021, bus capacity restrictions were lifted, and all buses went back to normal bus capacity. Additionally, full reactivation of supplementary services to school districts occurred in Fall 2021.
- The District launched Line 78 Pilot serving new Seaplane Lagoon ferry terminal and connection to Fruitvale BART Station/Transit Center in August 2021.
- In October 2021, farebox revenue reached \$2.0 million compared with \$635,000 in October 2020 when fare collection resumed.

### 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.

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

**ASSETS**

Current assets	
Cash and cash equivalents (Note 3)	\$ 131,912
Restricted cash and cash equivalents:	
Restricted for capital purchases (Note 3)	25,466
Investments (Note 3)	82,584
Receivables:	
Federal and local grants:	
Capital	18,487
Planning, operating and other (Note 7)	7,857
Property tax	23,951
Local sales tax	8,977
Lease receivable	800
Other trade receivables	5,072
Total receivables, net	<u>65,144</u>
Due from Pension Trust Fund (Note 5)	6,161
Inventory	14,824
Prepaid expenses	13,468
Total current assets	<u>339,559</u>
Noncurrent assets	
Restricted cash and cash equivalents:	
Restricted for certificates of participation - debt service (Note 3)	1,137
Lease receivable	9,159
Capital assets (Note 4)	
Nondepreciable	137,539
Depreciable, net	303,267
Right-to-use lease assets, net	7,096
Total capital assets, net	<u>447,902</u>
Total noncurrent assets	<u>458,198</u>
Total assets	<u>797,757</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related (Note 9)	59,823
OPEB related (Note 10)	17,058
Deferred loss on refunding debt (Note 8)	481
Total deferred outflows of resources	<u>77,362</u>
Total assets and deferred outflows of resources	<u>\$ 875,119</u>

(Continued)

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

**LIABILITIES**

Current liabilities

Accounts payable and accrued expenses	\$	18,090
Accrued salaries and wages		4,562
Current portion of accrued vacation and sick leave		22,370
Due to Pension Trust Fund (Note 5)		11,039
Unearned revenue		15,935
Other accrued liabilities		15,043
Accrued interest payable		170
Current portion of lease liability		155
Current portion of claims liabilities (Note 13)		19,797
Current portion of remediation obligations (Note 12)		67
Current portion of certificates of participation (Note 8)		435
Total current liabilities		107,663

Noncurrent liabilities

Accrued vacation and sick leave		10,090
Lease liability		7,137
Claims liabilities (Note 13)		60,596
Remediation obligations (Note 12)		952
Certificates of participation (Note 8)		11,220
Revolving line of credit (Note 8)		15,777
Net pension liability (Note 9)		209,479
Net OPEB liability (Note 10)		164,248
Total noncurrent liabilities		479,499

Total liabilities		587,162
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**DEFERRED INFLOWS OF RESOURCES**

Pension related (Note 9)		55,933
OPEB related (Note 10)		49,333
Lease related		9,844
Total deferred inflows of resources		115,110

Total liabilities and deferred inflows of resources		702,272
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**NET POSITION**

Net investment in capital assets		428,955
Restricted for capital purchases (Note 11)		25,466
Restricted for debt service		967
Unrestricted		(282,541)
Total net position	\$	172,847

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

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

<b>Operating Revenues</b>	
Passenger fares	\$ 23,558
Contract services	11,062
Operating revenues of JPA and consortium (Note 14)	1,033
Other	3,630
Total operating revenues	39,283
 <b>Operating expenses</b>	
Operator wages	83,527
Other wages	79,767
Fringe benefits	161,573
Depreciation and amortization (Note 4)	54,466
Fuel and oil	16,717
Other material and supplies	13,847
Services	38,315
Insurance	21,392
Expenses of JPA and consortium (Note 14)	28,787
Other	13,204
Total operating expenses	511,595
Operating loss	(472,312)
 <b>Non-operating revenues (expenses)</b>	
Operating assistance:	
Property taxes	165,993
Local sales tax (Note 7)	123,570
Local funds (Note 7)	78,652
State (Note 7)	22,372
Federal (Note 7)	72,522
Non-operating revenues of JPA and consortium	35,158
Interest income	472
Interest expense	(859)
Net non-operating revenues (expenses)	497,880
Gain (loss) before capital contributions	25,568
Capital contributions (Note 6)	32,501
Change in net position	58,069
Net position at beginning of year	114,778
<b>Net position at end of year</b>	<b>\$ 172,847</b>

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

DRAFT  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
ENTERPRISE FUND - STATEMENT OF CASH FLOWS  
Year ended June 30, 2022  
(In thousands)

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<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 40,678
Cash payments to suppliers for goods and services	(113,343)
Cash payments to employees for services and benefit payments	(350,335)
Other operating receipts	4,663
Net cash used in operating activities	<u>(418,337)</u>
 <b>Cash flows from noncapital financing activities</b>	
Operating assistance received	<u>503,558</u>
Net cash provided by noncapital financial activities	<u>503,558</u>
 <b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(54,009)
Capital contributions received	28,657
Proceeds from sale of capital assets	-
Proceeds from revolving line of credit	777
Proceeds from refunding on certificates of participation	-
Principal paid on certificates of participation	60
Interest paid on certificates of participation	(861)
Net cash used in capital and related financial activities	<u>(25,376)</u>
 <b>Cash flows from investing activities</b>	
Proceeds from investments	26,588
Purchase of investments	(51,081)
Investment income	472
Net cash used in investing activities	<u>(24,021)</u>
Change in cash and cash equivalents	35,824
Cash and cash equivalents, beginning of year	<u>122,691</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 158,515</u></u>
 Summary of cash and cash equivalents reported on the Statement of Net Position:	
Unrestricted cash and cash equivalents	\$ 131,912
Restricted cash and cash equivalents - capital purchases	25,466
Restricted for - certificates of participation - debt service	<u>1,137</u>
Total cash and cash equivalents reported on the Statement of Net Position	<u><u>\$ 158,515</u></u>

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(Continued)

**DRAFT**  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
ENTERPRISE FUND - STATEMENT OF CASH FLOWS  
Year ended June 30, 2022  
(In thousands)

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**Reconciliation of operating loss to net cash used  
in operating activities:**

Operating loss	\$ (472,312)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation/amortization	54,466
Effect of changes in assets and liabilities:	
Other trade receivables	2,514
Inventory	159
Due to/from Pension Trust Fund	7,281
Prepaid expenses	1,382
Accounts payable and accrued expenses	8,994
Accrued salaries and wages	392
Accrued vacation and sick leave	290
Unearned revenue	3,544
Other accrued liabilities	1,215
Claims liabilities	7,169
Net pension liability and deferred outflows/inflows from pension	(20,084)
Net OPEB liability and deferred outflows/inflows from OPEB	<u>(13,347)</u>
Net cash used in operating activities	<u>\$ (418,337)</u>

**Supplemental disclosure of cash flow information**

Non-cash investing, capital, and financing transactions:	
Net appreciation/(depreciation) in fair value of investments	\$ (311)
Construction in progress in accounts payable and accrued expenses	-
(Gain) loss on sale of capital assets	8

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

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

	Pension and OPEB Trust Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,526
Contributions receivable from the District (Note 5)	5,723
Interest receivable and other investment receivables	378
Investments at fair value:	
Short-term investments	10,906
Equity securities	131,747
Equity funds	348,643
Fixed income funds	379,617
Real estate funds	42,759
Total investments	913,672
Total assets	923,299
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	2,906
Due to the District (Note 5)	5,516
Total liabilities	8,422
<b>NET POSITION</b>	
Restricted for:	
Pension	911,351
Other postemployment benefits (OPEB)	3,526
Total net position	\$ 914,877

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

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

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	Pension and OPEB Trust Funds
<b>ADDITIONS</b>	
Employer contributions	\$ 64,073
Employee contributions	229
Investment income:	
Dividends and interest income	7,846
Net appreciation in fair value of investments	74,335
Investment expenses	<u>(2,563)</u>
Net investment income	<u>79,618</u>
 Total additions	 <u>143,920</u>
 <b>DEDUCTIONS</b>	
Benefit payments	69,092
Administrative expenses	<u>1,540</u>
Total deductions	<u>70,632</u>
 Net increase in net position	 73,288
 Net position, beginning of year	 <u>841,589</u>
 Net position, end of year	 <u>\$ 914,877</u>

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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.

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**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:** 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.

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(Continued)

DRAFT  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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**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, 2022 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 assets are amortized over the shorter of the estimated useful lives of the assets or the remaining lease 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

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 position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position 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.

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(Continued)

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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**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 \$29.8 million in Measure C1 taxes during the year ended June 30, 2022.

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.

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(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, 2022, the District has restricted net position in the amount of \$967,000 related to the 2019 Certificates of Participation (COPS) and \$25.5 million 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. 87, *Leases* (“GASB 87”) increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The adoption of this Standard did not have a material effect on the District’s net position or changes in net position, however, it did result in an increase in right-to-use lease assets and lease liability of \$7.4 million as of July 1, 2021 for lessee transactions and an increase in lease receivable and deferred inflow of resources of \$8.9 million as of July 1, 2021 for lessor transactions. See Note 9 of the financial statements for additional disclosures about the leases.

**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)

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(Continued)

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 – CASH AND INVESTMENTS** (Continued)

**Presentation:** At June 30, 2022, the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	\$ 158,515
Investments	<u>82,584</u>
Total	<u>\$ 241,099</u>
Reported in the Enterprise Fund as:	
Cash and cash equivalents	\$ 131,912
Restricted – current cash and cash equivalents	25,466
Restricted – noncurrent cash and cash equivalents	1,137
Investments	<u>82,584</u>
Total	<u>\$ 241,099</u>

**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, 2022:

- U.S. Treasury bills and notes of \$82.5 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, 2022. 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 \$82.5 million of U.S. Treasury notes and bills as of June 30, 2022, 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, 2022.

**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, 2022, there was no exposure to foreign currency risk as all the District's cash equivalents and investments are denominated in U.S. dollar currency.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
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June 30, 2022

**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, 2022 (in thousands):

	July 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	June 30, <u>2022</u>
Non-depreciable capital assets:					
Land	\$ 28,686	\$ -	\$ -	\$ -	\$ 28,686
Work in progress	<u>135,361</u>	<u>37,130</u>	<u>-</u>	<u>(63,638)</u>	<u>108,853</u>
Total	<u>164,047</u>	<u>37,130</u>	<u>-</u>	<u>(63,638)</u>	<u>137,539</u>
Depreciable capital assets:					
Revenue equipment	445,925	16,788	(13,588)	59,139	508,264
Service vehicles and other equipment	132,042	-	(142)	1,783	133,683
Buildings, structure and improvements	<u>339,904</u>	<u>-</u>	<u>-</u>	<u>2,716</u>	<u>342,620</u>
Total	<u>917,871</u>	<u>16,788</u>	<u>(13,730)</u>	<u>63,638</u>	<u>984,567</u>
Less accumulated depreciation:					
Revenue equipment	(294,139)	(39,482)	13,588	-	(320,033)
Service vehicles and other equipment	(123,967)	(2,643)	142	-	(126,468)
Buildings, structure and improvements	<u>(222,549)</u>	<u>(12,250)</u>	<u>-</u>	<u>-</u>	<u>(234,799)</u>
Total	<u>(640,655)</u>	<u>(54,375)</u>	<u>13,730</u>	<u>-</u>	<u>(681,300)</u>
Depreciable capital assets net of accumulated depreciation	<u>277,216</u>	<u>(37,587)</u>	<u>-</u>	<u>-</u>	<u>303,267</u>
Capital assets, net of accumulated depreciation	<u>\$ 441,263</u>	<u>\$ (457)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,806</u>
Right-to-use lease buildings/structure	\$ 7,434	-	-	-	\$ 7,434
Less accumulated amortization of right-to use lease buildings/structure	<u>-</u>	<u>(338)</u>	<u>-</u>	<u>-</u>	<u>(338)</u>
Right-to-use lease buildings/structure net of accumulated amortization	<u>\$ 7,434</u>	<u>(338)</u>	<u>-</u>	<u>-</u>	<u>\$ 7,096</u>

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 – INTERFUND RECEIVABLES/PAYABLES**

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2022 and the Pension Trust Fund is reported as of December 31, 2020; 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, 2022 and December 31, 2021, the Pension Trust Fund had a payable to the Enterprise Fund of \$6.2 million and \$5.5 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, 2022 and December 31, 2019, the Pension Trust Fund had a receivable from the Enterprise Fund of \$11.0 million and \$5.7 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, 2022 as follows (in thousands):

Federal grants	\$ 4,754
State and local grants	27,549
State Transit Assistance – State of Good Repair (STA-SGR)	<u>198</u>
	<u>\$ 32,501</u>

**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.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
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**NOTE 7 – OPERATING ASSISTANCE** (Continued)

Below is a summary of state and local operating assistance for the year ended June 30, 2022 (in thousands):

Local operating assistance:	
Operating revenues	\$ 1,437
Transportation Development Act	74,002
Regional Measure 2	11,437
Less amount reported within non-operating revenues of JPA and consortium	<u>(8,224)</u>
	<u>\$ 78,652</u>
State operating assistance:	
State Transit Assistance	\$ 26,291
Other state assistance	500
Pass thru	377
Less amount reported within non-operating revenues of JPA and consortium	<u>(4,796)</u>
	<u>\$ 22,372</u>

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.

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, 2022, is summarized below (in thousands):

AB 1107	\$ 51,789
Measure B	28,755
Measure J	5,651
Measure BB	53,538
Less amount reported within non-operating revenues of JPA and consortium	<u>(16,162)</u>
	<u>\$ 123,571</u>

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 – OPERATING ASSISTANCE (Continued)**

**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, 2022 are summarized below (in thousands):

5307 and 5309 Operating grants	\$ 11,371
COVID-19 – CRRSAA grant	55,543
COVID-19 – ARPA grant	10,002
Less amount reported within non-operating revenues of JPA and consortium	<u>(4,394)</u>
	<u>\$ 72,522</u>

At June 30, 2022, federal grant funds totaling \$1.5 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, 2022 (in thousands):

	<u>Original Issue Amount</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amount Due Within One Year</u>
<b>Direct Placements</b>						
2019 Refunding COP 2.195% - 3.326%, due August 1, 2034	\$ 11,655	\$ 11,655	\$ -	\$ -	\$ 11,655	435
<b>Conduit Debt</b>						
Revolving Line of Credit LIBOR + .35%, due August 1, 2022		<u>15,000</u>	<u>777</u>	<u>-</u>	<u>15,777</u>	<u>-</u>
Total long-term debt		<u>26,655</u>	<u>777</u>	<u>-</u>	<u>27,432</u>	<u>435</u>
<b>Other long-term liabilities</b>						
Lease liability		7,434	-	(142)	7,292	155
Accrued vacation and sick leave		32,170	290	-	32,460	22,370
Claims liabilities (Note 14)		73,224	7,169	-	80,393	11,423
Remediation obligations (Note 13)		<u>1,019</u>	<u>-</u>	<u>-</u>	<u>1,019</u>	<u>67</u>
Total long-term liabilities		<u>\$ 140,502</u>	<u>\$ 8,236</u>	<u>\$ (142)</u>	<u>\$ 148,596</u>	<u>\$ 34,450</u>

**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.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
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June 30, 2022

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**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

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 may not exceed \$35 million at any one time and has a maturity date of August 1, 2022. The amount of unused line of credit at June 30, 2022 is \$20 million. Interest is to be paid quarterly at an applicable rate of London Inter-Bank Offered Rate (LIBOR) plus 0.35%. There is also a commitment fee to be paid quarterly that accrues at a rate of 0.2% per annum on the unused line of credit.

In the event of a default that occurs and continues, including the failure to pay principal or interest of any debt when due, failure to perform any provision in the agreement, voluntary bankruptcy of the District, or a court-ordered bankruptcy of the District, credit agreement is subject to acceleration.

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 16,212	\$ 336	\$ 16,548
2024	800	322	1,122
2025	820	302	1,122
2026	840	282	1,122
2027	865	258	1,123
2028-2032	4,705	895	5,600
2033-2034	<u>3,190</u>	<u>160</u>	<u>3,350</u>
Total	<u>\$ 27,432</u>	<u>\$ 2,555</u>	<u>\$ 29,987</u>

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, 2022, 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 \$7.1 million and a lease liability of \$7.3 million as of June 30, 2022. The District recognized \$184,234 of interest expense and \$337,918 of amortization expense for the year ended June 30, 2022. The District also leases other buildings and structures which have variable rates and thus are recognized as incurred.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
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**NOTE 9 – LEASES** (Continued)

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 156	\$ 181	\$ 337
2024	170	177	347
2025	184	172	356
2026	200	167	367
2027	216	162	378
2028-2032	1,351	718	2,069
2033-2037	1,880	517	2,397
2038-2042	2,536	243	2,779
2043	<u>599</u>	<u>8</u>	<u>607</u>
Total	<u>\$ 7,292</u>	<u>\$ 2,345</u>	<u>\$ 9,637</u>

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 \$10.0 million and deferred inflows of resources related to the lease of \$9.8 million. The District recognized \$521,801 of lease income and \$229,424 of interest income related to these leases for the year ended June 30, 2022. 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 – 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.

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
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**NOTE 10 – PENSION PLAN** (Continued)

Participants Covered by Benefit Terms: As of December 31, 2021, employee membership in the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	2,212
Terminated employees entitled to benefits but not yet receiving them	<u>163</u>
	<u><u>2,375</u></u>
Current employees:	
Vested	1,204
Non-vested	<u>915</u>
	<u><u>2,119</u></u>

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, 2022, the District's average contribution rate was 32.0% of annual covered payroll and the District's contributions to the Plan were \$56.8 million.

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, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll (7 years remaining as of 1/1/2021) with separate periods of Extraordinary Actuarial Gains or Losses (18 years as of 1/1/2021) 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

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**NOTE 10 – PENSION PLAN** (Continued)

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, 2021, and the total pension liability as of the valuation date, January 1, 2021, rolled forward to December 31, 2021. There were no significant events between the valuation date and the measurement date. The actuarial assumptions used in the January 1, 2021 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.

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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
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%
	<u>100%</u>	

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

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**NOTE 10 – PENSION PLAN** (Continued)

*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 7.00%. 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, 2021 are as follows (in thousands):

Total pension liability	\$ 1,120,830
Less Plan fiduciary net position	<u>(911,511)</u>
District's net pension liability	<u>\$ 209,479</u>
Funded ratio (Plan’s fiduciary net position / total pension liability)	81.3%

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, 2021	\$ 1,056,650	\$ 837,867	\$ 218,783
Changes for the year:			
Service cost	28,772	-	28,772
Interest	71,917	-	71,917
Difference between expected and actual experience	1,711	-	1,711
Change of assumptions	26,435	-	26,435
Contributions – employer	-	59,830	(59,830)
Contributions – member	-	232	(232)
Net investment income	-	79,616	(79,616)
Benefit payments	(64,655)	(64,655)	-
Administrative expense	<u>-</u>	<u>(1,539)</u>	<u>1,539</u>
Net changes	<u>64,180</u>	<u>73,484</u>	<u>(9,304)</u>
Balance at December 31, 2021	<u>\$ 1,120,830</u>	<u>\$ 911,351</u>	<u>\$ 209,479</u>

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**NOTE 10 – PENSION PLAN** (Continued)

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, 2022, 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% <u>Decrease</u>	(6.75%) Current <u>Discount</u>	(7.75%) 1% <u>Increase</u>
Net pension liability	\$ 329,778	\$ 209,479	\$ 107,016

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.

For the year ended June 30, 2022, the District recognized pension expense of \$37.3 million. At June 30, 2022, the District reported deferred outflows of resources related to pensions from the following sources (in thousands):

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Employer contributions subsequent to measurement date	\$ 27,069	\$ -
Differences between expected and actual experience	9,597	-
Changes in assumptions	23,157	2,097
Net difference between projected and actual earnings on pension plan investments	-	<u>53,836</u>
Total	<u>\$ 59,823</u>	<u>\$ 55,933</u>

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, 2022. 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):

	<u>Deferred Outflows/ (Inflows) of Resources</u>
June 30, 2023	\$ 525
June 30, 2024	(19,016)
June 30, 2025	(6,610)
June 30, 2026	<u>1,922</u>
	<u>\$ (23,179)</u>

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**NOTE 10 – PENSION PLAN** (Continued)

Payable to the Pension Plan: As disclosed in Note 5, the District reported a payable of \$11.0 million for the outstanding amount of contributions to the Plan for the year ended June 30, 2022.

**NOTE 11 – 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.

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, 2021, employee membership in the Trust was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,126
Active plan members	<u>2,057</u>
	<u><u>3,183</u></u>

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 2022, 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

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**NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (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	June 30, 2021
Measurement date	June 30, 2021
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

Measurements as of the reporting date are based on the fair value of assets as of June 30, 2021 and the total OPEB liability as of the valuation date, June 30, 2021.

The actuarial assumptions used in the June 30, 2021 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, 2021 are summarized in the following table:

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

*Changes in Assumptions and Benefit Terms Since Prior Measurement Date* – The discount rate was decreased from 2.66% to 2.18% and the long-term investment rate of return was consistent at 1.0%.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.18%. 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, 2021 municipal bond rate.

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**NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (Continued)

Net OPEB Liability: The components of the net OPEB liability of the District at the measurement date of June 30, 2021 are as follows (in thousands):

Total OPEB liability	\$ 99,301
Less: Trust fiduciary net position	<u>(3,625)</u>
District's net OPEB liability	<u>\$ 95,676</u>
Funded ratio (Trust's fiduciary net position / total OPEB liability)	3.65%

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, 2020	\$ 101,069	\$ 3,109	\$ 97,960
Changes for the year:			
Service cost	3,806	-	3,806
Interest	2,749	-	2,749
Difference between expected and actual experience	(7,680)	-	(7,680)
Changes of assumptions	2,425	-	2,425
Contributions – employer	-	3,965	(3,965)
Net investment loss	-	(256)	256
Benefit payments	(3,068)	(3,068)	-
Administrative expense	-	(125)	125
Net changes	<u>(1,768)</u>	<u>514</u>	<u>(2,284)</u>
Balance at June 30, 2021	<u>\$ 99,301</u>	<u>\$ 3,625</u>	<u>\$ 95,676</u>

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, 2022, calculating using the discount rate of 2.18%, 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 (1.18%) or 1-percent-point higher (3.18%) than the current rate.

	(1.18%) 1% <u>Decrease</u>	(2.18%) Current <u>Discount</u>	(3.18%) 1% <u>Increase</u>
Net OPEB liability	\$ 107,203	\$ 95,676	\$ 85,933

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**NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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, 2022, the District recognized OPEB gain of \$0.1 million. At June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Employer contributions subsequent to measurement date	\$ 4,243	\$ -
Differences between expected and actual experience	-	36,783
Changes in assumptions	5,784	3,997
Net difference between projected and actual earnings on OPEB plan investments	<u>1,262</u>	<u>12</u>
Total	<u>\$ 11,289</u>	<u>\$ 40,792</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$4.2 million will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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):

	<u>Deferred Outflows/ Inflows of Resources</u>
June 30, 2023	\$ (7,296)
June 30, 2024	(7,400)
June 30, 2025	(7,433)
June 30, 2026	(7,374)
June 30, 2027	(1,733)
June 30, 2028	(1,337)
June 30, 2029	(777)
June 30, 2030	<u>(396)</u>
	<u>\$ 33,746</u>

*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.

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**NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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](http://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.

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.

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**NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*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.

*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, 2021, employee membership in the OPEB Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,556
Active plan members	2,139
	3,695

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, 2022, the District’s contributions to the OPEB Plan were \$9.9 million (\$3.9 million in benefit payments and \$6.0 million to the CERBT). As of June 30, 2022, 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, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
 Actuarial assumptions:	
Investment rate of return	6.94%
Health care trend rate	Pre-65: 6.5% for FY2022, decreasing 0.5% per year to an ultimate rate of 5.0% for FY2024 and later Post-65: 5.25% for FY2022, decreasing 0.25% per year to an ultimate rate of 5.0% for FY2022 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.

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**NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Actuarial Methods and Assumptions (Continued)

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.

Measurements as of the reporting date are based on the fair value of assets as of June 30, 2021 and the total OPEB liability as of the valuation date, June 30, 2021.

The actuarial assumptions used in the June 30, 2021 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return Years 1-10</u>	<u>Long Term Expected Real Rate of Return Years 11-60</u>
Global equity	59%	5.25%	5.71%
Fixed income	25%	1.79%	2.40%
Real Estate Investment Trusts	8%	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 decreased from 2.66% to 2.18% and the investment rate of return was consistent at 6.94%.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.18%. 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, 2021 municipal bond rate.

Net OPEB Liability: The components of the net OPEB liability of the District at the measurement date of June 30, 2021 are as follows (in thousands):

Total OPEB liability	\$ 87,078
Less OPEB Plan fiduciary net position	<u>(9,883)</u>
District's net OPEB liability	<u>\$ 77,195</u>
Funded ratio (OPEB Plan's fiduciary net position / total OPEB liability)	11.3%

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**NOTE 11 – 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, 2020	\$ 84,829	\$ 2,714	\$ 82,115
Changes for the year:			
Service cost	3,178	-	3,178
Interest	2,289	-	2,289
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(272)	-	(272)
Changes of assumptions	978	-	978
Contributions – employer	-	9,925	(9,925)
Net investment income	-	1,172	1,172
Administrative expenses	-	(3)	3
Benefit payments	(3,925)	(3,925)	-
Net changes	<u>2,249</u>	<u>7,169</u>	<u>(4,920)</u>
Balance at June 30, 2021	<u>\$ 87,078</u>	<u>\$ 9,883</u>	<u>\$ 77,195</u>

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, 2022, calculating using the discount rate of 2.18%, 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 (1.18%) or one-percentage-point higher (3.18%) than the current rate.

	(1.18%) <u>1% Decrease</u>	(2.18%) <u>Current Rate</u>	(3.18%) <u>1% Increase</u>
Net OPEB liability	\$ 91,974	\$ 77,195	\$ 65,757

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, 2022, calculating using the health care trend rate of 7.00% (pre-65) and 5.50% (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 4.5%) or one-percentage-point higher (8.00% and 6.50%) than the current rate.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 71,971	\$ 77,195	\$ 84,399

(Continued)

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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**NOTE 11 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

OPEB plan fiduciary net position: For the year ended June 30, 2022, the District recognized OPEB expense of \$4.5 million. At June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Employer contributions subsequent to measurement date	\$ -	\$ -
Differences between expected and actual experience	3,010	3,440
Changes in assumptions	2,202	5,055
Net difference between projected and actual investment earnings	556	46
Total	\$ 5,768	\$ 8,541

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):

	<u>Deferred Outflows/ Inflows of Resources</u>
June 30, 2023	\$ (556)
June 30, 2024	(556)
June 30, 2025	(562)
June 30, 2026	(817)
June 30, 2027	(682)
June 30, 2028	323
June 30, 2029	77
	\$ (2,773)

**NOTE 12 – 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.

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.

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(Continued)

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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**NOTE 12 – COMMITMENTS** (Continued)

In fiscal year 2022, the District did not receive any additional funding, and \$424 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, 2022 (in thousands):

Total Allocations as of <u>June 30, 2022</u>	Less Allocations Passed-through to TJPA as of <u>June 30, 2022</u>	Total Allocations Received in <u>FY 2022</u>	Cumulative Expenses Incurred through <u>June 30, 2022</u>	<u>Interest Income</u>	<u>Commitment at June 30, 2022</u>
\$ 112,515	\$ (21,165)	\$ -	\$ (87,694)	\$ 511	\$ 4,167

**NOTE 13 – 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, 2022.

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.

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(Continued)

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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**NOTE 13 – CONTINGENCIES** (Continued)

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

	<u>Payments</u>
2023	\$ 2,000
2024	2,000
2025	2,000
2026	2,000
2027	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, 2022 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, 2022.

**NOTE 14 – RISK MANAGEMENT**

As of June 30, 2022, the District has the following coverages:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limit</u>
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.

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(Continued)

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**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2022

**NOTE 14 – RISK MANAGEMENT (Continued)**

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

	Workers' Compensation <u>Liability</u>	Public <u>Liability</u>	Dental <u>Liability</u>	<u>Total</u>
Balance at June 30, 2020	\$ 58,855	\$ 10,204	\$ 869	\$ 69,928
Claims and changes in estimates	21,528	759	4,827	27,114
Claim payments	<u>(15,640)</u>	<u>(3,239)</u>	<u>(4,939)</u>	<u>(23,818)</u>
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	<u>(15,956)</u>	<u>(3,020)</u>	<u>(4,156)</u>	<u>(23,132)</u>
Balance at June 30, 2022	<u>\$ 67,996</u>	<u>\$ 10,884</u>	<u>\$ 1,513</u>	<u>\$ 80,393</u>

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, 2022 are summarized as follows (in thousands):

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Workers' compensation liability	\$ 15,284	\$ 52,712	\$ 67,996
Public liability	3,000	7,884	10,884
Dental liability	<u>1,513</u>	<u>-</u>	<u>1,513</u>
	<u>\$ 19,797</u>	<u>\$ 60,596</u>	<u>\$ 80,393</u>

**NOTE 15 – 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 15 – 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 2022, the District recognized \$35.2 million of revenue and subsidy and incurred \$28.8 million of expenses related to the JPA and the Consortium. Neither the JPA nor the Consortium issue separate financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**DRAFT**  
**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, 2022  
(In thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability:						
Service cost	\$ 28,772	\$ 26,939	\$ 25,699	\$ 22,789	\$ 21,186	\$ 18,740
Interest	71,917	69,951	67,116	66,063	64,249	62,964
Differences between expected And actual experience	1,711	5,654	8,617	5,058	369	(11,563)
Changes of assumptions	26,435	-	(5,244)	10,041	-	-
Benefit payments, including refunds of member contributions	<u>(64,655)</u>	<u>(62,834)</u>	<u>(60,321)</u>	<u>(56,697)</u>	<u>(54,631)</u>	<u>(52,560)</u>
Net changes in total pension liability	64,180	39,710	35,867	47,254	31,173	17,581
Total pension liability, beginning	<u>1,056,650</u>	<u>1,016,940</u>	<u>98,073</u>	<u>933,819</u>	<u>902,646</u>	<u>885,065</u>
Total pension liability, ending	<u>\$ 1,120,830</u>	<u>\$ 1,056,650</u>	<u>\$ 1,016,940</u>	<u>\$ 981,073</u>	<u>\$ 933,819</u>	<u>\$ 902,646</u>
Plan fiduciary net position:						
Contributions – employer	\$ 59,830	\$ 60,989	\$ 56,863	\$ 54,723	\$ 52,369	\$ 48,479
Contributions – member	232	158	92	19	-	-
Net investment income (loss)	79,616	94,790	110,146	(34,344)	87,481	46,601
Benefit payments, including refunds of member contributions	(64,655)	(62,834)	(60,321)	(56,697)	(54,631)	(52,560)
Administrative expense	<u>(1,539)</u>	<u>(2,089)</u>	<u>(1,462)</u>	<u>(1,050)</u>	<u>(1,033)</u>	<u>(1,007)</u>
Net change in plan fiduciary net position	73,484	91,014	105,318	(37,349)	84,186	41,513
Plan fiduciary net position, beginning	<u>837,867</u>	<u>746,853</u>	<u>641,535</u>	<u>678,884</u>	<u>594,698</u>	<u>553,185</u>
Plan fiduciary net position, ending	<u>911,351</u>	<u>\$ 837,867</u>	<u>\$ 746,853</u>	<u>\$ 641,535</u>	<u>\$ 678,884</u>	<u>\$ 594,698</u>
Net pension liability, ending	<u>\$ 209,479</u>	<u>\$ 218,783</u>	<u>\$ 270,087</u>	<u>\$ 339,538</u>	<u>\$ 254,935</u>	<u>\$ 307,948</u>
Plan fiduciary net position as a percentage of the total pension liability	81.31%	79.29%	73.44%	65.40%	72.70%	65.88%
Covered payroll	\$ 177,734	\$ 193,938	\$ 183,248	\$ 176,763	\$ 167,786	\$ 150,234
Net pension liability as a percentage of covered payroll	117.86%	112.81%	147.39%	192.09%	151.94%	204.98%

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)

DRAFT  
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, 2022  
(In thousands)

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	<u>2016</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 16,614	\$ 16,698
Interest	57,571	55,840
Differences between expected And actual experience	(2,243)	-
Changes of assumptions	52,583	-
Benefit payments, including refunds of member contributions	<u>(49,875)</u>	<u>(47,410)</u>
Net changes in total pension liability	74,649	25,127
Total pension liability, beginning	<u>810,416</u>	<u>785,289</u>
Total pension liability, ending	<u>\$ 885,065</u>	<u>\$ 810,416</u>
Plan fiduciary net position:		
Contributions – employer	\$ 42,274	40,384
Contributions – member	-	-
Net investment income (loss)	(1,458)	23,507
Benefit payments, including refunds of member contributions	(49,875)	(47,410)
Administrative expense	<u>(863)</u>	<u>(867)</u>
Net change in plan fiduciary net position	(9,922)	15,614
Plan fiduciary net position, beginning	<u>563,107</u>	<u>547,493</u>
Plan fiduciary net position, ending	<u>\$ 553,185</u>	<u>\$ 563,107</u>
Net pension liability, ending	<u>\$ 331,880</u>	<u>\$ 247,309</u>
Plan fiduciary net position as a percentage of the total pension liability	62.50%	69.48%
Covered payroll	\$ 133,012	\$ 129,310
Net pension liability as a percentage of covered payroll	249.51%	191.25%

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## ALAMEDA-CONTRA COSTA TRANSIT DISTRICT PENSION PLAN - SCHEDULE OF EMPLOYER'S CONTRIBUTIONS – LAST 10 FISCAL YEARS Year ended June 30, 2022 (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	\$ -	\$ 129,310	31.23%
2016	42,274	42,274	-	133,012	31.78%
2017	48,479	48,479	-	150,234	32.27%
2018	52,369	52,369	-	167,786	31.21%
2019	54,723	54,723	-	176,763	30.96%
2020	56,863	56,863	-	183,248	31.03%
2021	60,989	60,989	-	193,938	31.45%
2022	59,830	59,830	-	177,724	33.66%

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

Notes to Schedule:

Valuation date	January 1, 2020
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
<b>Actuarial assumptions:</b>	
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.

**DRAFT**  
**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, 2021  
(In thousands)

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

**Notes to Schedule:**

Benefit changes  
Changes in assumptions

There were no changes in benefits in any years.  
In FY2021, 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.

<sup>(a)</sup> 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.

**DRAFT**  
 ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
 OPEB PLAN (TRUST) - SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 LAST 10 FISCAL YEARS  
 Year ended June 30, 2021  
 (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
2018	\$ 7,963	\$ 4,739	\$ 3,224	\$ 215,200	2.2%
2019	6,857	4,541	2,316	214,000	2.1%
2020	6,741	4,500	2,241	213,800	2.1%
2021	6,525	4,500	2,025	213,700	2.1%
2022	6,700	3,965	2,735	205,700	1.9%

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

Notes to Schedule:

Valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value

Actuarial assumptions:

Discount rate	2.18%
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.

**DRAFT**  
**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, 2021**  
(In thousands)

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

<sup>(a)</sup> 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.

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**OPEB PLAN (NON-TRUST) - SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**  
**Year ended June 30, 2022**  
**(In thousands)**

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

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

Notes to Schedule:

Valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value

Actuarial assumptions:

Discount rate	2.18%
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
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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.

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**SUPPLEMENTARY INFORMATION**

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**ENTERPRISE FUND - COMPARATIVE SCHEDULES OF NET POSITION**  
June 30, 2022 and 2021  
(In thousands)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 3)	\$ 131,912	\$ 103,354
Restricted cash and cash equivalents:		
Restricted for capital purchases (Note 3)	25,466	18,200
Investments (Note 3)	82,584	58,010
Receivables:		
Federal and local grants:		
Capital	18,487	14,643
Planning, operating and other (Note 7)	7,857	8,952
Property tax	23,951	15,978
Local sales tax	8,977	21,146
Lease receivable	800	-
Other trade receivables	5,072	7,586
Total receivables, net	65,144	68,305
Due from Pension Trust Fund (Note 5)	6,161	11,290
Inventory	14,824	14,983
Prepaid expenses	13,468	14,850
Total current assets	339,559	288,992
Noncurrent assets		
Restricted cash and cash equivalents:		
Restricted for certificates of participation - debt service (Note 3)	1,137	1,137
Lease receivable	9,159	-
Capital assets (Note 4)		
Nondepreciable	137,539	164,047
Depreciable, net	303,267	277,216
Right-to-use lease assets, net	7,096	-
Total capital assets, net	447,902	441,263
Total noncurrent assets	458,198	442,400
Total assets	797,757	731,392
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related (Note 9)	59,823	45,465
OPEB related (Note 10)	17,058	21,740
Deferred loss on refunding debt (Note 8)	481	541
Total deferred outflows of resources	77,362	67,746
Total assets and deferred outflows of resources	\$ 875,119	\$ 799,138

(Continued)

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**ENTERPRISE FUND - COMPARATIVE SCHEDULES OF NET POSITION**  
June 30, 2022 and 2021  
(In thousands)

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 18,090	\$ 9,096
Accrued salaries and wages	4,562	4,170
Current portion of accrued vacation and sick leave	22,370	22,080
Due to Pension Trust Fund (Note 5)	11,039	8,887
Unearned revenue	15,935	12,391
Other accrued liabilities	15,043	13,828
Accrued interest payable	170	172
Current portion of lease liability	155	-
Current portion of claims liabilities (Note 13)	19,797	17,284
Current portion of remediation obligations (Note 12)	67	67
Current portion of certificates of participation (Note 8)	435	-
Total current liabilities	<u>107,663</u>	<u>87,975</u>
Noncurrent liabilities		
Accrued vacation and sick leave	10,090	10,090
Lease liability	7,137	-
Claims liabilities (Note 13)	60,596	55,940
Remediation obligations (Note 12)	952	952
Certificates of participation (Note 8)	11,220	11,655
Revolving line of credit (Note 8)	15,777	15,000
Net pension liability (Note 9)	209,479	218,783
Net OPEB liability (Note 10)	164,248	180,075
Total noncurrent liabilities	<u>479,499</u>	<u>492,495</u>
Total liabilities	<u>587,162</u>	<u>580,470</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related (Note 9)	55,933	52,355
OPEB related (Note 10)	49,333	51,535
Lease related	9,844	-
Total deferred inflows of resources	<u>115,110</u>	<u>103,890</u>
Total liabilities and deferred inflows of resources	<u>702,272</u>	<u>684,360</u>
<b>NET POSITION</b>		
Net investment in capital assets	428,955	429,608
Restricted for capital purchases (Note 11)	25,466	18,200
Restricted for debt service	967	965
Unrestricted	<u>(282,541)</u>	<u>(333,995)</u>
Total net position	<u>\$ 172,847</u>	<u>\$ 114,778</u>

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**ENTERPRISE FUND - COMPARATIVE SCHEDULES OF REVENUES,**  
**EXPENSES, AND CHANGES IN NET POSITION**  
For the years ended June 30, 2022 and 2021  
(In thousands)

	<u>2022</u>	<u>2021</u>
<b>Operating Revenues</b>		
Passenger fares	\$ 23,558	\$ 11,900
Contract services	11,062	11,822
Operating revenues of JPA and consortium (Note 14)	1,033	648
Other	3,630	3,741
Total operating revenues	<u>39,283</u>	<u>28,111</u>
<b>Operating expenses</b>		
Operator wages	83,527	75,776
Other wages	79,767	73,014
Fringe benefits	161,573	189,665
Depreciation and amortization (Note 4)	54,466	43,107
Fuel and oil	16,717	8,796
Other material and supplies	13,847	12,329
Services	38,315	36,688
Insurance	21,392	11,496
Expenses of JPA and consortium (Note 14)	28,787	20,585
Other	13,204	13,994
Total operating expenses	<u>511,595</u>	<u>485,450</u>
Operating loss	<u>(472,312)</u>	<u>(457,339)</u>
<b>Non-operating revenues (expenses)</b>		
Operating assistance:		
Property taxes	165,993	159,283
Local sales tax (Note 7)	123,570	106,415
Local funds (Note 7)	78,652	82,449
State (Note 7)	22,372	25,975
Federal (Note 7)	72,522	91,043
Non-operating revenues of JPA and consortium	35,158	25,449
Interest income	472	40
Interest expense	(859)	(510)
Net non-operating revenues (expenses)	<u>497,880</u>	<u>490,136</u>
Gain (loss) before capital contributions	25,568	32,797
Capital contributions (Note 6)	<u>32,501</u>	<u>9,387</u>
Change in net position	58,069	42,184
Net position at beginning of year	<u>114,778</u>	<u>72,594</u>
<b>Net position at end of year</b>	<u>\$ 172,847</u>	<u>\$ 114,778</u>

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**ENTERPRISE FUND - COMPARATIVE SCHEDULES OF CASH FLOWS**  
For the years ended June 30, 2022 and 2021  
(In thousands)

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 40,678	\$ 36,187
Cash payments to suppliers for goods and services	(113,343)	(116,425)
Cash payments to employees for services and benefit payments	(350,335)	(346,677)
Other operating receipts	4,663	4,389
Net cash used in operating activities	<u>(418,337)</u>	<u>(422,526)</u>
<b>Cash flows from noncapital financing activities</b>		
Operating assistance received	503,558	502,140
Net cash provided by noncapital financial activities	<u>503,558</u>	<u>502,140</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(54,009)	(24,502)
Capital contributions received	28,657	11,531
Proceeds from sale of capital assets	-	-
Proceeds from revolving line of credit	777	-
Proceeds from refunding on certificates of participation	-	-
Principal paid on certificates of participation	60	42
Interest paid on certificates of participation	(861)	(483)
Net cash used in capital and related financial activities	<u>(25,376)</u>	<u>(13,412)</u>
<b>Cash flows from investing activities</b>		
Proceeds from investments	26,588	19,986
Purchase of investments	(51,081)	(57,989)
Investment income	472	40
Net cash used in investing activities	<u>(24,021)</u>	<u>(37,963)</u>
Change in cash and cash equivalents	35,824	28,239
Cash and cash equivalents, beginning of year	<u>122,691</u>	<u>94,452</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 158,515</u>	<u>\$ 122,691</u>
Summary of cash and cash equivalents reported on the Statement of Net Position:		
Unrestricted cash and cash equivalents	\$ 131,912	\$ 103,354
Restricted cash and cash equivalents - capital purchases	25,466	18,200
Restricted for - certificates of participation - debt service	1,137	1,137
Total cash and cash equivalents reported on the Statement of Net Position	<u>\$ 158,515</u>	<u>\$ 122,691</u>

(Continued)

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**ENTERPRISE FUND - COMPARATIVE SCHEDULES OF CASH FLOWS**  
For the years ended June 30, 2022 and 2021  
(In thousands)

	<u>2022</u>	<u>2021</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (472,312)	\$ (457,339)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation/amortization	54,466	43,107
Effect of changes in assets and liabilities:		
Other trade receivables	2,514	7,916
Inventory	159	(825)
Due to/from Pension Trust Fund	7,281	(1,820)
Prepaid expenses	1,382	(3,065)
Accounts payable and accrued expenses	8,994	(5,710)
Accrued salaries and wages	392	(3,676)
Accrued vacation and sick leave	290	2,024
Unearned revenue	3,544	4,549
Other accrued liabilities	1,215	(6,233)
Claims liabilities	7,169	3,296
Net pension liability and deferred outflows/inflows from pension	(20,084)	(27,239)
Net OPEB liability and deferred outflows/inflows from OPEB	<u>(13,347)</u>	<u>22,489</u>
Net cash used in operating activities	<u>\$ (418,337)</u>	<u>\$ (422,526)</u>

**Supplemental disclosure of cash flow information**

Non-cash investing, capital, and financing transactions:		
Net appreciation/(depreciation) in fair value of investments	\$ (311)	\$ 4
Construction in progress in accounts payable and accrued expenses	-	-
(Gain) loss on sale of capital assets	8	8

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**BUDGETARY BASIS - ENTERPRISE FUND - TRANSIT ONLY**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
For the years ended June 30, 2022 and 2021  
(In thousands)

	<u>2022</u>	<u>2021</u>
Revenues:		
Passenger fares	\$ 24,591	\$ 12,548
BART transfers	3,424	3,666
Contract services	7,638	8,156
Advertising	1,479	1,262
Interest income	472	40
Other	2,151	2,479
Total operating revenues	<u>39,755</u>	<u>28,151</u>
Subsidies:		
Property taxes	136,155	129,229
Property taxes - Measure VV	29,838	30,054
Local sales tax - Measure B	28,755	34,026
Local sales tax - Measure BB	53,538	37,802
Local sales tax - Measure J	5,651	5,593
Local operating assistance	12,874	12,645
State - AB1107	51,789	43,121
State - AB2972 Home to School	500	1,500
State - TDA	74,002	71,931
State - STA	26,668	28,285
Federal operating assistance	78,497	96,428
Total subsidies	<u>498,267</u>	<u>490,614</u>
Total revenue & subsidies	<u>538,022</u>	<u>518,765</u>
Expenses:		
Operator wages	83,527	75,776
Other wages	79,767	73,014
Fringe benefits	118,030	156,474
Pension expense	43,542	33,190
Services	38,315	36,688
Fuel & lubricants	16,717	8,796
Office/Printing supplies	842	605
Bus parts/Maint. supplies	13,004	12,111
Utilities	4,437	4,106
Insurance	21,392	11,496
Other expenses	8,769	9,510
Purchased transportation	28,787	20,585
Interest expense	859	510
Total operating expenses	<u>457,988</u>	<u>442,861</u>
Excess of revenues over expenses	80,034	75,904
Depreciation/amortization	(54,466)	(43,107)
Capital contributions	32,501	9,387
Change in net position	<u>\$ 58,069</u>	<u>\$ 42,184</u>

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ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
 BUDGETARY BASIS- ENTERPRISE FUND - TRANSIT ONLY  
 SCHEDULE OF REVENUES, SUBSIDIES AND EXPENSES, BUDGET VERSUS ACTUAL  
 For the year ended June 30, 2022  
 (In thousands)

	<u>Actual</u>	<u>Final Budget</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Passenger fares	\$ 24,591	\$ 27,156	\$ (2,565)
BART transfers	3,424	5,318	(1,894)
Contract services	7,638	5,300	2,338
Advertising	1,479	1,080	399
Interest income	472	143	329
Other	2,151	2,446	(295)
Total operating revenues	<u>39,755</u>	<u>41,443</u>	<u>(1,688)</u>
<b>Subsidies:</b>			
Property taxes	136,155	124,258	11,897
Property taxes - Measure VV	29,838	28,907	931
Local sales tax - Measure B	28,755	23,745	5,010
Local sales tax - Measure BB	53,538	43,181	10,357
Local sales tax - Measure J	5,651	5,072	579
Local operating assistance	12,874	10,579	2,295
State - AB1107	51,789	41,500	10,289
State - AB2972 Home to School	500	1,843	(1,343)
State - TDA	74,002	73,970	32
State - STA	26,668	23,890	2,778
Federal operating assistance	78,497	80,607	(2,110)
Total subsidies	<u>498,267</u>	<u>457,552</u>	<u>40,715</u>
Total revenue & subsidies	<u>538,022</u>	<u>498,995</u>	<u>39,027</u>
<b>Expenses:</b>			
Operator wages	83,527	88,647	5,120
Other wages	79,767	79,190	(577)
Fringe benefits	118,030	133,654	15,624
Pension expense	43,542	62,351	18,809
Services	38,315	37,126	(1,189)
Fuel & lubricants	16,717	12,766	(3,951)
Office/Printing supplies	842	1,202	360
Bus parts/Maint. supplies	13,004	18,061	5,057
Utilities	4,437	6,281	1,844
Insurance	21,392	21,707	315
Other expenses	8,769	9,378	609
Purchased transportation	28,787	28,100	(687)
Interest expense	859	532	(327)
Total operating expenses	<u>457,988</u>	<u>498,995</u>	<u>41,007</u>
Excess of revenues over expenses	80,034	<u>\$ -</u>	<u>\$ 80,034</u>
Depreciation/amortization	(54,466)		
Capital contributions	32,501		
Change in net position	<u>\$ 58,069</u>		

**DRAFT**  
**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT**  
**BUDGETARY BASIS - ENTERPRISE FUND - TRANSIT ONLY**  
**SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA**  
For the year ended June 30, 2022

	STSD #1	STSD #2	Total	STSD #2 as a % of Total
<b>Revenues:</b>				
Passenger fares	\$ 22,998,434	\$ 1,592,826	\$ 24,591,260	6.48%
BART transfers	3,202,322	221,786	3,424,108	6.48%
Contract services	7,638,159	-	7,638,159	0.00%
Advertising	1,302,340	176,861	1,479,201	11.96%
Interest income	407,241	65,059	472,300	13.77%
Other	1,893,852	257,190	2,151,042	11.96%
Total operating revenues	<u>37,442,348</u>	<u>2,313,722</u>	<u>39,756,070</u>	5.82%
<b>Subsidies:</b>				
Property taxes	109,479,213	26,676,126	136,155,339	19.59%
Property taxes - Measure VV	29,838,078	-	29,838,078	0.00%
Local sales tax - Measure B	26,594,526	2,160,300	28,754,826	7.51%
Local sales tax - Measure BB	47,136,731	6,401,264	53,537,995	11.96%
Local sales tax - Measure J	5,651,216	-	5,651,216	0.00%
Local operating assistance	8,702,898	4,171,301	12,874,199	32.40%
State - AB1107	45,744,908	6,043,735	51,788,643	11.67%
State - AB2972 Home to School	500,000	-	500,000	0.00%
State - TDA	60,385,923	13,615,872	74,001,795	18.40%
State - STA	22,995,506	3,672,468	26,667,974	13.77%
Federal operating assistance	69,439,382	9,057,933	78,497,315	11.54%
Total subsidies	<u>426,468,381</u>	<u>71,798,999</u>	<u>498,267,380</u>	14.41%
Total revenue & subsidies	<u>463,910,729</u>	<u>74,112,721</u>	<u>538,023,450</u>	13.77%
<b>Expenses:</b>				
Operator wages	74,063,545	9,463,629	83,527,174	11.33%
Other wages	70,229,897	9,537,364	79,767,261	11.96%
Fringe benefits	104,291,726	13,738,747	118,030,473	11.64%
Pension expense	38,473,877	5,068,311	43,542,188	11.64%
Services	33,733,771	4,581,115	38,314,886	11.96%
Fuel & lubricants	14,717,833	1,998,712	16,716,545	11.96%
Office/Printing supplies	741,715	100,726	842,441	11.96%
Bus parts/Maint. supplies	11,449,484	1,554,863	13,004,347	11.96%
Utilities	3,906,857	530,559	4,437,416	11.96%
Insurance	18,834,521	2,557,767	21,392,288	11.96%
Other expenses	7,720,729	1,048,491	8,769,220	11.96%
Purchased transportation	24,242,793	4,544,064	28,786,857	15.79%
Interest expense	755,751	102,762	858,513	11.97%
Depreciation/amortization	47,954,170	6,512,274	54,466,444	11.96%
Total operating expenses	<u>451,116,669</u>	<u>61,339,384</u>	<u>512,456,053</u>	11.97%
Income before capital contributions	12,794,060	12,773,337	25,567,397	49.96%
Capital contributions	<u>29,387,094</u>	<u>3,114,285</u>	<u>32,501,379</u>	9.58%
Change in net position	<u>\$ 42,181,154</u>	<u>\$ 15,887,622</u>	<u>\$ 58,068,776</u>	

**DRAFT**  
ALAMEDA-CONTRA COSTA TRANSIT DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
For the year ended June 30, 2022  
(In thousands)

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**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, 2022 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.